

To: COUNCIL

Meeting Date: 5/28/2024

Subject: 24-005-CRE Core Areas Community Improvement Plan Minor Amendment

Submitted By: Michael Launslager, Director of Economic Development

Prepared By: Thomas Strongman, Economic Development Officer
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Report No.: 24-005-CRE

File No.: C1101

Wards Affected: Ward 2, Ward 3, Ward 4

RECOMMENDATION(S):

THAT Report 24-005-CRE Core Areas Community Improvement Plan Financial Incentive be received;

AND THAT Appendix A of the Core Areas Community Improvement Plan – Fee Waiver Program be replaced with Appendix B of this Report 24-005-CRE, effective retroactively as of June 29, 2021.

EXECUTIVE SUMMARY:

Purpose

- To request Council approval for minor amendment to the approved Core Areas Community Improvement Plan (CIP) specifically seeking permission to approve additional funding to projects started from June 29, 2021 and afterwards that are beyond the scope of the original program outlines in specific cases.
- To approve unique projects on a case-by-case basis to ensure that the property owners in the core areas have the ability to attract and retain tenants despite existing unaddressed conditions.

Key Findings

- During the current implementation phase of the Community Improvement Plan for 2024, Staff noted that there is a noticeable gap in specific coverage by the Financial Incentives relating to flood mitigation and prevention. Staff are hoping to address this gap on an ongoing case-by-case basis to establish our core areas

as attractive destinations and to help address current vacancies in those areas, thereby supporting economic inclusion and promotion efforts.

Financial Implications

- Regarding the CIP, staff are of the opinion that there is a need to address a specific gap in our current program. Staff proposes a change to allow council and delegated authority to approve and increase the overall eligible grant amount on a case-by-case basis. Staff is of the believe that this will negligibly affect the overall amount of public spend from the Core Area Transformation Fund (CATF).

STRATEGIC ALIGNMENT:

Strategic Action;

Objective(s): ECONOMIC INCLUSION AND SUPPORT - Establish and extend inclusive programs to support business readiness and workforce development and help local businesses to thrive

Strategic Action: Establish our core areas as attractive destinations

OR

Core Service

Program: Not Applicable

Core Service: Not Applicable

BACKGROUND:

The CIP provides the basis for financial incentive programs within the 3 designated CIP Project Areas in the City of Cambridge. It focuses mainly on Cambridge's 3 Core Areas as designated in the Official Plan and Community Improvement Project Area By-law.

These financial initiatives facilitate the planning and financing of development activities that effectively use, reuse and revitalize lands, buildings and infrastructure. They prioritize municipal investment and are intended to stimulate private sector investment, property maintenance and revitalization within the project areas:

- **Commercial Property Improvement Grant (CPIG):** The Commercial Property Improvement Grant Program is intended to provide financial assistance for commercial property owners & tenants who aim to improve upon the exterior appearance of commercial properties.

- **Commercial Building Restoration, Renovation and Improvement Grant (CBRRIG):** The Commercial Building Restoration, Renovation and Improvement Grant works to leverage significant private sector investment in interior building renovations and improvements for commercial properties in need of renovation or vacant in the core areas.
- **Mixed Use Conversion and Restoration Grant Program (MUCRG):** The Mixed-Use Conversion and Restoration Grant Program is aimed at attracting new investment and interest in converting currently non-residential vacant or underutilized upper storey space to residential units and renovating the existing commercial space located below by providing a financial incentive that will be targeted at the costs of converting the space.

Under these programs, grants are available to property owners and authorized tenants who typically have one year to complete the renovations. Upon review of an application and approval, City Staff issues an approval letter outlining the eligible scope of work and funding.

The next step in this process is for the owner or tenant to complete the work as specified in the application. City Staff will inspect the work to ensure it is complete and meets all necessary Municipal codes. The applicant will then submit paid invoices for all work completed, which are matched to the work submitted in the application. If all submitted invoices comply with the program regulations, Staff (Economic Development and Finance) approve the issuance of payment under the Core Areas CIP (CACIP).

Delegated Authority for Approvals

Through Report 22-008 (CRE) on April 19, 2022, Staff received delegated authority to approve Financial Incentive grant applications. In order to share how this delegated authority is exercised along with promoting the success of the program, Staff have committed to providing updates to Council and the public.

Changes to Appendix A

The recommendation before Council is the requested change to the existing Appendix A in our CIP documentation.

The current CIP provides a portion of public grant for specific capital investments in commercial and mixed-use properties in the core areas.

Such changes are permitted under Policy 10.2 of the Core Areas Community Improvement Plan through the passing of a Council Resolution. For reference, this policy notes:

10.2 Other Changes

Administration procedures are contained in the various program descriptions and terms provided in the appendices to this Plan. Changes to the appendices not requiring a formal amendment will be adopted by City Council by resolution. In addition, Council may discontinue any of the programs described in this Plan, without amendment to the Plan. Formal amendments, including public meetings under the *Planning Act*, shall not be required for minor administrative amendments to this Plan such as format changes, typographical errors, grammatical errors and policy number changes.

ANALYSIS:

Changes to Appendix A

Staff is recommending a change to Appendix A – Commercial Property Improvement Grant Program (CPIG) Accordingly, as per Policy 10.2, a Council resolution is required.

Within Cambridge's core areas, a number of properties exist in which the risk of flooding prevents the tenancy and occupancy of commercial units. Under the current CIP program, flood mitigation work exists outside of the eligible expenses covered, by the CPIG stream. These units within the core areas often require extensive work in order to be fit for occupancy.

To address these issues and action feedback received from prior program participants to simplify the process, staff are recommending that the CIP be amended to remove some limitations and requirements around eligibility for the CPIG on a case-by-case basis in order to better service the intent of the program for the core areas and those surrounding properties.

The proposed amendment will reduce a significant administrative issue and improve efficiency in the delivery of the program to better serve a greater number of applicants. The amendment will also allow staff to better achieve the strategic actions of establishing our core areas as attractive destinations, enabling small businesses to succeed, and take action to combat climate change and its effects of commercial property as discussed and outlined in the most recent version of the City of Cambridge Strategic Plan (2024-2026).

Staff is requesting that the wording in the program be replaced with the wording in the attached appendix, which will cover Appendix A of the currently existing CACIP documentation, and that this change be made retroactively to June 29, 2021. Enabling applicants to retroactively access the program will further streamline the approval process and help to mitigate challenges with scheduling work and the associated availability of labour and materials. In an effort to embrace continuous improvement,

staff are recommending this approach as a response to feedback received by previous program applicants.

Program Description Minor Amendments

The following minor amendments will be added to Appendix A in the CACIP program documentation.

19. Additional funding may be provided to an applicant, at the discretion of Council or delegated authority. Funding will be considered based on efforts to add preventative measures for future damages related to flooding. This additional funding will be considered on a case-by-case basis, subject to the availability of funds and the complexity of work required, but will not exceed \$70,000 in additional funding per applicant. This additional funding may be used retroactively for renovations performed on or after June 21, 2021 for properties that are at risk of damage from flooding, at the discretion of council or delegated authority.

Interpretation of Policy

If there is a question or confusion of whether or not an applicant or property should be free from certain restrictions and eligibility requirements of a given CPIG program, the Director of Economic Development (or designate) in consultation with the Chief Financial Officer (or designate) and direction from Council may be made applicable for said exemptions and variances.

This is a change to Appendix A which requires a Council Resolution.

EXISTING POLICY / BY-LAW(S):

Authorization of the Financial Incentive programs is granted by the Council approved Core Areas Community Improvement Plan for 2021 (CIP) and the associated project areas.

FINANCIAL IMPACT:

- It is Staff's recommendation that no more than \$70,000 be offered as additional enhancement for a particular property.
- This enhancement funding will come from the already annually allocated \$1,000,000 for the CIP which is funded from the CATF.
- Regarding the eligibility variances, Staff are of the opinion that there will be no change to the amount of revenue to the City. The proposed amendment will

reduce a significant administrative issue and better serve the original intent of the program while also working towards achieving the City's strategic actions.

PUBLIC VALUE:

Transparency:

To ensure transparency relating to the Core Areas Community Improvement Plan applications, Staff will share with council and the public applications that have received Staff approval.

ADVISORY COMMITTEE INPUT:

Not Applicable

PUBLIC INPUT:

There was no public input undertaken.

INTERNAL / EXTERNAL CONSULTATION:

There was no internal/external consultation undertaken.

CONCLUSION:

In conclusion, the change to Appendix A of the Core Areas Community Improvement Plan 2021 will better reflect the actual intentions of the programs and policies contained therein. Staff respectfully recommends approval of this request.

REPORT IMPACTS:

Agreement: **No**

By-law: **Yes**

Budget Amendment: **No**

Policy: **No**

APPROVALS:

This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:

Director

City Clerk

Chief Building Official

Chief Planner

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

1. 24-005-CRE Appendix A – Existing Appendix A – Commercial Property Improvement Grant Program (CPIG)
2. 24-005-CRE Appendix B – Draft Appendix A – Commercial Property Improvement Grant Program (CPIG)
3. 24-005-CRE Appendix C – Maps of City of Cambridge Core Areas