



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Planning, Development and Recreation
Division: Planning
Report Number: 2023-18-Planning, Development and Recreation
Prepared By: Dana McLean, Development Coordinator
Meeting Date: February 27, 2023
Subject: 910 Montreal Road Residential Development

Purpose

To provide Council with information regarding a 160 rental housing unit development at 910 Montreal Road.

Recommendation

That Council approve a site-specific Tax Increment Grant (TIG) for twenty (20) years at 90% for the residential development of 160 rental units at 910 Montreal Road, Cornwall, Ontario, proposed by 910 Montreal Cornwall L.P.

Strategic Priority Implications

A residential development in this location would be in line with several of Council's Strategic Priorities including growing quality of housing stock and affordable housing as well as encouraging private sector development on a very visible corner (infill project) in Le Village.

Background / Discussion

The lot located at 910 Montreal Road was recently acquired by 910 Montreal Cornwall L.P., a subsidiary of Swimko Construction which is a real estate developer from Quebec. Since starting work in 2010, Swimko Construction has



successfully delivered more than 500 residential buildings, in the greater Montreal area, and they are working to deliver another 350 residential units over the next 18 months.

The development for 910 Montreal Road will consist of a 12-storey residential building containing 160 rental housing units. The units will range in size from 410 square feet to 1014 square feet. Monthly rent will vary with most units ranging between \$1,377/month and \$2,150/month. The total construction cost is an estimated \$44 million. More details are provided in the attachments.

This site has been vacant since 2012 and it has had multiple owners without successful development for residential or commercial use. The City has sufficient vacant commercial space to meet business needs, however, there is an urgent need for affordable residential rental units.

This development project specifically satisfies two critical elements in the community, namely the provision of rental apartment units, and secondly, the provision of affordable housing with approximately 50% meeting our affordability criteria. The project would represent good in-fill development on an urban site near convenient amenities (grocery, pharmacy, St. Lawrence College, Le Village businesses, transit, recreation path, etc). Finally, the project will ensure a considerable increase in tax assessment, as noted below under Financial Implications.

Community Improvement Plan (CIP)

The Heart of the City (HOTC) Community Improvement Plan promotes the redevelopment of underused and vacant properties. The HOTC Plan includes public policies and programs directing public investment towards private properties to achieve broader benefits of improved downtown retail and commercial districts. The Plan further facilitates the creation of additional secondary uses in each district and helps to improve the aesthetics and experience of visitors and residents alike. As such, the HOTC Plan and programs support the broader goals for public investment into the City's downtown areas.

Within the HOTC Plan, the City has a number of goals for the long-term revitalization of Cornwall. Attracting development and investments that support resident attraction and retention (i.e population growth), higher property values, environmental improvements, and community vibrancy are all part of the Plan.

The Tax Increment Grant (TIG) Program for mixed use commercial and residential development provides a rebate of property taxes for ten (10) years on



a declining scale, beginning at 80% for the first two (2) years and continues to decline to 10% for each two-year period thereafter.

In 2021, Council approved a recommendation from staff to establish an extended TIG Program that would support the development of affordable residential rental buildings on six (6) vacant properties in the Priority Area of the HOTC Policy Area. Assuming eligibility, a developer would be offered a rebate for residential taxes at 90% for a twenty (20) year term (compared to the TIG Program noted above). Details as outlined in Site Specific HOTC CIP Program Incentive Amendment, By-Law 2021-067-PDR.

A development is considered eligible if it meets the following criteria:

- Development is proposed on one of the six pre-determined vacant properties,
- The multi-residential building would include 30 units or more,
- Proposed residential units are consistent with the needs identified in the Housing Revitalization Plan, and
- The proposed rents are deemed reasonable and affordable for Cornwall.

The first development property to benefit from the extended TIG is located at 1 Second Street East (Prime Square), which is owned and developed by J.C. Godard. When completed later this year, this property will add 44 rental units to the downtown inventory.

910 Montreal Road was also identified as one of the six properties eligible for the extended TIG. After reviewing the development proposal submitted by the property owners in early 2022, City staff have been working directly with Mr. Berish Schwimmer, President and Treasurer of 910 Montreal Cornwall L.P. and Ms. Kristina Vitelli, the owner's attorney, to negotiate the details of the development to ensure proper zoning adjustments and rental unit affordability. The attached development plans and financial calculations are the result of nearly a year of work with staff to achieve the most units possible on this property, while also considering the cost of construction and long-term rental unit rate.

When staff developed the extended TIG (for 6 properties), it was anticipated the program would yield approximately 50 units per site, resulting in approximately 300 rental units across the city. This project alone would exceed 50% of the program goal.



Housing Revitalization Plan

Administration presented the Housing Revitalization Plan for Cornwall and SDG in September 2020. The results of the consultations pointed to a clear need for more affordable housing units suitable for families and individuals at all stages of life and varying financial standing. The results also showed a preference for creating self-sufficient communities with access to public services and amenities such as recreational, healthcare, and educational facilities. The housing needs assessment showed that over a ten-year period from 2021-2031, approximately 740+ affordable units will be required in the Cornwall and SDG area, with approximately 40% required in Cornwall.

Staff also acknowledge that many employers are struggling to recruit and retain employees in Cornwall due to a lack of affordable housing units in the community.

This development project meets the recommendations of the Housing Revitalization Plan and exceeds the timeline for new rental unit development.

Financial Implications

The property at 910 Montreal Road is currently assessed at \$100,000 and is taxed as commercial vacant land. In 2022, the City collected \$2,126.47 in municipal taxes on the property. Using 2022 calculations, staff estimate an after-build property assessment value of \$30,981,000. For example upon completion of construction in 2025, year 1 of the TIG, this would result in an estimated \$525,303 in municipal taxes for the property, with an incremental difference of \$523,177. Calculated at 90%, \$470,859 of the municipal tax would be reimbursed in the first year. The City would retain the 10% for an amount of \$52,318 in the first year. The estimated value of the TIG over the 20-year period is \$12,284,663. (The estimate was calculated based on the rent roll and included an assumption of a 2.7% increase per year in taxes).

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Assessment Value - 2022	\$100,000
2022 MUN Tax Before Build	\$2,126.47
Estimated Assessment Value After the Build (2022 value)	\$30,981,000
Estimated Incremental MUN Tax After-Build	\$523,177
Residential TIG Rebate at 90%	\$470,859



Upon completion of the construction, the tax increment grant is based on the final assessment by the Municipal Property Assessment Corporation (MPAC).

The Development Charges (DC) Act allows municipalities the ability to provide DC exemptions by By-Law at the municipality's discretion. Realizing the importance of development in the City's priority areas, Council approved the exemption of DC for infill development within the HOTC CIP Priority area. Development at 910 Montreal Road would be exempt from DC.

Document Title:	910 Montreal Rd Residential Development - 2023-18-PDR.docx
Attachments:	- Revised Arch Plans for 910 Montreal Rd. Cornwall - 2022-10-26.pdf - Montral Rd 910 TIG spreadsheet.pdf
Final Approval Date:	Feb 23, 2023

This report and all of its attachments were approved and signed as outlined below:

Tracey Bailey - Feb 23, 2023 - 3:29 PM

Mark A. Boileau - Feb 23, 2023 - 3:31 PM