

To: Economic and Development Services Committee

From: Warren Munro, HBA, MCIP, RPP, Commissioner,
Economic and Development Services Department

Report Number: ED-23-111

Date of Report: May 3, 2023

Date of Meeting: May 8, 2023

Subject: Application under the Urban Growth Centre Community
Improvement Plan, 44 Bond Street East, Sacco Schools Ltd.

Ward: Ward 4

File: 12-04-2106

1.0 Purpose

The purpose of this Report is to obtain City Council direction with respect to an application submitted by Sacco Schools Ltd. under the City's Urban Growth Centre Community Improvement Plan (the "C.I.P.") for an Increased Assessment Grant ("I.A.G.") at 44 Bond Street East (the "Site").

Attachment 1 shows the location of the Site and the zoning for the area.

2.0 Recommendation

It is recommended that the Economic and Development Services Committee provide direction in the form of a recommendation to Council by selecting the appropriate option set out in Section 5.5 of Report ED-23-111 dated May 3, 2023.

3.0 Executive Summary

Not applicable.

4.0 Input From Other Sources

The following have been consulted in the preparation of this Report:

- Commissioner, Corporate and Finance Services
- City Solicitor

5.0 Analysis

5.1 Urban Growth Centre Community Improvement Plan

On May 2, 2016, City Council adopted the Urban Growth Centre C.I.P. The C.I.P. is intended to encourage economic development in the Downtown Oshawa Urban Growth Centre through a variety of grant programs. The C.I.P. was advanced owing to the identification of downtown Oshawa as an Urban Growth Centre in the Provincial Growth Plan for the Greater Golden Horseshoe.

The C.I.P. specifies that an I.A.G. may be provided on a sliding scale for part or all of the increase in City taxes attributable to the improvement of a property located within the Urban Growth Centre Community Improvement Project Area. More specifically, an I.A.G. can be used to reimburse a property owner, on a declining basis over a 9-year period (e.g. 90% in year 1, 80% in year 2, 70% in year 3, etc.), a portion of the increased property taxes resulting from the successful development or redevelopment of a site. A grant is only paid following the completion of work, a final successful building inspection and the payment in full of property taxes for each year. The I.A.G. does not include the Regional or education portion of property taxes.

An I.A.G. is provided to the registered owner of the property or the declarant of a condominium on an annual basis. The declarant is the original developer that constructed the development.

The I.A.G. applies to the construction/creation of residential, non-residential and mixed-use buildings that result in an increase in assessed value. Any application for an I.A.G. must be approved by Council.

The C.I.P. also specifies that the terms and conditions of any grant program and administrative procedures may be changed, altered, amended or modified by the City on a case-by-case basis.

5.2 Applications under the Urban Growth Centre Community Improvement Plan

In Spring, 2020, Sacco Schools Ltd. was approved for a \$10,000 Façade and Accessibility Improvement grant under the C.I.P. in order to upgrade the windows.

In Fall, 2020, Sacco Schools Ltd. was approved for a \$30,000 Upgrade to Building, Fire and Electrical Safety Codes grant under the C.I.P., in order to help fund interior alterations including dividing the building into five (5) components with a main floor to be used as live music and entertainment, second floor to be used as a restaurant, two small retail spaces in the front of the building and the basement to be used as a second smaller venue for local talent.

In Spring 2021, Sacco Schools Ltd. was approved for a \$60,000 Upgrade to Building, Fire and Electrical Safety Codes grant under the C.I.P., and a Façade and Accessibility Improvement grant to help construct fire escapes, accessible washrooms and elevator access on all floors bringing the total value of all grants to Sacco Schools Ltd. since 2020 to \$100,000.

5.3 The Development

Prior to the renovation, the building on the Site was vacant.

The ongoing redevelopment of 44 Bond Street East being advanced by Sacco Schools Ltd. contemplates:

- The main floor being used as a live music and entertainment venue;
- The second floor being used as a restaurant and retail space; and
- The basement being used as a smaller live music and entertainment venue for local talent.

Several building permits have been issued for the Site:

- February 11, 2022: for interior renovations including for new concert halls and a restaurant including a mezzanine addition.
- October 24, 2022: for revisions to the previously issued permit on February 11, 2022 for minor interior changes and window upgrades.
- January 27, 2023: for an exterior hanging sign.

Sacco Schools Ltd. intends to complete construction by September, 2023.

5.4 Application for an Increased Assessment Grant under the Urban Growth Center Community Improvement Plan

Sacco Schools Ltd. has recently applied for an I.A.G. for the work that is already underway on the Site.

The C.I.P. states under Section 1.4 “General Terms of Grant Program” in Appendix 1 that “applications for the I.A.G. Program must be submitted and approved before a building permit is issued.”

It is standard practice for the applicant to enter into an agreement with the City in order to ensure that certain performance criteria are met (e.g. encouraging use of local trades, meeting development deadlines, etc.).

5.5 Potential Options

Given that a building permit has already been issued to Sacco Schools Ltd. for the Site and that the C.I.P. states under Section 1.4, “General Terms of Grant Program” in Appendix 1 that “applications for the I.A.G. Program must be submitted and approved before a building permit is issued.”, it is appropriate to seek direction on this matter from the City’s Economic and Development Services Committee and Council.

5.5.1 Option 1: Approve the Request by Sacco Schools Ltd. for an Increased Assessment Grant

Option 1 is to approve the request by Sacco Schools Ltd. for an I.A.G, notwithstanding the existing Council-endorsed terms of the I.A.G. program under the C.I.P.

