

2021 Edmonton Economic Incentive Construction Grant Program Guide

Introduction

The Economic Incentive Construction Grant Program is managed jointly by the City of Edmonton Development Service Branch and the Assessment and Taxation Branch. This document describes how to qualify for a grant and provides details about the grant program. There is limited funding and grant awards for qualified proposals are subject to availability of funds. The program will be managed on a first come, first served basis where the first Applicants to meet all criteria and fully execute a grant funding agreement will be considered to be first in the program. The program's funding tools are intended to offset any increase in municipal property taxes and therefore reduce costs to assist a developer to build and obtain financing during the 2021 construction season.

Grant payments will not be paid until the City has reviewed and confirmed that all taxes imposed pursuant to the *Municipal Government Act*, R.S.A. c. M-26, have been paid for any property within the City of Edmonton that is owned by the grant recipient. The grant recipient must also meet a number of other criteria as outlined below.

All material submitted to the City of Edmonton as part of a grant application may be shared internally within the City of Edmonton, and externally with any relevant government agencies. Applicants whose projects have received preliminary approval will be required to enter into a grant funding agreement with the City of Edmonton. Once there is a fully executed grant funding agreement, an Applicant's priority for funding will be secure.

Property owned or held by the City of Edmonton, any other municipality or the provincial or federal government is not eligible for a grant under this program. Property will no longer be eligible for the grant to the extent that the property is exempt from municipal taxes or if it is condominiumized and sold to an end user.

This program will expire at the end of 2021.

Application Process

Applications may be submitted throughout the 2021 calendar year. An Applicant must be the owner of any property associated with the development project. Where there are multiple owners, all owners will be required to sign the final grant funding agreement.

Applicants may apply for the grant by filling in a grant application and submitting this to the City. The grant application must provide the following information:

- The Applicant's name (the owners of the project);
- The project location;
- Contact information;
- Details about development permits;
- Details about building permits or the anticipated timeline for obtaining a building permit;
- The date construction is likely to commence;
- The date construction is anticipated to be completed;
- A declaration and explanation as to why the project would not have proceeded had a grant not been available; and
- An impact statement outlining:
 - the anticipated costs of construction including documentation on the amount of the cost;
 - the projected number of construction jobs that will be created;
 - the number of net new residential housing units that will be created and the square footage;
 - The square footage of any retail commercial area;
 - Any relevant social aspects including GBA Plus, or environmental considerations.

After reviewing the application, the City may require an Applicant to provide any additional information that may be required to determine whether the grant should be approved.

Eligibility Criteria for Grants

The following criteria must be met to be eligible for a grant:

- The project must be located within the boundaries identified in Schedule “A”.
- The project must relate to the development or redevelopment of a property. This can include both new construction or significant renovation or retrofit. The Applicant must anticipate spending at least \$10 million dollars on the construction, and create at least 50 new housing units. A housing unit would be a “Dwelling” as currently defined in the Edmonton Zoning Bylaw.

Dwelling means:

1. a self contained unit comprised of one or more rooms accommodating sitting, sleeping, sanitary facilities, and a principal kitchen for food preparation, cooking, and serving. A Dwelling is suitable for permanent residence for a single Household; or
 2. a Sleeping Unit, for the purposes of calculating Density for Supportive Housing or Lodging House Uses;
- An Applicant will be required to provide documentation showing the anticipated or actual construction costs or the number of new dwelling units. Anticipated construction costs shall be the actual costs of erecting a new improvement. They shall not include the value of the land, costs relating to demolition of property, and the costs to plan the development.
 - Prior to being approved a property must demonstrate proof that construction will commence in 2021. For properties that require the demolition of a previous structure, commencement of demolition shall be deemed to be the commencement of construction. Properties that demolished a structure prior to 2021 will still qualify if there are active steps taken in 2021 towards the erection of a new improvement.
 - Properties that commenced construction prior to 2021 will not qualify for the grant.

