

To: **COUNCIL**

Meeting Date: **10/19/2021**

Subject: **Core Areas Financial Incentives – October Applications Round 2**

Submitted By: **Trevor McWilliams, Acting Director of Economic Development**

Prepared By: **Michael Marini, Economic Development Officer**

Report No.: **21-271(CRE)**

File No.: **C1101**

Recommendation(s)

THAT Report 21-271(CRE), re: Core Areas Financial Incentives – October 19, 2021 Applications Round 2 be received;

AND THAT regarding the application for 30 Dickson Street:

- Council approves a Commercial Building Restoration, Renovation and Improvement Grant (CBRRIG) of \$20,000;
- Council approve a transfer from the Core Areas Transformation Fund (CATF) reserve in the amount of \$20,000;

AND THAT regarding the application for 38 Ainslie Street North:

- Council approves a Commercial Building Restoration, Renovation and Improvement Grant (CBRRIG) of \$11,413;
- Council approve a transfer from the Core Areas Transformation Fund (CATF) reserve in the amount of \$11,413;

AND THAT regarding the application for 759 King Street East:

- Council approves a Commercial Property Improvement Grant (CPIG) of \$30,000 and a Mixed Use Conversion and Restoration Grant (MUCRG) of \$40,000;
- Council approve a transfer from the Core Areas Transformation Fund (CATF) reserve in the amount of \$70,000;

AND THAT staff be authorized to execute a Commitment Letter and any required documentation in order to administer this funding;

AND THAT Council delegate authority to Director of Economic Development and Chief Financial Officer (or designates) to increase the funding to the maximum amount within the parameters of the specific program(s), if necessary;

AND FURTHER THAT the work approved under these enhanced incentives be completed within one (1) year of the date on the Approval Letters.

Executive Summary

Purpose

- To request Council to authorize the three grant applications for subject properties under the City's new Community Improvement Plan as follows:
 - a Commercial Building Restoration, Renovation and Improvement Grant (CBRRIG) of \$20,000 from the CATF Reserve Fund for the redevelopment of the building located at 30 Dickson Street in Downtown Cambridge;
 - a Commercial Building Restoration, Renovation and Improvement Grant (CBRRIG) of \$11,413 from the CATF Reserve Fund for the redevelopment of the building located at 38 Ainslie Street North in Downtown Cambridge; and,
 - a Commercial Property Improvement Grant (CPIG) of \$30,000 and a Mixed Use Conversion and Restoration Grant (MUCRG) of \$40,000 for the redevelopment of the property at 759 King Street East in Preston Towne Centre.

Key Findings

- As these buildings are in Core Areas, the owners have applied to the Financial Incentive Programs for grants under the new programs introduced with the Community Improvement Plan, approved by Council in July 2021.
- For 30 Dickson Street, under the CBRRIG regulations the building qualifies for up to \$52,500 in funding comprised of a grant.
- For 38 Ainslie Street North, under the CBRRIG regulations the building qualifies for up to \$52,500 in funding comprised of a grant.
- For 759 King Street East, under the CPIG regulations the building qualifies for up to \$30,000 in funding and for the MUCRG the building qualifies for up to \$90,000 in funding comprised of a grant.

Financial Implications

- The CPIG grant of \$30,000, CBRRIG grant of \$31,413 and MUCRG grant of \$40,000 will be funded from the CATF reserve.
- The total fundable amount of this request for the properties is \$101,413.
- The total value of the redevelopment project at 30 Dickson is over \$300,000, the total value of the project at 38 Ainslie is \$150,000 and the total value of the project at 759 King Street East is over \$600,000. If the funds are not used, they will still be available in the account for possible future projects.

Background

Since the mid 1990's, the City of Cambridge has offered financial incentives in the Core Areas of Cambridge. Many of these were dated and work on a new, more modern set of financial incentives was initiated by Economic Development in late 2019. Such work was expedited due to COVID 19 and said financial incentives were approved by Cambridge Council in 2021 in an effort to assist businesses as quickly as possible in our Core Areas. These new and improved incentive programs offer a wider range of benefits without the hindrance of loans registered on title of the subject properties.

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

These new financial initiatives will 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. These new incentives were contemplated under the Council approved Core Areas Transformation Fund (CATF) and will be financed from said fund.

Since the effective date of the programs of August 3, 2021, there has been significant interest in the available grants. Economic Development Staff is pleased to present these requests as part of the new Financial Incentives to Cambridge Council for approval.

