

To: SPECIAL COUNCIL

Meeting Date: 9/27/2022

Subject: 22-027-CRE Core Areas Community Improvement Plan
Financial Incentives Update and Minor Amendment to
Appendix E - Fee Waiver Program

Submitted By: James Goodram, Director, Economic Development

Prepared By: Michael Marini, Economic Development Officer

Report No.: 22-027-CRE

File No.: C1101

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 22-027-CRE Core Areas Community Improvement Plan Financial Incentives Update be received by Council for information;

AND THAT a change be approved in wording for Appendix E of the Core Areas Community Improvement Plan – Fee Waiver Program.

AND FURTHER THAT the change in wording for Appendix E of the Core Areas Community Improvement Plan – Fee Waiver Program be applied retroactively to August 3, 2021.

EXECUTIVE SUMMARY:

Purpose

- To provide Council with an update on the activity of the Core Areas Community Improvement Plan (CIP) Financial Incentives Program for the period of August 3, 2021 to August 3, 2022.
- The CIP was developed to be a financial incentive to owners and tenants of buildings in the 3 Core Areas to improve the aesthetic appeal of their building. This includes undertaking exterior and interior renovations which will lead to more jobs being created, an increase in activity in the Core Areas and new residential units.

- Staff have delegated authority to approve applications under the Plan. This report also provides information on how Staff have been exercising this authority under the program.
- To request Council approval of a change to the recently approved Core Areas Community Improvement Plan (CIP) regarding collections of planning application and building permit fees.

Key Findings

- This report provides a summary to be presented to City Council on the activities of the Core Areas CIP for the period of August 3, 2021 to August 3, 2022.
- A total of \$1,206,917 was approved to the owners of 27 buildings in the Core Areas in 2021-22. 13 files were approved by Council, 14 were approved by Staff, and 3 previously approved applications were amended through delegated authority to access the maximum funding permitted for those projects. The total value of work done as a result of this funding is conservatively estimated at \$9,139,102 as values tend to increase as work progresses. This translates into a 7.6 to 1 ratio regarding private to public dollars. Note that the program is set up for a 1 to 1 ratio thus the significant leveraging factor of the current program is positive news.
- During the current implementation phase of the Community Improvement Plan for 2021, Staff noted that the Application fees would be collected then granted back but this has proven to be an administrative challenge for Staff. Staff proposes to return to the previous procedure under the former Building Revitalization Program and simply not collect fees thereby foregoing the rebate process.

Financial Implications

- Financial impact from the implementation of the financial incentives program has seen 30 approved projects with a total grant value of \$1,206,917.
- Funding for the Core Areas CIP comes from the Core Areas Transformation Fund Reserve which currently has an uncommitted balance of \$9,061,216 as of September 1, 2022.
- Regarding the Fee Waiver policy, Staff are of the opinion that there will be no change to the amount of revenue to the City. Currently, the policy in the Community Improvement Plan allows for holding of a fee and then granting it back. Staff proposes a return to how this program operated under the previous

Building Revitalization Program in that fees were not collected. The proposed amendment will reduce a significant administrative issue and improve efficiency in the delivery of the program.

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:

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. The Project Area in Hespeler is larger than the Core Area identified within the Official Plan.

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.

Economic Development Staff is pleased to present this summary of information for the Financial Incentives programs.

The subject applications fall under the following 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 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.

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 regular updates to Council and the public.

Fee Waivers for Applications

The second recommendation before Council is the requested change to the existing Fee Waiver Program.

The current CIP provides that application fees be paid for by the applicant and held by the City of Cambridge. These fees are subsequently refunded when the application is completed and approved by the City or other level of government.

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:

1 Year Summary of Applications

From August 3, 2021 to August 3, 2022, a total of 27 properties have been approved for funding and 3 previously approved properties have been granted amendments to access the maximum program funding. The total value of grants given to projects is \$1,206,917. The total value of work done as a result of this funding is \$9,139,102. This translates into a 7.6 to 1 ratio regarding private to public dollars.

