

# **Tax Increment Financing Application – 25 Elgin**

## **Report Date: May 10, 2017**

### **Purpose**

The purpose of this report is to provide background information and a staff recommendation regarding an application for Tax Increment Financing for lands located at 25 Elgin Street, Sudbury.

### **Background**

The City approved the [Metro Centre Community Improvement Plan](#) (CIP) in 2003. The purpose of the CIP was to introduce the then-new tool of tax increment financing (TIF) as a way to help finance improvements to buildings or land, thereby assisting with downtown revitalization initiatives. From 2003 to the repeal of the plan in 2017, the City received 9 applications under the TIF program. In total, the benefit to these properties totaled \$232,264 while increasing the City's property assessment.

#### 25 Elgin

25 Elgin is an outstanding application under the City's former TIF program. An application was received on January 6, 2012. The owners concurrently applied for a building permit to convert the 2<sup>nd</sup> and 3<sup>rd</sup> floors from office space to residential units. The owners sought to create 2 units, with 6 bedrooms each. The construction value for the 2012 building permit was \$412,450. Occupancy to the units was granted on September 17, 2014. An MPAC reassessment of the property was received by the proponents in late 2016, resulting in an increase in taxation.

The pre-assessed date to be used by the municipality is 2014. At that time, 25 Elgin St was assessed at \$257,250. The municipal portion of the tax was \$7,372.52. As a result of the adaptive re-use of the building, the assessment increased by \$439,542 (170% increase to \$696,792).

Due to the conversion of the upper floors to residential, a residential tax rate was added to the property. The redevelopment of the property caused an increase of \$4305.20 in the municipal portion of the tax. Given the effective date of June 2, 2014, this represented a pro-rated increase of \$2512.35 in the municipal portion of the tax in 2014.

### **Summary and Recommendation**

Owners of 25 Elgin applied for tax relief under the City's former TIF program. The redevelopment of the property caused an increase in assessment of \$439,542 in 2014. The increase in the municipal portion of the property taxes as a result of the reassessment is \$4,305.20 (pro-rated at \$2512.35 for 2014).

Under the terms of the TIF program, after the property taxes has been paid in full each year, the owner is rebated the increase in the municipal portion resulting from the

reassessment. This amount decreases by 10% annually for a period of ten years. The ten-year total of the grant is \$21,885.75, while the anticipated new taxes generated by the redevelopment are estimated at \$41,259.15.

Staff has reviewed the application and finds that it meets the requirements set out in the Metro Centre Community Improvement Plan. Staff recommends that the application be approved and that staff be directed to enter into the necessary agreements with the property owner regarding the TIF program.