The subject applications are under 3 separate grant programs:

- **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 that are in need of renovation or vacant in the core areas.
- **Mixed Use Conversion and Restoration Grant Program:** 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, who typically have one year to complete the renovations. City Staff will issue an approval letter outlining the scope of work and funding. The next step in this process is the owner or tenant will complete the work as specified on the application. City Staff will inspect the work to make sure it is complete and meets all necessary Municipal codes. The applicant will then submit paid invoices for all work complete which is matched to the work submitted in the application process. If all of the invoices comply with the program regulations, Staff will issue a funding request for the calculated amount of funding.

Property Information – 30 Dickson Street

30 Dickson Street sits across from the Farmers Market and City Hall in Downtown Cambridge. It was purchased by the new owners in the spring of 2021 and they are completing renovations on the building. The work proposed is a complete renovation of the exterior of the building and an interior renovation of the main floor of commercial use currently available. The new space will house a commercial tenant once renovated.

Property Information – 38 Ainslie Street North

The property at 38 Ainslie Street North is located next to the property at 30 Dickson Street. It is currently under re-development and the owners have been working with Economic Development for many months. This renovation of the existing commercial space will facilitate a new retail opportunity which will see more jobs brought to Downtown Cambridge.

Property Information – 759 King Street East

The property at 759 King Street East is located in Preston Towne Centre. The owners have been working with Building Department and Economic Development staff to redevelop the building. The renovation will be a new façade for the exterior of the building and four new residential units on the upper floor.

Analysis

Strategic Alignment

PROSPERITY: To support and encourage the growth of a highly competitive local economy where there is opportunity for everyone to contribute and succeed.

Goal #6 - Economic Development and Tourism

Objective 6.2 Promote vibrant and inviting downtown cores by encouraging partnerships and creating a wide range of unique, exciting destinations and activities.

The Financial Incentive Programs leverages both public and private dollars to improve the public realm and create a pedestrian friendly and interesting core area.

Comments

Application – 30 Dickson Street

The subject property is municipally known as 30 Dickson Street and sits in the heart of Downtown Cambridge. The work proposed is a complete renovation of the exterior of the building and an interior renovation of the Commercial unit that is vacant. The new space will house a commercial tenant as the unit is badly in need of an upgrade to be leased. This is part of a renovation to two of the buildings on this block and will give a much needed upgrade to the building. The exterior work on this property is currently in progress and it was funded through the previous iteration of the financial incentives, the City of Cambridge Building Revitalization Program.

The applicant has applied for the Commercial Building Restoration, Renovation and Improvement Grant Program (CBRRIG) for funding assistance. The total fundable amount of this request for the property is \$20,000. The applicant is investing over \$300,000 into this project.

Staff are supportive of the application to the Commercial Building Restoration, Renovation and Improvement Grant because it will be used to convert currently vacant commercial space to a commercial opportunity. This will increase the working population of Downtown Cambridge and increase traffic to the downtown area. With more people working in the area it will create an economic spin off to the surrounding businesses and is supported by Staff.

Application – 38 Ainslie Street North

The subject property is municipally known as 38 Ainslie Street North. The work proposed is a complete renovation of the exterior of the building and an interior renovation of the two Commercial units that are vacant. The new space will house a new retail business. The owner is working with staff to renovate two buildings in this

block and further exterior renovations will follow in the coming months through the CPIG program.

The applicant has applied for the Commercial Building Restoration, Renovation and Improvement Grant Program (CBRRIG) for funding assistance. The total fundable amount of this request for the property is \$11,413. The applicant is investing over \$150,000 into this project.

Staff are supportive of the application to the Commercial Building Restoration, Renovation and Improvement Grant because it will be used to convert currently vacant commercial space to a commercial opportunity. This building has two currently vacant commercial units on the main floor and this will support a new tenant leasing one of the units and renovating it.

Application - 759 King Street East

The subject property is 759 King Street East in Preston Towne Centre. The work proposed is a complete renovation of the exterior of the building and an interior renovation of the upper floor to create four new residential units from a previously vacant floor.

The applicant has applied for the Commercial Property Improvement Grant (CPIG) of \$30,000 and a Mixed Use Conversion and Restoration Grant Program (MUCRG) of \$40,000. The total fundable amount of this request for the property is \$70,000 coming from the CPIG and MUCRG. The applicant is investing over \$600,000 into this project.

