



**City of Kingston
Report to Council
Report Number 26-125**

To: Mayor and Members of Council
From: Paige Agnew, Commissioner, Growth & Development Services
Resource Staff: Brandon Forrest, Director of Business, Real Estate and Environmental Initiatives
Date of Meeting: June 2, 2026
Subject: Start of Annual Tax Rebates for Brownfield Project at 223 Princess Street

Council Strategic Plan Alignment:

Theme: 2. Lead Environmental Stewardship and Climate Action

Goal: 1.1 Promote increased supply and affordability of housing.

Executive Summary:

This report recommends the commencement of annual incremental tax rebate payments for the previously approved brownfield project at 223 Princess Street and the approval of an implementing by-law. Brownfield financial benefits were approved for the 223 Princess Street project in 2022 with a maximum of ten annual tax rebate payments to a maximum of \$950,000 or the actual environmental remediation costs, whichever is less. Since the 2022 approval, the project has successfully completed environmental remediation and is nearing completion of construction of their proposed residential project.

The project has incurred \$1,039,439 of eligible remediation expenses and has provided documentation of their incurred expenses related to environmental remediation supported by a third-party financial auditor's report. Staff have reviewed the documentation provided and recommend that annual rebates of the incremental municipal taxes may commence upon Council's approval of the implementing by-law and may continue for up to ten years up to a

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maximum accumulated amount of \$950,000. Based on the estimated municipal tax increment, annual rebates are expected to continue for up to 4.5 years.

Payment of brownfield tax rebates by the City in any given year will be contingent upon the project's continued payment of annual property taxes and upon remaining in compliance with the terms of their Brownfield Site Agreement.

Recommendation:

That Council approve "A By-Law to Provide Annual Tax Increment-Based Rehabilitation Grants Pursuant to the Brownfields Community Improvement Plan for the Project at 223 Princess Street, Kingston, Ontario", attached as Exhibit A to Report 26-125.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Paige Agnew, Commissioner,
Growth & Development Services**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate & Emergency Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	
Jenna Morley, City Solicitor	
Ian Semple, Commissioner, Transportation & Infrastructure Services	Not required

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Options/Discussion:

An application by IN8 (The Capitol) Developments Inc. (the Developer) for brownfield financial benefits and completion of a brownfield site agreement was approved for the 223 Princess Street project (the Project) on June 21, 2022 (Report 22-193). Council's approval stipulated that upon completion of the Project, a maximum of \$950,000 in total benefits may be provided to assist the Developer in recovering their eligible costs incurred for environmental remediation, and that the benefits be provided in the form of up to ten years of annual rebate of 25% of the incremental municipal tax. The incremental municipal tax is the difference between the pre-development and post-development taxes where the increase is due to the new development constructed. The approval of financial benefits was based on the Developer's proposal to successfully remediate environmental contamination on the property and construct an infill redevelopment to create approximately 182 new residential units in a multi-story condominium style building.

For the former commercial property to be redeveloped into new residential uses, provincial law requires that any environmental contamination exceeding provincial standards be cleaned up and that a Record of Site Condition (RSC) that confirms the suitability of the property for new residential uses be completed.

The Project has undertaken a successful remediation of environmental and building contaminants and has completed the required RSC. A copy of the filed RSC is available on the Province's [Access Environment](#) public registry. The Project has also substantially completed the proposed construction of the new residential building and has received occupancy permits from the City.

The Project has incurred \$1,039,439 of expenses related to environmental remediation and documentation of these costs has been provided to the City along with a third-party financial auditor's report confirming that the incurred costs are compliant with the financial reporting provisions of the Brownfield Site Agreement between the Developer and the City of Kingston. The Developer has also provided a sworn statement attesting to their compliance with the terms of the Brownfield Site Agreement.

With the completion of environmental remediation and construction, the Developer has requested that the City commence delivery of the approved brownfield financial benefits through annual incremental tax rebates (TIRGP Rebates).

As per the terms of the Brownfield Site Agreement, annual TIRGP Rebates can only commence once the following terms have been met to the satisfaction of the City:

- Completion of environmental remediation and production of Record of Site Condition(s) (RSC) that has been accepted by the Ministry of Environment, Conservation and Parks (MECP);

- Development completion and occupancy permits;

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Substantial compliance with terms of any planning approval agreements;

Property is not in tax arrears;

Post-development property taxes have been levied and paid for the first 12 months; and

Submission of proof of costs incurred and payments made, accompanied by verification through third-party financial project audit.

Staff are satisfied that the above conditions have or will be met for the Project in 2026 prior to any rebate payments.

Council approval of the by-law attached as Exhibit A to this Report is required to authorize the commencement of TIRGP rebate payments for the Project.