To date, 4 projects have been completed. Of the 4 projects, to date funding has only been released for 3 applications in the amount of \$188,820. The fourth project is expected to have funding released when heritage approvals have been complete.

During this time period, Staff also received inquiries for a total of 39 properties across the 3 Community Improvement Project Areas (CIPAs). From those inquiries Staff received 33 full applications, Staff are currently working with 3 files to be completed in the near future. Staff is expecting more applications in the coming months due to new businesses locating within the CIPAs.

For a list of all properties that have been provided funding or an allocation pending project completion please refer to Appendix A.

Changes to Appendix E

Staff is recommending a change to Appendix E – Fee Waiver Program. Accordingly, as per Policy 10.2, a Council resolution is required.

Under the current program, certain applications require application fees to be paid at the time of application, and then refunded when the application is complete. In practice, this has been administratively challenging due to the limitations of our current software in holding funds for indeterminate amounts of time.

To address this issue and simplify the process, staff are recommending that the program be amended to remove the requirement to pay fees for:

1. Development Applications, including but not limited to: Severance; Minor Variance; Official Plan Amendment; Zoning By-law Amendment; Plans of Subdivision.
2. Plans of Condominium; Condominium Conversion and Part Lot Control.

The proposed amendment will reduce a significant administrative issue and improve efficiency in the delivery of the program.

Staff is requesting that the wording in the program be replaced with the wording in the attached Appendix C following and that this change be made retroactively to August 3, 2021.

PROGRAM DESCRIPTION

The following application fees are waived if applications are for properties that are located within the Core Areas Community Improvement Project Area. This fee waiver will only be applicable to mixed used, commercial and mid to high density housing, and will not be for single detached/duplex homes.

The following application fees are hereby waived:

3. Development Applications, including but not limited to: Severance; Minor Variance; Official Plan Amendment; Zoning By-law Amendment; Plans of Subdivision.
4. Plans of Condominium; Condominium Conversion and Part Lot Control.

ADDITIONAL FEES WAIVED

In addition to the development application fees above, Pre-consultations, Site Plan Approval Applications, Sign Permits, Sign Variance applications and Building Permit fees will also be waived.

INTERPRETATION OF POLICY

If there is a question or confusion of whether or not a fee should be waived, the Director of Economic Development (or designate) in concert with the Chief Financial Officer (or designate) may also waive any fee associated with this policy.

Making the change retroactively means that staff will review the fees collected to date and will issue refunds for all eligible applications. This removes the administrative tracking of each file and processing required to return funds. This also provides a

consistent approach to all applicable developments in the core rather than having applications received in the last year be handled differently.

This is a change to Appendix E 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:

- Financial impact from the implementation of the financial incentives program has seen 30 approved projects with a total grant value of \$1,206,917.
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- Regarding the Fee Waiver policy, Staff are of the opinion that there will be no change to the amount of revenue to the City. Currently, the policy in the Community Improvement Plan allows for holding of a fee and then granting it back. Staff proposes a return to how this program operated under the previous Building Revitalization Program in that fees were not collected. The proposed amendment will reduce a significant administrative issue and improve efficiency in the delivery of the program.

PUBLIC VALUE:

Transparency:

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

ADVISORY COMMITTEE INPUT:

Not Applicable

PUBLIC INPUT:

Posted publicly as part of the report process.

INTERNAL / EXTERNAL CONSULTATION:

There was no internal/external consultation undertaken.

CONCLUSION:

In conclusion, Staff respectfully provides this update to Council on the Core Areas CIP Financial Incentives Programs.

The change to Appendix E 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. 22-027-CRE Appendix A – List of Properties Approved for Funding
2. 22-027-CRE Appendix B – Existing APPENDIX E - Fee Waiver Program
3. 22-027-CRE Appendix C – Draft APPENDIX E - CORE AREAS WAIVER OF APPLICATION FEES