Staff are supportive of the application to the Commercial Property Improvement Grant and the Mixed Use Conversion and Restoration Grant Program because it will be used to convert currently vacant commercial units to new residential units in Preston Towne Centre. This will increase the population of Preston and increase traffic to the downtown area. Having more people living in Cambridge's Core areas is something staff supports.

Existing Policy/By-Law

As the properties are located in one of the Community Improvement Project Areas (CIPA) in Cambridge, the applicant is eligible for the Financial Incentives Programs 2021 which provides matching funding for certain improvements to the buildings. The City can provide grant funding for up to 50% of eligible costs under the CPIG, CBRRIG and MUCRG.

Financial Impact

- These funding requests are for:
 - \$30,000 under the Commercial Property Improvement Grant Program

- \$31,413 under the Commercial Building Restoration, Renovation and Improvement Grant Program
- \$40,000 under the Mixed Use Conversion and Restoration Grant Program
- The total funding amount of \$101,413 will be drawn from the CATF Reserve Fund. If the funds are not used, they will still be available in the accounts for possible future projects.
- The balance of the CATF reserve is \$19,110,395 as of August 30, 2021. A portion of this reserve is intended to support private sector stimulus, in addition to the fund's other pillars.

Public Input

Posted publicly as part of the report process.

Internal/External Consultation

Financial Services Department – As part of the new staff process, Financial Services was consulted on the calculation of amounts of each program, in addition to the tax status of the property. For Council's information, in order to be eligible for financial incentives there can be no taxes owing on a property.

Community Development Department – Planning Services Division and Building Department were consulted in the development of this request for funding.

Conclusion

In conclusion, staff respectfully recommends that Cambridge Council approve the total funding of \$101,413 in grants to the new financial incentive programs. This will support a private investment of over \$1.05 million spread across the three buildings. These planned developments will help support the City of Cambridge's effort to revitalize the core areas and have more people working and living in the downtowns.

Signature

Division Approval



Reviewed by the CFO

Reviewed by Legal Services

Name: Trevor McWilliams

Title: Acting Director of Economic Development

Departmental Approval



Name: Cheryl Zahnleiter

Title: Deputy City Manager Corporate Enterprise

City Manager Approval



Name: David Calder

Title: City Manager

Attachments

- Appendix A – Funding Calculations for 30 Dickson Street
- Appendix B – Funding Calculations for 38 Ainslie Street North
- Appendix C – Funding Calculations for 759 King Street East

Appendix A – 30 Dickson Street-

Appendix A



30 Dickson St

 30 Dickson St

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-CBRRIG Calculations-



CBRRIG

Total Internal Commercial Proposed Work Being Done	\$40,000.00
Commercial Funding Amount 50%	\$20,000.00
Total Interior Grant Funding	\$20,000.00
Remaining Program Eligible Amount	\$30,000.00

	Interior Commercial	Total
Total Proposed Work	\$40,000.00	\$40,000.00
Total Program Funding	\$20,000.00	\$20,000.00

Appendix B – 38 Ainslie Street North-

Appendix B



38 Ainslie St N

 38 Ainslie St N

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-CBRRIG Calculations-



CBRRIG

Total Internal Commercial Proposed Work Being Done	\$22,825.88
Commercial Funding Amount 50%	\$11,412.94
Total Interior Grant Funding	\$11,412.94
Remaining Program Eligible Amount	\$38,587.06

	Interior Commercial	Total
Total Proposed Work	\$22,825.88	\$22,825.88
Total Program Funding	\$11,412.94	\$11,412.94

Appendix C – 759 King Street East-

Appendix C



759 King St E

 759 King St E

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-CPIG & MUCRG Calculations-



CPIG

CPIG Total Proposed Work	\$78,000.00
CPIG Funding Amount	\$30,000.00

MUCRG

Total Internal Commercial Proposed Work Being Done	\$0.00
Commercial Funding Amount 50%	\$0.00
Total Internal Residential Proposed Work Being Done	\$523,002.99
Residential Funding Amount 50%	\$40,000.00
Total Interior Grant Funding	\$40,000.00

	Exterior	Interior Commercial	Interior Residential	Total
Total Proposed Work	\$78,000.00	\$0.00	\$523,002.99	\$601,002.99
Total Program Funding	\$30,000.00	\$0.00	\$40,000.00	\$70,000.00