**Council Direction:** Not applicable.

**Information:**

On August 22, 2001, Council approved an amendment to the Downtown Hamilton Community Improvement Plan which introduced the “Enterprise Zone – Municipal Realty Tax Incentive Grant Program” (“EZ Program”). Since that time, a number of program refinements have been approved by Council. The EZ Program applies to properties within the Downtown Hamilton Community Improvement Project Area. Under the terms of the EZ Program, a nine-year grant is available that does not exceed the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. The grant does not exceed 100 percent of the municipal realty tax increase during the first five (5) years, 80% in year six (6), 60% in year seven (7), 40% in year eight (8) and 20% in year nine (9). One of the program enhancements that was approved since the original program was introduced is the ability of a developer of residential condominium units to pass the tax grant on to the first condominium purchasers. If the developer chooses to exercise this option the tax grant program is reduced from nine (9) years to five (5) years at 100%.

As applications have been received under the EZ Program since 2002, the Downtown Renewal Division has sought Council’s initial approval of the proposed developments. Once the projects have been completed and reassessment by the Municipal Property Assessment Corporation has occurred, staff then submits a final report relating to the proposal outlining a program of tax grants as contemplated under the terms of the EZ Program.

The redevelopment of said property represents the third completed and reassessed development submitted under the EZ Program but the first in which the developer has chosen to assign the tax grant to the first-time condominium purchaser. City Council
approved this conversion project of a vacant office building to 103 residential condominiums at 66 Bay Street South, Hamilton as an eligible project in accordance with EZ Program terms on August 11, 2004. Grant payments to the condominium owners at 66 Bay Street South over the 5 year period will total approximately $833,785 as the average grant is $1,619 per condominium per year. The actual costs incurred in developing the property were $5,045,309.

The City is foregoing the increase in municipal taxes as a result of the redevelopment. As the City is granting the increase in municipal taxes only, there are no direct financial implications on the City budget. Following year five (5) of the grant payment, the City will start to realize the positive results of this program from a financial perspective as the City will begin to collect full municipal taxes. The grant process has started with the 2006 final tax billing and includes grants for both 2005 and 2006. In subsequent years the grant will be divided between interim and final tax bills. This process will continue to the end of the 5 year period.

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General Manager
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JG:jcs
Attach. (1)