- Applicants must demonstrate that they have approved development permits and information about the proposed construction costs prior to applying for the grant. Grants will not be approved that are conditional upon rezoning or the obtainment of a development permit.
- Program applicants would need to declare financial need and certify that the program changed their development decision to proceed with development, and they would not have otherwise proceeded with the project.
- Construction on the project must be complete within 4 years of commencement or such other time as is agreed to be the City.
- Property owned by the City of Edmonton, any other municipality or the provincial or federal government is not eligible for a grant under this program. A property that will be fully exempt when complete, will not be eligible to be approved. A property that may be partly exempt when complete may be eligible for the program. Once a portion of that property becomes exempt, no additional grants shall be paid on that portion of the property and any grants shall be reduced in proportion to the amount of the property that is exempt.
- Properties that have taken advantage of other development incentive grant projects like the Development Incentive Program, and the Brownfield Redevelopment Grant Program will not be eligible for this grant. Likewise projects taking advantage of this program would not be eligible to participate in other City development incentive grant programs.

Conditional Grant Approval

Once the application material has been reviewed, the City may grant conditional approval that a Applicant may qualify for a grant. This conditional grant approval will be provided jointly by the City of Edmonton Development Service Branch and the Assessment and Taxation Branch. Once condition approval has been granted, a Applicant will then be required to enter into a Grant Funding Agreement with the City.

Grant Funding Agreements will always be conditional upon an approved building permit being issued in 2021.

In deciding whether to approve a grant the following factors may be taken into account:

- The eligibility criteria for the grant;
- Whether there are any tax arrears associated with the project;
- Whether there are any development compliance issues or safety code issues associated with the project;
- Whether the Applicant is involved in any litigation with the City;
- Whether the Applicant is involved in any litigation relating to the project including foreclosures or builders liens;
- Whether the Applicant or an entity related to the applicant is in bankruptcy or receivership;
- Whether any properties owned by the applicant or a related entity are the subject of foreclosures;
- Whether the applicant has received some other form of grant or financial assistance from the City or another order of government and there is a dispute about whether the applicant is abiding by the terms of that grant or other financial assistance;
- Whether the applicant has received another form of grant or other financial assistance that has the effect of cancelling taxation or providing an incentive to build such as the Brownfield Grant Program, or the Development Incentive Grant Program;

Grant is Discretionary

Whether to provide a grant will be a purely discretionary decision on the part of the City. The City may refuse to issue a grant for any reason. In addition, Grants are always subject to funding approval, and grants may no longer be issued if funding is no longer available or if there is a question of whether there is

sufficient funding remaining in the program. There is no appeal from any decision on whether to provide a grant.

Grant Funding Agreement

Prior to receiving a grant, an Applicant shall be required to enter into a grant funding agreement with the City.

The grant funding agreement shall outline how grants shall be calculated and paid, and indicate any conditions on the grant. The grant funding agreement will also provide that grants may be required to be repaid to the City if the agreement is breached, a condition of the grant is not met, or the applicant has provided inaccurate information when applying for the grant.

Grants will not be issued if a grant funding agreement has not been finalized and signed by the end of 2021.

The City Manager or a delegate of the City Manager may enter into the grant funding agreement on behalf of the City as long as there is sufficient funding.

Conditions on the Grant

A specific condition on all grants is that construction must commence in 2021 and the project must be complete within 4 years, or such other time as approved by the City in the grant funding agreement.

The grant funding agreement will indicate that all future grants will cease in the following circumstances:

- The Applicant goes bankrupt or enters into receivership;
- The property on which the project is located is the subject of foreclosure proceedings;
- The Applicant is found to have been dishonest in the application process;
- Construction ends on the project before construction is completed. Temporary pauses in construction will be allowable;
- A failure to cooperate with an audit.

The grant funding agreement shall indicate that grants that have been paid out by the City will have to be repaid to the City in the following circumstances:

- Construction on the project has ceased and the project shall not be completed within the timelines outlined with the grant funding agreement.
- Construction on the project has ceased as a result of bankruptcy, foreclosure, receivership, or some other legal proceeding;
- The Applicant is found to have been dishonest in the application process;
- The project is not complete within the time outlined within the grant funding agreement;
- Construction ends on the project before construction is completed. Temporary pauses in construction will be allowable;
- A failure to cooperate with an audit.

A caveat may be placed on the property to ensure security for the City in the event that repayment may be required.

The criteria outlined in this Program to qualify for a grant shall be considered to be ongoing conditions in the grant funding agreement.

Grant Audit

The City may audit all financial and related records associated with this Agreement including expenditures on construction costs and the use of the grant funding. This audit may include a review of all documentation associated with the project.

