

Request for Decision

Downtown Sudbury Community Improvement Plan - Allocation of 2018 Funding

Presented To:	Finance and Administration Committee
Presented:	Tuesday, Feb 06, 2018
Report Date	Monday, Jan 15, 2018
Type:	Managers' Reports

Resolution

THAT the City of Greater Sudbury selects Option 2, and approves the funding of both the Façade Improvement Grants and the Residential Incentive Program within the existing funds of \$600,000, as outlined in the report entitled “Allocation of 2018 Downtown Sudbury Community Improvement Plan and Town Centre CIP Initiatives Funding”, from the General Manager of Growth and Infrastructure, presented at the Finance and Administration Committee meeting of February 6, 2018;

AND THAT Council authorizes staff to enter into any necessary agreements with the property owners and/or tenants listed in Appendix A in accordance with By-law 2016-246;

AND THAT Council directs staff to accept new applications to the City’s Community Improvement Programs annually until June 30 of each calendar year, for consideration as part of the following budget year;

AND THAT Council directs staff to fund the Downtown Sudbury Community Improvement Plan, and the Town Centre Community Improvement Plan Initiatives, in the amount of \$600,000 and \$100,000, respectively, from the reduction of capital envelope funding for two Roads capital projects from the 2018 Capital Budget being “Barry Downe from Kingsway to Westmount” by \$360,000 as well as “Beatty Street” by \$340,000;

AND THAT funding for Beatty Street be replenished with the carry forward of OCIF government grant funding from 2017 in the amount of \$340,000.

Signed By

Report Prepared By

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Manager Review

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Financial Implications

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Recommended by the Department

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Recommended by the C.A.O.

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Relationship to the Strategic Plan / Health Impact Assessment

Council’s 2015-2018 Strategic Plan identifies a priority of implementing the economic development related

plans approved by Council, with the necessary resources to support them. This priority rests under the Growth and Economic Development pillar.

Report Summary

1. Council approved two business cases including \$600,000 for the Downtown Sudbury Community Improvement Plan (CIP), and \$100,000 for the Town Centre CIP Initiatives, as part of the 2018 Budget. This report identifies the source of the funding, and provides options as to how the CIP monies can be allocated in 2018.

Financial Implications

Council approved two business cases of \$600,000 for the Downtown Sudbury Community Improvement Plan (CIP), and \$100,000 for the Town Centre CIP Initiatives, as part of the 2018 Budget. These two business cases are being funded from the reduction of capital envelope funding for two Roads projects from the 2018 Capital Budget, in accordance with the direction from Council.

The Barry Downe from Kingsway to Westmount project capital envelope funding will be reduced by \$360,000 (\$700,000 to \$340,000). This project will proceed in 2018 for the first phase \$340,000 and the next phase \$360,000 would be shovel-ready for completion in 2019. The next phase will be considered in the 2019 Budget subject to the new capital budget policy, currently in development.

The Beatty Street project capital envelope funding will be reduced by \$340,000. This project will proceed in 2018 and the \$340,000 reduction will be funded from surplus OCIF government funding from specific 2017 road OCIF funded capital projects that were completed under budget.

Allocation of 2018 Downtown Sudbury Community Improvement Plan and Town Centre CIP Initiatives Funding

Planning Services Division

Report Date: January 15, 2018

Background

Under the *Municipal Act, 2001*, municipalities are prohibited from directly or indirectly assisting any manufacturing business or other industrial or commercial enterprises through the granting of certain financial incentives (generally called "bonusing"). Prohibited actions include giving or lending money, or municipal property; leasing or selling any municipal property at below fair market value; guaranteeing borrowing; giving a total or partial exemption from any levy, charge or fee.

Despite the general prohibition against bonusing, the Province enables municipalities to designate community improvement project areas and to develop community improvement plans, under section 28 of the *Planning Act*. These plans allow municipalities to focus public attention on local priorities and municipal initiatives, target areas in transition or in need of repair, rehabilitation and redevelopment, facilitate and encourage community change in a coordinated manner, and stimulate private sector investment through municipal incentive-based programs.

The municipality has developed a number of community improvement plans, including the Capreol 2018 CIP, the Town Centre Community Improvement Plan, and the former Financial Incentives for Downtown Renewal Pilot Program. And further to the recommendations of the Downtown Master Plan, the City of Greater Sudbury adopted a new Downtown Sudbury Community Improvement Plan (DSCIP) on December 13, 2016 (See Reference 1).

The overall concept of DSCIP is: to revitalize the core; increase the residential population of the downtown; create and retain employment opportunities; grow the municipal assessment base; grow the municipal property tax revenue; repair and intensify the existing urban fabric with compatible projects; take advantage of existing infrastructure; and, enhance the quality of the public realm.

The DSCIP includes various financial incentives for development and redevelopment in Downtown Sudbury, including:

- Tax Increment Equivalent Grant Program;
- Multi-Residential Interest-Free Loan Program;
- Residential Incentive Program;
- Planning and Building Fee Rebate Program;
- Façade Improvement Program; and,
- Feasibility Grant Program;

As part of the 2017 Budget process, Council examined the funding of 4 CIPs (Brownfields CIP, Town Centre CIP, Capreol 2018 CIP, and the Downtown Sudbury CIP), and passed the following resolution on December 14, 2016:

"[FA2016-43A8] THAT the [CIP] [...] be removed from the 2017 Budget, with the understanding that Council fully supports the community and town centre CIPs and that an application process is yet to be developed and that any applications submitted will come to Council for decision."

In 2017, the City launched an Expression of Interest (EOI) process to implement the DSCIP. The EOI process garnered 40 applications. 35 of these applications were deemed eligible based on DSCIP eligibility criteria and EOI requirements. One proponent withdrew his application prior to the 2018 Budget proceedings, resulting in a total monetary request of the City for the 34 applications of \$ 2,715,083 over 5 years, while the total private investment leveraged would have been \$35,218,888, representing a ratio of 1:12. Staff outlined its findings in an August 21, 2017 report to Planning Committee (See Reference 2). City Council directed staff to bring forward a business case for its consideration as part of the 2018 Budget process.

As part of the 2018 Budget process, Council examined the business case for funding the Downtown Sudbury Community Improvement Plan and passed the following resolution:

"[FA2017-36-A-4 / CC2017-358] THAT the business case for Downtown Sudbury Community Improvement Plan [...] be added to the recommended service level changes in the amount of \$600,000 subject to a corresponding reduction in the allocations to capital with a report to be brought back by staff to the Finance and Administration Committee no later than February 2018, with recommendations on the project or projects to be impacted and further that staff also bring a report regarding the allocation of the CIP funding herein."

Council also examined the business case for funding Community Infrastructure components of CIPs and passed the following resolution:

"[FA2017-36-A-17/CC2017-358] THAT the business case for Community Improvement Plans – Community Infrastructure [...] be added to the recommended service level changes in the amount of \$100,000 to be contributed to the Capital Financing Reserve Fund – Planning to provide seed funding for Town Centre CIP initiatives and funded through a reduction in the allocation to capital with a report to be brought to the Finance and Administration Committee with recommendations on the project or projects to be impacted."

Council therefore approved one-time funding of \$700,000 for Community Improvement Plans, including \$600,000 for the Downtown Sudbury Community Improvement Plan, and \$100,000 to a new fund for Community Infrastructure projects established under community improvement plans.

Staff anticipates that the \$100,000 will be used to advance community infrastructure projects such as the Whitson River Trail contemplated in the in-process Chelmsford Town

Centre Community Improvement Plan, and other community infrastructure projects to be identified in future Community Improvement Plans associated with the City's Nodes and Corridors strategy.

Discussion

Source of Funding

City staff from Roads and Finance examined the cash flow of various projects with the goal of identifying monies that could be reallocated to the CIPs, while maintaining Council's capital investment goals. Pursuant to Council's decision on the 2018 Budget, staff recommends that the capital allocation for the "Barry Downe from Kingsway to Westmount" be reduced by \$360,000 (from \$700,000 to \$340,000), and the capital allocation for "Beatty Street" of \$340,000 be moved to fund these initiatives, for a total of \$700,000.

The funding for Beatty Street will be replenished from surplus of OCIF government funding from specific 2017 road capital projects with OCIF funding that were completed under budget. The Barry Downe project will proceed in 2018 for the first phase and the next phase would be shovel-ready by 2019 for completion in 2019. Therefore, the next phase of this project for additional funding will be considered in the 2019 Budget subject to the new capital budget policy, currently in development.

Expression of Interest Follow Up

Staff followed up with those applicants that had submitted an expression of interest. Of the 34 applications submitted, 27 projects are expected to proceed in 2018 (see Appendix A). The total request for funding can now be summarized as follows:

Incentive Program	Total Amount
Tax Increment Equivalent Grant	\$760,096
Façade Improvement Grant	\$345,372
Planning Fee Rebate	\$20,060
Building Permit Fee Rebate	\$155,294
Residential Incentive Program	\$262,400
Multi-Residential Interest-Free Loan	\$690,000
Feasibility Study Grant	\$35,000
Total	\$2,268,222

Approximately 50% (13 of 27) of these 27 projects have requested more than 1 financial incentive. Given this, staff explored which programs were most critical to the success of these projects. In these instances, applicants re-confirmed their interest in all of the requested incentives.

Approximately 50% (14 of 27) of the projects are standalone façade improvement projects, representing a total grant request of \$175,122.

Recommended Allocation to the Downtown Sudbury CIP Projects

Council allocated one-time funding of \$600,000 to the Downtown Sudbury CIP projects as part of the 2018 Budget. The total monies requested for 2018 is \$2,268,222. The following outlines a series of options for Council's consideration, along with staff's recommendation with regards to the allocation of the \$600,000.

These options are based on Council's downtown revitalization objectives, as expressed in the DSCIP, which are to:

- revitalize the core;
- increase the residential population of the downtown;
- create and retain employment opportunities;
- grow the municipal assessment base;
- grow the municipal property tax revenue;
- repair and intensify the existing urban fabric with compatible projects;
- take advantage of existing infrastructure; and,
- enhance the quality of the public realm.

Option 1: Fund Façade Improvement Grants OR Residential Incentive Program

This option considers the programs as the basis for the \$600,000 allocation. Both the Tax Increment Equivalent Grant and the Multi-Residential Interest-Free Loan program requests are beyond the \$600,000 allocation and therefore do not form part of the option.

Monies required to fund both the Façade Improvement Grant and the Residential Incentive Grant is \$607,772. Council can choose one or the other, together with financial incentive requests associated with these applications.

Option 1a: Façade Improvement Grants

Incentive Program	Total Amount
Tax Increment Equivalent Grant	\$0
Façade Improvement Grant	\$345,372
Planning Fee Rebate	\$20,060
Building Permit Fee Rebate	\$155,294
Residential Incentive Program	\$0
Multi-Residential Interest-Free Loan	\$0
Feasibility Study Grant	\$35,000
Total	\$555,726

The total request for Façade Improvement Grants is \$345,372. Of all programs, the façade improvements are most likely to start and be complete within a shorter timeframe. The grant payments are made once the receipts for the work are submitted to the City for payment.

Option 1b: Residential Incentive Program

Incentive Program	Total Amount
Tax Increment Equivalent Grant	\$0
Façade Improvement Grant	\$0
Planning Fee Rebate	\$20,060
Building Permit Fee Rebate	\$155,294
Residential Incentive Program	\$262,400
Multi-Residential Interest-Free Loan	\$0
Feasibility Study Grant	\$35,000
Total	\$472,754

Option 1a (Façade Improvement) would help revitalize the core and enhance the quality of the public realm. Option 1b (Residential Incentive Program) would help revitalize the core, increase the residential population of the downtown, grow the municipal assessment base, grow the municipal property tax revenue, take advantage of existing infrastructure, and enhance the quality of the public realm.

An additional benefit of approving option 1a or 1b is that the approved funding is less than the budget direction.

Should option 1a or 1b be selected, Staff would enter into the necessary agreements with the applicants of the EOI period.

Option 2 – Fund Façade Improvement Grants AND Residential Incentive Program

Option 2 allows Council to fund the Façade Improvement Program (\$345,372) and the Residential Incentive Grant (\$262,400) for a total of \$607,772. This is staff's recommended option as it achieves a larger portion of City Council's revitalization objectives.

The amount requested is only slightly above the investment target established by Council during the 2018 budget process. If all of the applications proceed, the difference in funding could be drawn from another existing CIP.

Notwithstanding the recent re-confirmation of interest in proceeding, if this option is approved by Council, some projects may not proceed, bringing the actual investment below the planned investment.

Option 3: Fund Tax Increment Equivalent Grants

The total request for Tax Increment Equivalent Grants (TIEG) is estimated at \$760,096. TIEG is provided once reassessment occurs and once the taxes on the property are paid in full. In practice, this means that the first TIEG payments, if approved, would happen in 2019.

Should this option be approved by Council, staff recommends that a business case for the remaining TIEG funding (\$160,096) be prepared and considered as part of the 2019 budget process.

Staff estimates that the TIEG program could be budgeted in the following fashion and may be presented as a business case for consideration in the 2019 Budget:

Year	2019	2020	2021	2022	2023
TOTAL TIEG	\$190,024	\$190,024	\$190,024	\$95,012	\$95,012

Option 3 would help revitalize the core, increase the residential population of the downtown, create and retain employment opportunities, grow the municipal assessment base, grow the municipal property tax revenue, repair and intensify the existing urban fabric with compatible projects; take advantage of existing infrastructure, and enhance the quality of the public realm.

Further Recommendation

Annual Intake of Community Improvement Plan Applications

City Council has expressed an interest to continue to receive applications under the Downtown Sudbury CIP, the Town Centre CIP, and the Brownfield Strategy and CIP, on an ongoing basis, and to consider the cumulative impact of these requests during annual budget processes. Given this, staff recommends that new applications to the City's Community Improvement Programs be accepted until June 30 of each year (or the preceding Friday if that date falls on a weekend). This would add certainty to the process, and would allow the City to consider these applications and to bring financial requests forward through the annual budget exercise. The City could also more appropriately market and better communicate the incentive programs with an annual deadline date.

SUMMARY

Council approved two business cases including \$600,000 for the Downtown Sudbury Community Improvement Plan (CIP), and \$100,000 for the Town Centre CIP Initiatives, as part of the 2018 Budget. This report identifies the source of the funding, and provides options as to how the CIP monies can be allocated in 2018.

References

1. Downtown Sudbury Community Improvement Plan:
<https://www.greatersudbury.ca/play/downtown-sudbury/the-downtown-sudbury-master-plan/downtown-community-improvement-plan/community-improvement-plan/>
2. "Downtown Sudbury Community Improvement Plan: Results of Expression of Interest Period", report presented August 21, 2017

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&lang=en&id=1112&itemid=13444>

Appendix A – 2018 Investment-Ready Downtown Sudbury CIP Projects

Address	Grant Type	Description	Grant Amount	Estimated Project Cost
45 Hartman	Façade Improvement	Re-point brick and paint exterior. Replace windows and cladding.	\$15,000	\$120,000
143 Pine	Façade Improvement	Comprehensive porch and façade repair	\$10,200	\$20,340
20 Ste Anne Road	Tax Increment Equivalent Grant/ Façade Improvement/ Planning Fee Rebate / Building Permit Fee Rebate	Expansion of seniors' residences.	\$690,829	Approx \$20M
30 Ste Anne Road	Façade Improvement/ Planning Fee Rebate / Building Permit Fee Rebate	Associated with expansion of seniors' residences.	\$50,000	\$3M
162 Mackenzie	Façade Improvement/ Planning Fee Rebate / Building Permit Fee Rebate	Associated with expansion of seniors' residences.	\$34,395	\$1.5M
151 Pine	Façade Improvement	Refacing of front of building.	\$15,000	\$31,052
307 Elm	TIEG/Façade Improvement	Comprehensive Façade	\$16,800	\$165,000

	/Building Permit Fee / Planning Fee	Improvement and office upgrades.		
255 Larch	Façade Improvement / Building Permit Fee Rebate	Façade and boardroom upgrades.	\$16,080	\$104,000
15 Mackenzie	Façade Improvement	Aesthetic improvements	\$15,000	\$47,593
36 Elgin	Façade Improvement	Rehabilitation of clock tower	\$15,000	\$35,000
71 Lorne	TIEG / Façade Improvement / Planning Fee/ Building Permit Fee Rebate / Feasibility	Comprehensive redesign of interior and exterior of building	\$25,762	\$85,000
110 Elm	Façade Improvement	Repainting of Façade	\$7,174	\$14,294
82 Ignatius	Façade Improvement	Comprehensive Façade Improvement	\$15,000	\$35,000
152-158 Durham	TIEG / Façade Improvement / Building Permit Fee Rebate / Per-Door Grant	Façade Improvement and creation of residential unit	\$36,100	\$100,000
66 Elm Street	Façade Improvement / Building Permit Fee Rebate / Feasibility	Comprehensive Façade Improvement	\$25,350	\$500,000
283 Cedar	Façade Improvement	Repainting of Façade	\$6,125	\$12,250
93 Cedar	TIEG/ Building Permit Fee	Conversion of upper floors to	\$377,694	\$1,491,084

	Rebate/ Per-Door Grant / Loan / Feasibility Study	residential		
79 Cedar	TIEG / Façade Improvement / Building Permit Fee Rebate / Feasibility Study	Rehabilitation of Parking Garage	\$80,891	\$2,877,000
19 Durham	Façade Improvement	Rehabilitation to improve aesthetics	\$15,000	\$31,870
96 Larch	TIEG/ Façade Improvement / Building Permit Fee / Per-Door Grant / Loan / Feasibility	Conversion to Residential and Façade Improvement	\$406,528	\$1,248,050
40 Elm	Façade Improvement	Redesign of Rainbow Mall's Ste-Anne Entrance	\$14,000	\$31,640
40 Elm	Façade improvement	Redesign of Rainbow Mall Main Entrance	\$15,000	Not known at this time.
85 Ste-Anne	Façade Improvement Grant	Redevelop entrance	\$4,500	\$8,943
10 Elm Street	Façade Improvement	Redesign of Entrance to Mall Offices	\$15,000	\$203,722
311 Elm	TIEG / Façade Improvement / Planning Fee / Building Permit Fee Rebate / Per-	Addition of residential units and façade improvement	\$311,471	\$755,000

	Door Grant / Loan / Feasibility Study			
41 Lorne	Façade Improvement Grant	New siding, painting and upgrading	\$13,750	\$27,500
124 Elm	Façade Improvement Program / Building Permit Fee Rebate / Feasibility Study Grant	Improve aesthetics.	\$20,600	\$55,000
TOTALS			\$2,268,222	\$34,060,188