

To: COUNCIL

Meeting Date: 2/28/2023

Subject: 23-030-CRE Core Areas Community Improvement Plan
Financial Incentives Update

Submitted By: James Goodram, Director, Economic Development

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Report No.: 23-030-CRE

File No.: C1101

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 23-030-CRE Core Areas Community Improvement Plan Financial Incentives Update - be received by Council as information;

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 4, 2022 to December 31, 2022.
- The CIP was developed to be a financial incentive to owners and tenants of buildings in the three 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.
- Pursuant to Report 22-008-CRE Delegation of Authority for the Core Areas CIP, staff are required to report to Council on a periodic basis on the approval of grants through this delegated authority.

Key Findings

- A total of \$212,185 in new grants were approved to the owners of four buildings in the Core Areas from August to December. Three files were approved by Staff, and one previously approved application was amended through delegated authority to access additional program funding.

- The total value of work done because of this funding is conservatively estimated at \$1,288,545 as values tend to increase as work progresses. This translates into a 6.1 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.
- In addition, six previously approved projects have been completed and paid. The funding has been released for these six applications in the amount of \$117,048 as per Appendix A.
- Since September 1, 2022, 20 Core Areas Waiver of Application Fees have been granted as part of the CIP. The total amount of fees waived is \$14,967.

Financial Implications

- Financial impact from the financial incentives programs has seen four new approved grant projects with a total grant value of \$212,185 and 20 Core Areas Waiver of Application Fees have been granted in the amount of \$14,967.
- Funding for the Core Areas CIP comes from the Core Areas Transformation Fund Reserve which currently has an uncommitted balance of \$9,141,882 as of December 31, 2022.

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 three designated CIP Project Areas in the City of Cambridge. It focuses mainly on Cambridge's three 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.
- **Core Areas Waiver of Application Fees:** Development application fees may be waived if applications are for properties that are located within the Community Core Areas as defined in the CIP. This waiver will only be applicable to mixed use, commercial and high-density housing, and will not be for single family/duplex homes. The fee waivers will be eligible for the following types of applications: Pre-consultations, Site Plan applications, Minor Variance, Sign Permits, Sign Variances and Building Permits.

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.

ANALYSIS:

Quarterly Update to the CIP:

A. New Applications Approved

From August 4, 2022 to December 31, 2022, a total of three new applications for improvement to properties have been approved for funding and one previously approved property has been granted an amendment to access additional program funding.

The total value of the new grants approved for these projects is \$212,185. The total value of work to be completed due to this funding is projected at \$1,288,545. This translates into a 6.1 to 1 ratio regarding private to public dollars. As Council will see from this data, the 6.1 to 1 ratio is a remarkable return on investment in our core areas. Further, this rate will generally increase given the additional development costs that often occur throughout the construction process.

B. Existing Projects Completed and Funds Paid

In addition to the above new properties approved for the CIP programs, six previously approved projects have been completed and funds paid to the clients. Funding for these six applications totals \$117,048. Staff had the pleasure of inspecting these completed projects and are pleased to present Council with some photos of the sample projects which are contained in Appendix A.

C. Incentive Inquiries and New Submissions

During this time period, Staff also received inquiries for a total of eleven properties across the three Community Improvement Project Areas (CIPAs). From those inquiries, Staff received seven new completed applications. In addition, Staff is expecting more

applications in the coming months due to new businesses locating within the core areas and the warmer weather ahead.

Staff is proud to provide Council with this information as the incentives continue to support marvelous Core Area development now and in the future.

D. Waiver of Application Fees

Part of the incentives contained in the CIP is the waiver of certain application fees in the Core Areas (as defined earlier in this report). Waiving of fees further generates interest in development within Cambridge's three Core Areas. During this time period, twenty applications have been granted the Waiver of Application Fees as part of the CIP. These waivers total in the amount of \$14,967. Given the 6.1 to 1 ratio noted above on the return on investments, this is a very small investment for the overall betterment of the Core Areas.

E. Summary of Funding and Photos

For Council's benefit and ease of information, Appendix "A" to this report summarizes the above information. In addition, Staff is pleased to provide some before and after pictures of completed projects for Council's interest.

EXISTING POLICY / BY-LAW(S):

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

FINANCIAL IMPACT:

- Financial impact from the implementation of the financial incentives programs has seen four new approved grant projects with a total grant value of \$212,185 and 20 Core Areas Waiver of Application Fees have been granted in the amount of \$14,967.
- Funding for the Core Areas CIP comes from the Core Areas Transformation Fund Reserve which currently has an uncommitted balance of \$9,141,882 as of December 31, 2022.

PUBLIC VALUE:

Transparency:

To ensure transparency relating to the Core Areas CIP 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.

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:

1. 23-030-CRE Appendix A – List of Properties Approved for Funding and Photos