The Applicant shall fully cooperate with any audit that is conducted by the City and provide whatever documentation is requested by the City to complete the audit.

A failure to co-operate with an audit will mean that no additional grant payments will be made and prior grant payments may be required to be repaid.

Audits may occur for up to six years after the final grant has been issued and documentation must be preserved for that period of time.

Failure to Comply with the Terms of the Grant

If it is determined that the property owner has failed to comply with the terms of a grant funding agreement, the City may request reimbursement of the full grant amounts that have been paid. This may include the failure to complete the project within a timely manner, the failure to spend as much on construction or build what was initially contemplated, or the failure to follow any other term of the grant.

If a property owner is found to have made any misrepresentations in the application or the grant funding agreement, the full amount of the grants will be immediately repayable to the City.

Amount of the Grant

Grant payments will be calculated annually and paid once there is certainty about the amount of municipal property taxes owing on the property in any given taxation year. This means a grant will not be paid until the tax rate has been set by municipal council for that year and all assessment appeals have been resolved for that year, including any judicial reviews in the courts. A second supplemental grant may be issued if supplemental taxes are charged in a tax year.

Grants shall be paid directly to the owner of the property. Where there are multiple owners, the owners shall designate which of the owners shall receive the grant funding.

The amount of the grant will be determined in each year based on the taxes that are payable on the property. At the time of the application, the amount of municipal property taxes that are paid in 2021 will be considered to be the baseline tax. Between 2022 and 2026 the grant amount will be determined by subtracting the baseline tax from the actual municipal property taxes paid each year. The intent of the grant is to effectively freeze municipal taxes at the baseline tax for five years. For the purposes of the calculation community revitalization levies shall be considered to be a municipal property tax.

The grant shall not pay for any provincial taxes and requisitions, local improvement taxes, special taxes, or any other form of tax or levy other than municipal property tax.

In the event that there are supplementary taxes as a result of the property being completed during a taxation year, an additional grant may be paid to offset the supplementary taxes for that year.

Notwithstanding that the grant is intended to offset any increases from the baseline tax, property owners will continue to be responsible for the payment of all taxes by the due date for the tax to avoid penalties. Grants shall never be paid to offset penalties.

If, during the course of construction, the municipal property taxes owing in a given year are less than the baseline tax, then no grant will be paid.

The following is an example of the amount of the grant that would be paid if a \$50,000,000 residential condominium is built on the site of a \$5,000,000 commercial parking lot.

	2021	2022	2023	2024	2025	2026
Grant Year	Baseline	1	2	3	4	5
Activity	Grant Application Accepted, Construction begins	Construction underway	Construction is completed (September)	Complete	Complete	Complete
COM asmt	\$5,000,000	\$0	\$0	\$0	\$0	\$0
RES asmt	\$0	\$10,000,000	\$30,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Municipal Taxes	\$92,518.50	\$68,168.00	\$204,504.00	\$340,840.00	\$340,840.00	\$340,840.00
Supplementary Assessment	\$0	\$0	\$20,000,000 x 3 months = \$5,000,000	\$0	\$0	\$0
Supplementary Municipal Tax	\$0	\$0	\$34,084.00	\$0	\$0	\$0
Baseline Tax	\$92,518.50	\$92,518.50	\$92,518.50	\$92,518.50	\$92,518.50	\$92,518.50
Municipal Tax	\$0	(\$24,350.50)	\$146,069.50	\$248,321.50	\$248,321.50	\$248,321.50

Uplift						
Grant Amount	\$0	\$0	\$146,069.50	\$248,321.50	\$248,321.50	\$248,321.50

Total Grant Amount: \$891,034.00

Assignment of a Grant Funding Agreement

In the event that a property sells, or is otherwise transferred to a new owner who is planning on proceeding with the construction, a request to assign the grant funding agreement may be made to the City. The City may approve or refuse the transfer of the grant funding agreement. In the event that a transfer is refused, no additional grants shall be paid on the property if the property has transferred.

Grants no longer payable

Where a property is condominiumized and condominium units are being sold to the end user of the property, grants shall no longer be payable on the portion of the property that sold and future grant payments may be adjusted to reflect a reduction for the portion of the property that has been sold.

Grants shall not be paid for any portion of a property that has become exempt from municipal property taxation.

