

February 4, 2025

To: Brockton Council

Re: Request for Tax Incremental Equivalent Funding (TIEF) for a 60-Unit Apartment Building

Request:

WT Land LP respectfully requests that Brockton provide Tax Incremental Equivalent Funding (TIEF) under the current Community Improvement Plan (CIP) to support the construction of a new 63-unit apartment building in the Eastridge Business Park. Specifically, we ask that the property assessment be phased in over ten years, easing the financial burden during the initial operating period.

We ask you to extend the phased in taxes to the second apartment building on this site planned approved parcel as well.

Background:

WT Land LP recently completed a 60-unit apartment building in the Eastridge Business Park and owns additional land across the road, designated for two more similar developments. Most apartment buildings are financed through CMHC-insured loans, but recent tightening of CMHC lending criteria has made securing both construction and take-out financing significantly more challenging—especially in rural Ontario.

As a rural developer, we compete for the same loan resources as urban developers but without the advantages of an urban location. A key determinant for CMHC financing approval is a project's projected operating income. Cash flow during the “lease up” period which can last from 6-18 months is a very real risk that CMHC considers when approving loans. By securing TIEF funding from the Municipality and County it will mitigate this risk to CMHC and significantly enhance our ability to obtain the necessary financing, allowing us to commence construction of the next 63-unit building this spring.

Alignment with Brockton’s CIP Goals:

Brockton can support this initiative through its CIP program. Similar incentive structures have been successfully implemented in neighboring municipalities, such as Hanover and Grey County. For example, in 2021, these municipalities collaborated to provide incentives for the development of the former Queen’s Hotel property (107 units), and again in 2022 for two site-plan-approved parcels (142 units) on 24th Ave. Despite these incentives,

construction timelines remain extended, with the Queen’s Hotel project still incomplete and the 24th Ave. project yet to begin.

Importantly, this request does not require an out-of-pocket expenditure from the municipality. Rather, it defers tax revenue that would not otherwise exist without the project moving forward. Without this financial support, we will likely be unable to secure the necessary financing, postponing construction until a future year.

This project aligns with several key objectives outlined in Brockton’s CIP:

- Increasing the supply of attainable housing and rental units.
- Encouraging the development of underutilized properties.
- Stimulating private investment through municipal support and funding mechanisms.

Financial Considerations:

We propose a phased-in tax schedule over ten years following project completion for each of the two apartment buildings:

- Year 1: 10% of full assessment
- Year 2: 20%
- Year 3: 30%
- Increasing incrementally until Year 10, when full assessment is applied

Using an estimated tax assessment value of \$5,000,000 for a new 63-unit apartment building, the total deferred tax revenue would be approximately \$280,700 for the Municipality and \$137,859 for the County over an 11-year period. However, Brockton would still collect \$280,700 in incremental tax revenue within this timeframe—an investment that supports long-term community growth.

For comparison, Hanover provided a developer on 24th Ave. with a \$1.05 million incentive package, plus a county contribution of \$432,042, totaling \$1,482,042—far exceeding our proposed deferral structure.

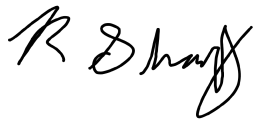
Additionally, we request that Brockton consider waiving the property tax component for 7 of the 63 units (approximately 11%) for a ten-year period. In return, we will ensure that these units remain at an affordable rental rate of approximately \$1,075 per month for the same duration, aligning with the municipality’s housing affordability goals.

Conclusion:

This proposed incentive structure will not only facilitate the timely construction of much-needed rental housing but also contribute to Brockton's economic and residential growth. Given the precedent set by neighboring municipalities and Brockton's stated commitment to increasing housing supply, we urge Council to approve this request and demonstrate its support for sustainable, attainable housing development.

We appreciate your consideration and welcome the opportunity to discuss this proposal further. Please feel free to reach out for additional details or to arrange a meeting at your earliest convenience.

Respectfully,

A handwritten signature in black ink, appearing to read "R. Shaff". The signature is written in a cursive, flowing style with a large initial "R" and a long, sweeping tail.

WT Land LP