

To: SPECIAL COUNCIL

Meeting Date: 5/31/2022

Subject: Core Areas Transformation Fund – 2022 Update

Submitted By: James Goodram, Director of Economic Development

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Report No.: 22-018-CRE

File No.: C1101

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 22-018 (CRE), re: Core Areas Transformation Fund – 2022 Update be received as information;

EXECUTIVE SUMMARY:

Purpose

The Core Areas Transformation Fund (CATF) was approved in July of 2019 by council to establish programs and funding mechanisms to stimulate transformative investment to support city-building in Cambridge's three urban core areas. This report is prepared to provide an update on the three investment pillars that were approved through the Core Areas Transformation Fund Framework.

Key Findings

- The Core Areas Transformation Fund was constituted by re-stating \$20 million from the Economic Development Reserve to a new fund. The current amount in the CATF Reserve Fund is \$19,418,530. However, to date the City has committed to or already spent the following amounts under each of the three pillars:
- \$936,285 in Private Sector Stimulus provided through the Core Areas Community Improvement Plan Grants under the Private Sector Stimulus Pillar.
- \$5,647,170 in Strategic Land Acquisition/Disposition to support the growth of the core area(s) population in terms of both workforce and residents.

- \$1 million per year for 5 years to the Private Sector Stimulus Pillar (Core Areas Community Improvement Grants). This will be reviewed annually.
- \$375,329 in Place-making & Experiences through CATF placemaking applications.

Financial Implications

- A total of \$11,958,784 has been committed to or spent from the CATF.
- The original \$20 Million has also accrued \$1.02 Million of interest and repayments from the former CIP programs.

STRATEGIC ALIGNMENT:

- ☒ Strategic Action; or
☐ Core Service

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

Program: BIA / Core Area Support

Core Service: BIA / Core Area Support

BACKGROUND:

Core Area Vitality

Vibrant healthy core areas are a fundamental element of prosperous cities. When people travel to cities for business or pleasure they will undoubtedly visit the city's downtown. Therefore, the downtown's health is reflective of the city's overall health.

Downtown Cambridge (known as Galt) has been identified in the Province's "Places to Grow" growth plan as the city's Urban Growth Centre. The downtown is the seat of local government, the current transit hub as well as the future terminus of the ION Light Rail Transit (LRT) system, and has the greatest opportunity of creating medium to high density residential and office development.

In addition to Downtown Cambridge, there are two community downtowns serving Preston and Hespeler. These community downtowns serve a vital economic purpose in the surrounding areas. In the north end of the Preston core area, a future ION transit

station will be located and, together with the current surrounding land use, provides an opportunity for significantly increased residential density.

In Hespeler, urban revitalization is well under way. There are opportunities to further improve urban vitality by investing in cultural destinations or place-making initiatives celebrating the river.

Vacant and/or underutilized sites can accommodate more dense forms of residential development. Strategic land acquisitions in either of the community downtowns may provide increased public parking in the short term.

With the significant decline in the global economy that has been experienced in 2020 and 2021, due to the COVID 19 pandemic, it is increasingly important to focus on investment in the core areas to facilitate a positive return to business and visitation.

Core Areas Transformation Fund

The Core Areas Transformation initiative was approved by Council on July 23, 2019.

Subsequently, the fund was constituted in the order of a \$20 million restatement from the Economic Development Reserve Fund.

Core Areas Transformation Fund Framework

Due to the pandemic and the reprioritization of work to deal with the impacts of COVID-19, the framework was delayed. However, this delay provided an opportunity to revisit the framework and consider how the fund may be used to provide economic stimulus to support the Core Areas.

The draft framework was completed and approved in Report 20-076(CRE) on July 23, 2020 and the following investment pillars have been approved.

1. Private Sector Stimulus - Additional stimulus is required to make projects a reality from a financing perspective in the core areas. City Council approved a new suite of incentive programs on June 29, 2021. These new programs will lead transformational change by leveraging private sector investment.

2. Strategic Land Acquisition/Disposition – To support the growth of the core area(s) population in terms of both workforce and residents, coupled with the future expansion of LRT, the city has an opportunity to take the lead on making future oriented strategic land acquisitions. Over time, the disposition of City holdings will spur development and revenue generation.

3. Place-making & Experiences – This funding pillar will be used to enhance capital projects or partnerships that encourage experiences and place-making.

ANALYSIS:

Core Areas Transformation Fund – 2022 Update

Since the approval of the Core Areas Transformation Framework in June of 2020, multiple initiatives have been completed and are in progress under each of the three pillars.

1. Private Sector Stimulus

In June of 2021, the Core Areas Community Improvement Plan (CIP) was approved by council to help facilitate revitalization efforts in the downtown. The CIP provides the basis for financial incentive programs within the three relevant designated CIP Project Areas in the City of Cambridge. These 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. Five new financial incentive programs were created.