The post-development municipal taxes for the entire property are expected to be approximately \$895,500 per year which would generate an annual incremental tax uplift of approximately \$837,100 (post-development tax minus pre-development tax). With a 25% rebate of the annual incremental tax, staff expect repayment of the Project’s \$950,000 in eligible remediation expenses in approximately 4.5 years.

Assignment agreements, consistent with the terms of the Brownfield Site Agreement, may be received that, if acceptable to the City, will permit the City to assign the payment of future tax rebates from new owners (individual condominium unit purchasers) to the Developer (IN8 (The Capital) Developments Inc.

Existing Policy/By-Law

Brownfields Community Improvement Plan (CIP)

By-Law Number 2022-101 “A By-Law to Approve Brownfield Assistance for the Property Known as 223 Princess Street”

Financial Considerations

Up to \$950,000 of rebatable remediation expense was approved for this brownfield Project. The Developer has provided satisfactory documentation of the Project incurring and payment of \$1,039,439 in eligible remediation expenses.

The pre to post development municipal tax uplift for this property is estimated to be approximately \$837,100 in its first full post-development taxation year. Based on the terms of the Project’s brownfield benefits approval, it is expected that annual rebates of 25% of the tax uplift will be made for approximately 4.5 years before the net eligible expense amount is recovered by the Developer, rebates cease, and full recovery of municipal taxes occurs thereafter.

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As is the case with other brownfield CIP projects, 20% of the tax uplift will be directed to the City's Environment Reserve Fund during the years that rebates are made.

Based on these updated financial parameters it is expected that the City will receive and provide the following during the first year that rebates apply:

- Tax uplift received by the City = \$837,104
- 25% provided as rebate to the project developer = \$209,276
- 20% directed to the City's Env. Reserve Fund = \$167,421
- Remaining tax uplift retained as municipal tax revenue = \$460,407

Financial parameters in subsequent rebate years are expected to change due to annual changes in tax assessments.

Contacts:

Paul MacLatchy, Environment Director, 613-546-4291 extension 1226

Other City of Kingston Staff Consulted:

Jeff Walker, Manager of Taxation and Revenue

Alexis Vienneau, Associate Legal Counsel

Exhibits Attached:

Exhibit A "A By-Law to Provide Annual Tax Increment-Based Rehabilitation Grants Pursuant to the Brownfields Community Improvement Plan for the Project at 223 Princess Street, Kingston, Ontario"

By-Law Number 2026-XX

A By-Law To Provide Annual Tax Increment-Based Rehabilitation Grants Pursuant To The Brownfields Community Improvement Plan For The Project at 223 Princess Street, Kingston, Ontario

Passed: [Meeting Date]

Whereas By-Law Number 2005-40, being “A By-Law to 2018

Designate Brownfields Project Areas 1A, 1B & 1C as Community Improvement Project Areas”, pursuant to Section 28(2) of the Planning Act, was passed by Council on February 15, 2005;

Whereas By-Law Number 2005-41, being “A By-Law to Adopt the Community Improvement Plan for Brownfields Project Areas 1A, 1B & 1C” was passed by Council on February 15, 2005; and

Whereas By-Laws Number 2006-125 and 2006-126, being “Amendment Number 1 to the Community Improvement Plan for Brownfields Project Areas 1A, 1B & 1C” was passed by Council on May 23, 2006; and

Whereas By-Laws Number 2013-63 and 2013-064, being “Amendment Number 2 to the Community Improvement Plan for Brownfields Project Areas 1A, 1B & 1C” was passed by Council on March 5, 2013; and

Whereas By-Law Number 2018-13 being “A By-Law to Repeal and Replace By-Law Number 2005-41, “A By-Law to Adopt the Community Improvement Plan for Brownfields Project Areas 1A, 1B, 1C, 1D, and 2” with By-Law Number 2018-13 “A By-Law to Adopt the Brownfields Community Improvement Plan” was passed by Council on December 19, 2017, and

Whereas By-Law 2022-101 “A By-Law to Approve Brownfield Assistance for the Property Known as 223 Princess Street” was passed by Council on June 21, 2022, and

Whereas the Developer of the properties known as 223 Princess Street applied to and were approved by the City of Kingston for brownfield assistance for this property, in accordance with the Community Improvement Plan and section 365.1 of the Municipal Act; and

Whereas as of the date of this by-law, the relevant terms of the Brownfields Site Agreement entered into with the City have been substantially fulfilled and the property will be eligible for repayment of a portion of said property taxes in accordance with the Community Improvement Plan and the terms of the Brownfields Site Agreement; and

Now Therefore the Council of The Corporation of the City of Kingston, pursuant to Section 28 of the *Planning Act*, R.S.O. 1990 and section 106(3) of the *Municipal Act*, 2001 S.O. 2001, c. 25, as amended, hereby **Enacts as follows**:

