



Report to County Council

From: Carolyn Krahn, Manager of Economic Development, Tourism & Strategic Initiatives

Date: May 28, 2024

Subject: Guenther Homes Tax Increment Equivalent Grant (TIEG) Application

Recommendation(s):

THAT the report titled “Guenther Homes Tax Increment Equivalent Grant (TIEG) Application” from the Manager of Economic Development, Tourism & Strategic Initiatives dated May 28, 2024 be received and filed; and

THAT County Council approves the Tax Increment Equivalent Grant for Peter Letkeman Guenther Inc.; and

THAT the Chief Administrative Officer be directed to sign the financial agreement between the County of Elgin, the Township of Malahide, and Peter Letkeman Guenther Inc.

Introduction:

In 2015, all Local Municipal Partners approved their respective Community Improvement Plans (CIP). Each municipality's CIP contains the Tax Increment Equivalent Grant (TIEG), implemented for major projects.

The TIEG is intended to stimulate investment by effectively deferring part of the increase in property taxation due to the significant development, redevelopment, reconstruction, or rehabilitation of land or buildings.

Typically, the approval of the Elgincentives Implementation Committee is the only requirement needed to approve an Elgincentives application. However, the TIEG must be approved by both the applicant's Municipal Council and Elgin County Council. Endorsement from both levels of government is required as this grant allows for the increase in Municipal and County taxation to be deferred for five (5) years.

The Elgincentives Implementation Committee has recommended the approval of the application by Peter Letkeman Guenther Inc. for the New Industrial Building Plaza

(10725 Hacienda Road) as it meets all of the requirements of the Tax Increment Equivalent Grant described in the Elgincentives Community Improvement Plan.

On May 2, 2024, Malahide Council approved its portion of the Tax Increment Equivalent Grant for Peter Letkeman Guenther.

Background and Discussion:

Peter Letkeman Guenther Inc., located within the Township of Malahide, is the third TIEG application to the Elgincentives Community Improvement Plan.

The Peter Letkeman Guenther Inc. project proposes building a 38,000-square-foot facility with six (6) business units. The facility will be mixed-use with both industrial and commercial uses. The land is currently vacant, and this project will convert vacant land into a space for entrepreneurs to start and grow their businesses, creating more jobs for residents. This project is not located within the tourism corridor or priority area; as such, it is eligible for a 100% grant of the Municipal and County portion of the taxes for the first year with a reduction of 10% each year for the next four (4) years (100% in year 1, 90% in year 2, 80% in year 3, 70% in year 4, 60% in year 5, and 0% in year 6).

The total cost of construction, including site preparation, heating/cooling, plumbing, and electrical, is estimated at \$1,800,000.00. The construction of six business units is expected to draw investment from companies in the industrial and commercial sectors and aspiring entrepreneurs in the area. The new units are estimated to create upwards of 100 new jobs in the region.

Financial Implications:

Based on the most recent tax rates and an assessment value of \$1,800,000, the estimated tax deferral to the County based on 100% industrial occupancy would be \$109,637.43 over five (5) years:

Year 1: \$27,409.36

Year 2: \$24,668.42

Year 3: \$21,927.49

Year 4: \$19,186.55

Year 5: \$16,445.61

The final total of the grant that will be issued depends on MPAC's property assessment, which can occur six (6) months to two (2) years after construction.

Alignment with Strategic Priorities:

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input checked="" type="checkbox"/> Engaging with our community and other stakeholders.	<input checked="" type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input checked="" type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Local Municipal Partner Impact:

At 100% industrial occupancy, the Township of Malahide portion of the Tax Increment Equivalent Grant will be around \$122,560.99 over five (5) years.

Communication Requirements:

Elgin County Economic Development will notify the property owner of their successful application if approved. Moreover, we will showcase the project on our website and social media platforms to generate more awareness and interest. This success story will help portray the County as a business-friendly community, and the project will gain more traction and attract potential investors, partners, and customers. By doing so, Elgin County Economic Development aims to support the growth and prosperity of our local businesses and communities.

Conclusion:

The Elgincentives Implementation Committee has recommended the application by Peter Letkeman Guenther Inc. for approval as it meets all of the requirements of the Tax Increment Equivalent Grant described in the Elgincentives Community Improvement Plan.

The applicant must pay the total tax amount, and each year, for five (5) years, the applicant will receive a rebate from the incremental taxes. During this five-year period, the Township of Malahide and Elgin County will still receive the original taxation amount.

All of which is Respectfully Submitted

Carolyn Krahn
Manager of Economic Development,
Tourism & Strategic Initiatives

Approved for Submission

Blaine Parkin
Chief Administrative Officer/Clerk