

REPORT FROM THE MANAGER OF ECONOMIC DEVELOPMENT

Re: CIP Application for Property Tax Increment Grant for Elliot Lake Heating and Cooling

RECOMMENDATION

That the report from the Manager of Economic Development dated September 26, 2024 be received;

And that Council approve the application by Elliot Lake Heating and Cooling for the Property Tax Increment Grant under Community Improvement Plan

BACKGROUND

The City's updated Community Improvement Plan (CIP) was approved in 2024. This update included a property tax increment grant to stimulate private investment in the CIP Project Area and to promote the rehabilitation of properties. The effect of this grant would be to phase in any tax increase relating to a revised property assessment resulting from the property improvements.

The grant is calculated based on the increased assessment value after the renovation/construction (as determined by the Municipal Property Assessment Corporation (MPAC)) at the tax rate that was applicable in the year the renovation/construction was completed. The annual grant is based upon changes in property taxes as a result of construction and improvement. The annual grant is not based upon occupancy or changes in occupancy.

The grant represents a percentage of the increase in municipal taxes (excluding education taxes) payable resulting from the improvements. Assessment is fixed from year 1 and the change in assessment is to be determined by MPAC such that the market value portion of increased assessment is not eligible.

The grant will be provided over 4 years, where the tax increase is paid back to the applicant as follows:

- 100% rebate in year 1
- 75% rebate in year 2
- 50% rebate in year 3
- 25% rebate in year 4

The owner is paying based on the full assessed amount in year 5.

ANALYSIS

The ownership team of Elliot Lake Heating and Cooling are preparing to commence construction on their building on Oakland Ave. As part of the City's ongoing efforts to attract and support business development, staff have been working with this company to apply to the CIP. An application was submitted requesting the application and permit fee rebate and the property tax increment grant. The application and permit fee portion was approved by the staff committee as it was below the \$7,500 approval threshold. Under the CIP adopted this year it outlined that the Tax Increment Grant requires Council approval. If approved, Elliot Lake Heating and Cooling will receive back the change in taxes post assessment by MPAC once the project has been completed.

FINANCIAL IMPACT

The financial impact is unknown at this time and will be based on the increase of the assessed value post completion of the build and assessment by MPAC.

LINKS TO STRATEGIC PLAN

Expand on business retention and expansion activities and ensure that support is in place to help local businesses thrive.

In order to attract new businesses to Elliot Lake the municipality will invest in readiness tools, such as a Community Improvement Plan as well as the development of lands within the municipality for commercial use.

SUMMARY

Staff are happy to recommend that Council approve the Application by Elliot Lake Heating and Cooling for the tax increment grant under the Elliot Lake CIP.