Sacco Schools Ltd. has advised that approval of the I.A.G. will allow them to advance the final budgeting for this project.

The 2022 assessment of the Site is \$329,835 equating to City taxes of \$2,700 per year based on the 2022 Commercial tax rate.

Based on the best information available, Sacco Schools Ltd. has estimated the value of the development upon completion as \$2,523,000.

Accordingly, it is estimated that the City will realize taxes of ±\$20,900 per year upon completion of the proposed development based on the 2022 tax rate.

Finance Services estimates that the requested I.A.G. for the Site under the C.I.P. will be approximately \$81,900 over a nine (9) year period. However, the specific amount of the grant will not be known until the project is completed and the actual new assessment value is determined.

The analysis is based on the 2022 tax rate and has assumed a consistent rate for the purposes of the analysis.

Finance Services also advises that the City will receive approximately \$81,900 in taxes during the same nine (9) year grant period for the project.

In addition, the maximum value of the I.A.G. is \$81,900 paid over a 9 year period based on the 2023 assessment as illustrated in Table 1 below:

Table 1: Value of Increased Assessment Grant

Year	Yearly Percentage	Value of Grant
2023	90%	\$16,400
2024	80%	\$14,600
2025	70%	\$12,700
2026	60%	\$10,900
2027	50%	\$9,100
2028	40%	\$7,300
2029	30%	\$5,500
2030	20%	\$3,600
2031	10%	\$1,800

Should the I.A.G. application be approved, it is recommended that the owner be required to enter into an agreement with the City to ensure that certain criteria are met. These include, but are not limited to, the following:

- The property, including any building, must be maintained in accordance with the Property Standards By-law 1-2002, as amended (“Property Standards By-law”) and the Ontario Building Code Act, 1992, S.O. 1992, c.23 (“Building Code Act”) during the period of the Grant;
- The owner shall continuously comply with any City agreement; and,
- Any other appropriate criteria considered advisable by the City Solicitor and Commissioner of Economic and Development Services.

The Economic and Development Services Committee may wish to pass the following motion in the event that the Economic and Development Services Committee chooses Option 1 to approve the request for an I.A.G.:

“That the Economic and Development Services Committee recommend to Council:

1. That, pursuant to Report ED-23-111 dated May 3, 2023, the application submitted by Sacco Schools Ltd. under the City’s Urban Growth Centre Community Improvement Plan for an Increased Assessment Grant be approved in accordance with Table 1 and the comments in said Report notwithstanding that a building permit has already been issued.
2. That, pursuant to Report ED-23-111 dated May 3, 2023, Sacco Schools Ltd. enter into an agreement with the City under the City’s Urban Growth Centre Community Improvement Plan in a form and content satisfactory to the Commissioner of Economic and Development Services and Legal Services.”

5.5.2 Option 2: Deny the Request by Sacco Schools Ltd. for an Increased Assessment Grant

Option 2 is to deny the request by Sacco Schools Ltd. for an I.A.G.

The C.I.P. states under Section 1.4 “General Terms of Grant Program” in Appendix 1 that “applications for the I.A.G. Program must be submitted and approved before a building permit is issued.”

A building permit was issued on February 11, 2022 for interior renovations and subsequent building permits were issued on October 24, 2022 and January 27, 2023.

The Economic and Development Services Committee may wish to pass the following motion in the event that the Economic and Development Services Committee chooses Option 2 to deny the request for an I.A.G.:

“That the Economic and Development Services Committee recommend to Council:

That, pursuant to Report ED-23-111 dated May 3, 2023, City staff be directed to deny the request by Sacco Schools Ltd. for an Increased Assessment Grant under the City’s Urban Growth Centre Community Improvement Plan.”

6.0 Financial Implications

In the event that Option 1 outlined in Section 5.5.1 of this Report is selected as the preferred option, there will be financial implications. The City will benefit financially from the estimated \$20,900 in annual property taxes from the development. This represents an annual increase in the amount of \$18,200.

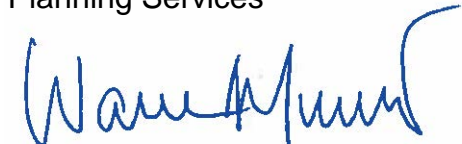
In the event that Option 2 outlined in Section 5.5.2 of this Report is selected as the preferred option, there are no financial implications.

7.0 Relationship to the Oshawa Strategic Plan

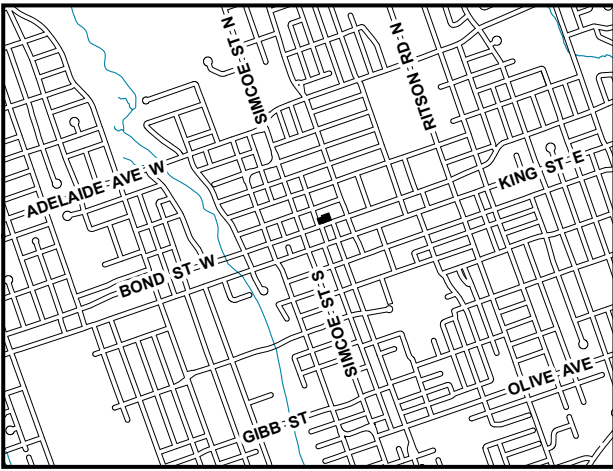
This Report advances the Economic Prosperity and Financial Stewardship goal of the Oshawa Strategic Plan.



Tom Goodeve, M.Sc.Pl., MCIP, RPP, Director,
Planning Services



Warren Munro, HBA, MCIP, RPP, Commissioner,
Economic and Development Services Department



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