

Municipality Of Chatham-Kent

Community Development

Planning Services

To: Mayor and Members of Council

From: Ryan Jacques, MCIP, RPP
Manager, Planning Services

Date: September 10, 2020

Subject: Chatham-Kent Community Improvement Plan
Property Tax Increment Equivalent Grant Application
PL202000057 – Five Star Tool & Die Limited
375 Arnold Street, Community of Wallaceburg

Recommendation

It is recommended that:

1. The Mayor and Clerk be authorized to execute the Chatham-Kent Community Improvement Plan, Property Tax Increment Equivalent Grant Agreement, with Five Star Tool & Die Limited, owner of 375 Arnold Street, Community of Wallaceburg, to provide an annual grant equivalent to 100% of the increase in municipal property taxes resulting from a new building addition for an Employment Use, for five (5) years.

Background

On March 2, 2020, Council approved the Chatham-Kent Community Improvement Plan (CIP), which covers the entire Municipality of Chatham-Kent. The CKCIP is a “Plan to Support the Chatham-Kent Growth Strategy and 2018-2022 Council Term Priorities” in order to allow market driven investment for targeted needs throughout all of Chatham-Kent (i.e. rental/affordable housing, commercial and employment business growth). The CIP replaced the Downtown and Main Street Areas, Commercial, and Employment CIPs. The CIP brought forward or enhanced the most impactful and popular programs from the former CIPs and introduced new incentives focused on encouraging much needed rental housing and affordable housing in the Municipality.

The Property Tax Increment Equivalent Program provides economic incentive for the development, redevelopment, adaptive reuse or rehabilitation of properties in the CIP areas. Specifically, it provides an incentive to reduce the tax increase that can result when a property is developed, redeveloped or rehabilitated. This may provide

assistance in securing project financing and is anticipated to increase the assessment base in the Municipality.

This program is applicable to commercial uses, employment uses, mixed use commercial/residential buildings, major rental housing developments and affordable housing developments in:

- Primary Urban Centres identified in the Official Plan
- Secondary Urban Centres identified in the Official Plan
- Hamlets identified in the Official Plan
- Other Business Parks or Rural Industrial areas identified in the Official Plan

The incentives in place until March 31, 2022 include:

- Commercial
 - Min \$250,000 eligible cost – 5 years at 100%
- Mixed use residential/commercial
 - Min \$250,000 eligible costs – 5 years 100%
- Employment
 - Min \$250,000 eligible costs – 5 years 100%
 - Major \$5,000,000 eligible costs – 10 years 100%
- Rental Housing
 - Major Rental Housing Developments (50 units or greater) – 10 years 100%
 - Affordable Housing Developments (5 units or more and 25% affordable units) – 10 years 100%

Comments

The subject property is located in the Steinhoff & Gordon Industrial Park on the west side of Wallaceburg. This neighbourhood consists of Employment Uses as defined by the CIP. Five Star Tool & Die describes its business on its website as:

“Five Star Tool and Die Limited has several areas of expertise. We concentrate mainly in die cast dies, trim tools, along with secondary machining equipment, as they relate to the post process of the die cast parts. Over the years we have helped in co-operation with our customers, to satisfying their needs for part development; gate/runners, mold flow along with venting and cooling needs.

At Five Star Tool and Die we have a full in-house engineering staff, capable of performing full 3-D part development, R&D and tooling design. Our Engineering department strives for fast steel approval to accommodate 6-8 week tool builds, as required in today’s tooling industry.”

Five Star Tool & Die has applied for a Property Tax Increment Equivalent Grant for the development of a new 596 sq. m (6,417 sq. ft.) addition to its existing building. The addition represents an expansion of approximately 20% of the existing building area. The addition has a declared construction value of \$599,550.

This project is eligible under the CIP for a grant equal to the amount of new municipal property taxes levied because of new assessment growth related to the addition. The owner is required to enter into an agreement with the municipality, which details the benefits and obligations of participating in this program.

Grant amounts are determined following completion of the project, reassessment by the Municipal Property Assessment Corporation (MPAC), and conclusion of appeals to the Assessment Review Board (ARB), if any.

The owner, subject to the Municipality's own discretion and satisfaction of conditions imposed, may assign grant payments to a subsequent owner, or retain the remaining grant payments after there has been a change in ownership, if applicable.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

There was no consultation necessary for this report.

Financial Implications

The Property Tax Increment Equivalent Grant results in the deferred recognition of the municipal share of assessment growth revenue for 5 years.

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