Since the programs were launched in August of 2021, to date, the financial incentive programs have led to 27 applications across 21 Core Area properties, of these 16 properties are fully approved and 5 properties are in the approval process. The programs have committed to \$936,285 in grant funding which has led to \$8.6 Million in private sector spending on revitalization efforts. This makes the ratio of private sector spending for every public dollar granted roughly 9.5 to 1.

2. Strategic Land Acquisition/Disposition

To date, CATF has acquired or is committed to acquiring five Core Area properties with a total cost of \$5,647,170 million. These acquisitions are listed in Appendix A.

3. Place-making & Experiences

To date, two projects as listed in Appendix A have been approved for a total cost of \$375,329. Two projects are also in process and pending final Council approval. Under this pillar there are multiple projects and applications currently in early stages and under consideration of the place-making pillar, including one from the BIA, one from the private sector, Staff are reviewing and refining these applications with the applicants, and anticipate bringing associated recommendations to Council in the summer.

With the onset of COVID 19 in 2020, this pillar has not been as active as staff originally anticipated as BIAs and potential private sector partners were occupied with trying to remain in business and weather the effects of the pandemic. It is anticipated that this

pillar will become more active over the course of the next year as we emerge from the pandemic. This funding pillar will be a key source of post-COVID 19 funding for core areas placemaking and experiential projects with a goal of drawing more residents and visitors to the core areas.

In addition, interest in this funding source has been expressed by a few of the City's advisory committees for projects they may wish to undertake. In lieu of private funding, these advisory committees would dedicate volunteer time to leading and undertaking projects that fall within the scope of the CATF Framework.

It should be noted that this pillar operates as a grant program where project proponents are responsible for the coordination and execution of Council approved projects rather than City staff unless such a project is submitted by City staff for Council's consideration.

This funding opportunity will continue to be marketed in the community with a renewed effort over the coming months.

Total Spending

The total amount of CATF projects currently committed to is \$11,958,784 across all three pillars.

EXISTING POLICY / BY-LAW(S):

There is no existing policy/by-law.

FINANCIAL IMPACT:

- A total of \$11,958,784 has been committed to or spent from the CATF.
- The original \$20 million has also accrued \$1.02 Million of interest and repayments from the former CIP programs.

PUBLIC VALUE:

Transparency:

To ensure transparency, regular updates on the Core Areas Transformation Fund have been shared with council including all approvals of financial incentive programs, land acquisitions and place-making opportunities that have been submitted to the Economic Development Division.

ADVISORY COMMITTEE INPUT:

Advisory Committees Consulted:

PUBLIC INPUT:

Posted publicly as part of the report process.

INTERNAL / EXTERNAL CONSULTATION:

External Consultation:

CONCLUSION:

Vibrant and prosperous core areas are essential to the economic and social well-being of a community. They represent the image and character of a city and provide a place for a wide range of unique, exciting destinations and activities.

Revitalization of a core area can be challenging but is justified by the potential benefits realized in terms of quality of life and economic growth. The Creation of a Core Areas Transformation Fund has helped to leverage partnerships and support transformative projects in the three core areas. This in turn will stimulate residential development, create jobs, build transit ridership and increase assessment growth, among other tangible benefits.

REPORT IMPACTS:

Agreement: **No**

By-law: **No**

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

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

Appendix A: List of Projects for Each Pillar and Financial Commitment

| | |
|---|--------------|
| 1. Private Sector Stimulus | |
| 2021 Applications - 11 Properties | \$ 761,405 |
| 2022 Applications - 10 Properties | \$ 174,880 |
| Funding of \$1 million for 5 years (reviewed annually) | \$ 5,000,000 |
| Subtotal | \$ 5,936,285 |
| 2. Strategic Land Acquisition/Disposition | |
| 74 Queen Street East - Purchased | \$ 1,224,170 |
| 19 Cambridge Street - Pending Closing | \$ 2,000,000 |
| 8 Water Street South - Pending Closing | \$ 640,000 |
| Hespeler Property - Pending Council Report and approval | \$ 530,000 |
| Preston Property - Pending Council Report and approval | \$ 1,253,000 |
| Subtotal | \$ 5,647,170 |
| | |
| 3. Place-making & Experiences | |
| Mill Race Amphitheatre Consultation & Design - Approved | \$ 125,329 |
| Hespeler Pedestrian Bridge Environmental Assessment - Approved | \$ 250,000 |
| Subtotal | \$ 375,329 |
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|-------|---------------|
| Total | \$ 11,958,784 |
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|----------------------------------|---------------|
| CATF Initial Funding | \$ 20,000,000 |
| CATF Interest and Other Funds | \$ 1,020,000 |
| CATF Committed Funds | \$ 11,958,784 |
| CATF Remaining Uncommitted Funds | \$ 9,061,216 |