1. In this by-law,
 - a) “Brownfields Site Agreement” means the agreement entered into by the Developer and the City dated **July 13, 2022**, governing the remediation and redevelopment of the Eligible Property and establishing the mechanism for reimbursing the Owner for eligible rehabilitation costs.
 - b) “Developer” means **IN8 (the Capitol) Developments Inc.**
 - c) “Eligible Property” means the property municipally known as **223 Princess Street**, Kingston, Ontario, and as further described within Appendix A to this by-law.
 - d) “Owner” means the owner or owners of the Eligible Property at the time of each annual rebate payment.
 - e) “Remediation Costs” means the cost of any action taken to reduce the concentration of contaminants on, in or under the Eligible Property to permit a record of site condition (RSC) to be filed in the Environmental Site Registry under section 168.4 of the Environmental Protection Act and the cost of complying with any certificate of property use issued under section 168.6 of the Environmental Protection Act, and as further specified in the Community Improvement Plan.
 - f) “Tax Increment” means the increase in municipal property taxes realized on the Eligible Property that results from the rehabilitation and redevelopment of said property. The Tax Increment shall be calculated as the difference between the municipal portion of property taxes levied on the Eligible Property in 2022 and the municipal portion of property taxes levied on the Eligible Property after rehabilitation and development, as assessed by the Municipal Property Assessment Corporation in each year in which an annual Tax Increment Based Rehabilitation Grant is payable.
 - g) “Tax Increment-Based Rehabilitation Grant” means the payment to be made pursuant to the Brownfields Site Agreement and the Community Improvement Plan for Brownfields. The Tax Increment Based Rehabilitation Grant shall be **25%** of the municipal tax increment and shall be calculated by multiplying the Municipal portion of the Tax Increment for any applicable tax year by **0.25**.
2. The total of all annual Tax Increment- Based Rehabilitation Grants (rebates) that may be paid by the City of Kingston for 223 Princess Street shall not exceed nine

hundred and fifty thousand dollars (\$950,000) calculated as follows:

Maximum eligible costs as per Brownfield Site Agreement	\$ 950,000
Eligible costs incurred by the Developer	\$1,039,439
Less: Initial Study Grant and BFTIP Tax Cancellations	(\$0)
Total available for Tax Increment-Based Rehabilitation Grant	\$950,000

3. The annual Tax Increment-Based Rehabilitation Grant shall not include any increase in assessment that results from additional construction that is not part of the original application for Brownfields Assistance, as defined in the Brownfields Site Agreement.
4. The City shall pay to the Owner, or their successors and assigns, Tax Increment-Based Rehabilitation Grants annually, calculated in accordance with this By-Law, and provided that the municipal property taxes for any year in which a grant is paid, have been paid in full by the Owner of the property by October 31st. Property taxes not paid by October 31st of subsequent years will not yield a grant at that time.
5. The City shall pay no more than ten (10) annual Tax Increment-Based Rehabilitation Grants, provided that the total of all annual Tax Increment-Based Rehabilitation Grants shall not exceed nine hundred and fifty thousand dollars (\$950,000).
6. The Owner shall comply in all material respects with the Brownfields Site Agreement as a pre-condition to issuance of any annual Tax Increment-Based Rehabilitation Grant under this by-law. In the event that the Owner is not in compliance with the Brownfields Site Agreement, in whole or in part, the City shall withhold the annual Tax Increment-Based Rehabilitation Grant until such time as the Owner is in compliance with the Brownfields Site Agreement.
7. This by-law shall come into force and take effect on its passing.

Given First and Second Readings: May 19, 2026

Given Third Reading and Passed: [Meeting Date]

**Janet Jaynes,
City Clerk**

Bryan Paterson
Mayor

Appendix A to By-Law 2026-XX: Eligible Property Description

The Eligible Property referred to as the Crown Condominium and municipally known as 223 Princess Street, Kingston, Ontario is comprised of the following:

Civic Addresses:

223 Princess Street

Descriptions:

The lands municipally known as 223 Princess Street, being the lands formerly described as:

Municipal Roll # 101103008008300

PIN 36049-0458:

FIRSTLY: LOT 316 ORIGINAL SURVEY KINGSTON CITY, PART LOTS 309, 310, 317 ORIGINAL SURVEY KINGSTON CITY, PART LOT 318 ORIGINAL SURVEY KINGSTON CITY AS IN FR462372; S/T AND T/W EASEMENT AS IN FR462372;

SECONDLY: PART LOT 311 ORIGINAL SURVEY KINGSTON CITY DESIGNATED AS PART 1, PLAN 13R14039; T/W EASEMENT AS IN FR739390 CITY OF KINGSTON, and

now being the lands described in accordance with Condominium Plan No. FCP91, including all units and common elements created thereunder.