

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Subject: Hyde Park Business Improvement Association Request for Five Year Payment Plan for Amounts Owing

Date: March 25, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, in accordance with section 6.2 (b) of Municipal By-Law No. C.P.-1519-490, the following actions be taken with respect to the Hyde Park Business Improvement Association (BIA):

- a) The request from the Hyde Park Business Improvement Association (Appendix A) to repay their amounts owing due to tax reductions in the net amount of \$155,423 over a period of five years, from 2024 to 2028, in equal installments **BE APPROVED**; and,
- b) Interest on the outstanding amounts owing due to tax reductions **BE WAIVED** during the period of the repayment plan.

Linkage to the Corporate Strategic Plan

Council's 2023 to 2027 Strategic Plan for the City of London identifies "Economic Growth, Culture, and Prosperity" as a strategic area of focus. This involves working better together for economic growth with Business Improvement Areas (BIA's) of London and continuing to build strong working relationships with such community partners. In line with these areas of focus, the City provides guidance to the BIAs in regard to establishment and ongoing business and financial operations.

Analysis

1.0 Background Information

1.1 Hyde Park Business Improvement Situation

On January 22, 2024, the Hyde Park Business Improvement Association (HPBIA) received notice from the City of London of a significant tax reduction approved by the Assessment Review Board which resulted in a net decrease to the amounts collected on behalf of the HPBIA of \$155,422.99. This reduced amount is now owed to the City of London. The net amount owing resulted primarily from tax reductions on three commercial properties in the HPBIA, based on Minutes of Settlement for assessment appeals, some dating back to 2018.

Assessment appeals are filed by the property owner or their agent (the appellant) when the current value assessment provided by MPAC is contested. Once the appellant and MPAC agree on a revised assessment, Minutes of Settlement (MOS) are signed by both parties and a representative of the municipality. The MOS identify the revised current value assessment and reductions in assessment result in a write-off for municipal, education, and BIA taxes. The adjustment is reflected in the 2024 assessment so there should be no further changes during the current assessment cycle for these properties which remain part of the HPBIA. The amount payable from the HPBIA to the City represents the special levy collected by the City on behalf of the

HPBIA for prior years for these properties that had to be refunded when the MOS were received and processed by the City. The City refunded the applicable property owners by the end of 2023.

BIA's typically budget for the impact of some property reassessments, but the value in this case far exceeds expectations due to the larger size of the impacted properties and the longer period of retroactivity. The only source of funding for the HPBIA to pay the amount owing is from the special levy charged to their member properties. If the HPBIA is required to pay the full amount of monies owing in 2024, this would significantly impact their ability to deliver on their approved operational plan in 2024. A five year interest free repayment arrangement would allow the HPBIA to maintain the majority of their operational plans while spreading out the necessary increased special levy to their members over multiple years.

1.2 Municipal By-Law: C.P.-1519-490

Municipal By-Law C.P.-1519-490, as amended, was passed to designate an area as an improvement area and to establish the board of management for the purpose of managing the Hyde Park Business Improvement Area. Section 6.0 of the By-Law speaks to Financial Items, where section 6.2 specifically identifies that

6.2 The Board of Management shall not:

(b) incur any indebtedness extending beyond the current year without the prior approval of the Council;

Based on the request brought forward by the Hyde Park Business Improvement Area, Municipal Council would need to approve the plan put forward to repay the City.

2.0 Financial Impact/Considerations

The notice of net amount owing received by the HPBIA in the amount of \$155,422.99 represents approximately 26% of their 2024 annual budget. The HPBIA is requesting a payment plan for the total reduction to be paid in equal instalments over a five year period. They are also requesting that interest on the outstanding balance be waived over the five year period to avoid compounding the financial impact.

Repayment Schedule	
May 2024	\$31,084.60
May 2025	\$31,084.60
May 2026	\$31,084.60
May 2027	\$31,084.60
May 2028	\$31,084.60
Total	\$155,423.00

The financial impact to the City of London related to this request would be a waiver of the normal interest charges on overdue accounts, as well as a slight reduction in interest earned on the City's working capital.

Conclusion

As requested by the HPBIA, Civic Administration recommends that the Hyde Park BIA be granted a five year repayment plan for amounts owing in the amount of \$155,422.99 and furthermore that interest for this amount outstanding be waived.

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Recommended by: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports