



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	February 21, 2018
<b>SUBJECT/REPORT NO:</b>	Business Improvement Area Commercial Property Improvement Grant Program and Commercial Property Improvement Grant Program - Amendment to Program Descriptions and Terms (PED18044) (Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15)
<b>WARD(S) AFFECTED:</b>	Wards 1, 2, 3, 4, 6, 7, 8, 9, 11, 12, 13 and 15
<b>PREPARED BY:</b>	Carlo Gorni (905) 546-2424 Ext. 2755
<b>SUBMITTED BY:</b>	Glen Norton Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That Appendix "C" to the Downtown and Community Renewal Community Improvement Plan, being the Program Description and Terms of the Business Improvement Area Commercial Property Improvement Grant Program, be deleted and replaced with the Program Description and Terms attached as Appendix "A" to Report PED18044;
- (b) That Appendix "G" to the Downtown and Community Renewal Community Improvement Plan, being the Program Description and Terms of the Commercial Property Improvement Grant Program, be deleted and replaced with the Program Description and Terms attached as Appendix "B" to Report PED18044.

**EXECUTIVE SUMMARY**

The Business Improvement Area Commercial Property Improvement Grant Program (BIACPIG) is offered to property owners and authorized tenants of commercial properties located within Hamilton's active Business Improvement Areas (BIAs). The Program provides a matching grant to a maximum dependent upon the linear foot of frontage of the building. If a building frontage is 25 feet or less, the maximum grant is \$10,000. For buildings that have a frontage of over 25 feet the grant is based on \$400 per linear foot of front to a maximum of \$20,000. For corner properties the maximum

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matching grant is \$25,000. Eligible items under the Program include façade improvements and limited interior improvements including barrier-free washrooms and commercial kitchen exhaust systems. Commercial property owners / authorized tenants are eligible for a maximum grant per property during a five-year period (i.e. multiple applications or one application could be submitted however the sum of the grant amounts approved will be no more than the maximum amount allowed for each property). The Program allows for exceptions to the maximum grant during a five-year period if a new tenant / owner is occupying the property and applies for new signage only. The Program also offers a further \$10,000 matching grant for artfully designed façade improvements i.e. murals.

The Commercial Property Improvement Grant Program (CPIG) is offered to property owners / authorized tenants within Downtown Hamilton, Community Downtowns, the Mount Hope / Airport Gateway and the commercial corridors as identified in the Downtown and Community Renewal Community Improvement Project Area. The maximum matching grant is \$10,000 or \$12,500 for corner properties for façade improvements and limited interior improvements. Similar to the BIACPIG, commercial property owners / authorized tenants are eligible for a maximum grant per property during a five-year period (i.e. multiple applications or one application could be submitted however the sum of the grant amounts approved will be no more than the maximum amount allowed for each property). The Program allows for exceptions to the maximum grant during a five-year period if a new tenant / owner is occupying the property and applies for new signage only.

The proposed amendment to the Program Descriptions for the BIACPIG and CPIG will allow additional exceptions to the maximum grant during a five-year period for the purpose of assisting in mitigating costs associated with property damage due to fire, vandalism, or a natural disaster such as a flood, earthquake or hurricane. The applicant's insurance policy is primary with the grant not intended to replace the applicant's insurance coverage. Applications are to be supported by evidence of property insurance coverage as described under the Analysis and Rationale for Recommendation Section of Report PED18044.

The amendment to the Program Descriptions and Terms is highlighted on Appendices "A" and "B" to Report PED18044.

***Alternatives for Consideration – See Page 8***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: During the 2017 Capital Budget deliberations City Council approved \$470,000 from the Downtown Block to fund 2017 applications submitted

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under the BIACPIG. The funding is contained in Urban Renewal's Capital Project ID#8201703703. The funding has been fully committed to 2017 applications. City Council at its meeting held December 8, 2017 approved \$406,000 to fund BIACPIG applications in 2018.

During the 2017 Capital Budget deliberations City Council approved \$272,000 from the Downtown Block to fund 2017 applications under the CPIG. The funding is contained in Urban Renewal's Capital Budget Project ID#8201703704. The current uncommitted balance from the 2017 allocation is \$44,965.29. Furthermore, funding from previous years' accounts for CPIG applications was transferred into Project ID#8201603510 and the uncommitted balance from the transferred funding is \$234,141 for a total of \$279,106.29. City Council at its meeting held December 8, 2017 approved \$250,000 to fund CPIG applications in 2018.

Staffing: Administration of the BIACPIG and CPIG can be accommodated within the Urban Renewal Section of the Planning and Economic Development Department as well as the Finance and Administration Section of the Corporate Services Department.

Legal: Section 28 of the *Planning Act* permits a municipality, in accordance with a Community Improvement Plan, to make loans and grants which would otherwise be prohibited under Section 106(2) of the *Municipal Act*, to registered / assessed owners and tenants of lands and buildings. A Community Improvement Plan can only be adopted and come into effect within a designated Community Improvement Project Area. Changes to a Community Improvement Plan or Community Improvement Project Area require formal amendments, as dictated by the *Planning Act*. The Downtown and Community Renewal Community Improvement Plan and Project Area, provides the authorization for the City to offer loans under the BIACPIG and CPIG.

Council has adopted by resolution, detailed implementation measures to allow for the efficient administration of each financial incentive program. These administration procedures are contained in the various Program Descriptions and Terms provided in the appendices to the Downtown and Community Renewal Community Improvement Plan. The revised Program Descriptions attached to Report PED18044 as Appendices "A" and "B" do not require a formal amendment and will be adopted by City Council by resolution and appended to the Plan. The Program Description and Terms of the BIACPIG and CPIG are appended to the Community Improvement Plan as Appendices "C" and "G".

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

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Formal amendments to the Community Improvement Plan are required in the following instances:

- to introduce any new financial incentive programs;
- to increase the amount of financial assistance that may be provided to registered owners, assessed owners, and tenants, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, as described in Section 8 of the Plan; and,
- a change to the Community Improvement Project Area as it is described in Section 6 of the Plan.

## **HISTORICAL BACKGROUND**

City Council, at its meeting held May 10, 2016 approved the amended Downtown and Community Renewal Community Improvement Plan. The appendices to the Plan are the Program Descriptions and Terms of the ten financial incentives that are offered under the Plan including the BIACPIG and CPIG.

The intent of the BIACPIG and CPIG is to encourage commercial property / business owners to invest in the appearance of their commercial properties and the rehabilitation of the interior space of the building. Smaller scale commercial activities contribute greatly to the economic vitality and health of the commercial sector within the City of Hamilton. Better aesthetics increases property values, improves upon the marketability of space within buildings and attracts businesses and residents to an area.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The Downtown and Community Renewal Community Improvement Plan provides the framework for City programs and initiatives in a manner that meets the legislative requirements of the *Planning Act* intended to stimulate private sector investment and redevelopment and, to focus municipal action and investment that promotes and enhances Hamilton's various downtowns, commercial districts, mixed use corridors and neighbourhoods targeted for community development.

The Plan provides the legal framework for the financial incentives administered by the Urban Renewal Section. Downtown Hamilton, the Community Downtowns of Ancaster, Binbrook, Dundas, Stoney Creek and Waterdown, the Mount Hope / Airport Gateway, the Business Improvement Areas and other Commercial Corridors within the City, as well as certain heritage-designated properties, are collectively designated in the Downtown and Community Renewal CIPA By-law.

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Applications processed under the financial incentives authorized under the Downtown and Community Renewal Community Improvement Plan must be in compliance with the official plan, all applicable City by-laws, zoning regulations, design guidelines and site plan approvals.

**RELEVANT CONSULTATION**

Staff from Corporate Services Department was consulted and concur with the recommendations included in Report PED18044.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Assisting commercial property owners / authorized tenants to repair property damage due to fire, vandalism or a natural disaster such as a flood, earthquake or hurricane will help mitigate some of the capital improvements costs involved during the recovery phase. The grant is not intended to replace property insurance claims, rather, it is to assist a property owner / authorized tenant with eligible costs under the BIACPIG or CPIG that are not covered by their insurer due to the deductible amount or due to limits set by their insurance policy.

The amendment to each of the Program Description and Terms is in italics below:

**Section 1:** Commercial property owners / authorized tenants are eligible for a maximum grant per property during a five-year period (i.e. multiple applications or one application could be submitted however the sum of the grant amounts approved will be no more than the maximum amount allowed for each property). Exceptions may be made at the sole discretion of the General Manager of Planning and Economic Development if:

- i) a new tenant / owner is occupying the property and applies for new signage; or
- ii) *the property has been damaged due to fire, vandalism or a natural disaster such as a flood, earthquake or hurricane.*

*Eligible items under the BIACPIG or CPIG when a property has been damaged for one of the aforementioned reasons shall be capital costs only as follows:*

*Façade Improvements: windows, doors, storefronts, awnings, signage, surveillance cameras or other items deemed eligible at the sole discretion of the General Manager of Planning and Economic Development.*

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*Limited Interior Improvements: barrier-free washrooms or commercial kitchen cooking exhaust / ventilation systems (the grant will be no more than 50% of the maximum grant per property for interior improvements).*

*Fees: Architectural, engineering, lawyer's, BCIN designer, building permit, sign permit, site plan application, road occupancy permit, street occupancy permit and encroachment agreement application fees are eligible up to 100% of the cost to a maximum of \$3,000 per application as part of the total grant awarded for completed construction.*

*Ineligible items shall be: business interruption expenses, equipment, sewer/drain repair and other items deemed ineligible at the sole discretion of the General Manager of Planning and Economic Development.*

*Assisting commercial property owners / authorized tenants to repair property damage due to fire, vandalism or a natural disaster such as a flood, earthquake or hurricane will help mitigate some of the capital improvements costs involved during the recovery phase. The grant is not intended to replace property insurance claims, rather, it is to assist a property owner / authorized tenant with eligible costs under the CPIG that are not covered by their insurer due to the deductible amount or due to limits set by their insurance policy.*

*In recognition that a property owner / authorized tenant may have work completed within hours or days of the damage to the property for safety reasons or in order to prevent further damage to the property i.e. replacement of broken windows, an exception to the requirement that applications be submitted prior to works commencing will be allowed only in the instance when a property has been damaged due to fire, vandalism or a natural disaster such as a flood, earthquake or hurricane. If the work has commenced or has been completed, applications must be submitted within seven days of the date the damage to the property occurred. Completed works must meet the requirements of the City of Hamilton By-law 07-170 being a by-law to license and regulate various businesses dictating when a contractor must be licensed with the City of Hamilton to complete works i.e. a contractor must hold a valid Building Repair license with the City of Hamilton to replace a window with a window frame however if the glazing only is being replaced the contractor is not required to be licensed with the City of Hamilton. All quotes / invoices submitted with the application will be reviewed by a Building Inspector to ensure the cost is at the industry standard.*

*All grants are subject to the availability of funding.*

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*Where funding is requested for property that has been damaged due to fire, vandalism or a natural disaster such as a flood, earthquake or hurricane, each applicant shall provide the following documentation to support the application:*

- a) *Evidence of property insurance coverage for the subject property in force as of the date of the damage. Evidence shall be provided by way of a copy of the Declaration Page of the property insurance policy or a Certificate of Insurance. Evidence shall include the following information: subject property address, deductible amount.*
- b) *Copy of Proof of Loss (or other proof of settlement) from the applicant's Insurer, along with supporting damage estimate / invoices to support their application.*
- c) *At the City's discretion, a police report may also be required.*

**(Sections 23 and 24) CPIG Program Description  
(Sections 22 and 23) BIACPIG Program Description**

*The grant shall exclude any damage that is caused by the property owner or occupant (i.e. a tenant) of that property. For example, costs incurred because of self-inflicted damage such as vandalism or arson would not be covered by this Program.*

*A refund of any grant under this Program to the City of Hamilton would be required if it is determined after the grant has been paid that the damage was caused by the property owner and / or the tenant(s) of the property.*

*The grant cannot be used to pay the costs resulting from any damage or vandalism where those costs are also reimbursed to the tenant or owner because such costs are covered under any insurance policy. A refund of any grant under this Program to the City of Hamilton would be required if it is determined after the grant has been paid that such a reimbursement has been received.*

For the information of Committee and Council, all applications under the BIACPIG and CPIG are subject to the following standard due diligence prior to recommending approval of the grant to the General Manager of Planning and Economic Development:

- Determination of outstanding property taxes on the subject property. Any outstanding amount to be paid prior to approval of a grant and prior to advance of the grant.

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- Determination of outstanding Property Standards, Building Code or Fire Code violations on the subject property. Any violations must be addressed prior to the grant being advanced.
- Title and Corporate searches undertaken to ensure the registered property owner identified on the application is on Title and to confirm the Directors of Corporation.
- Litigation search to determine if the applicant is in litigation with the City of Hamilton and if they are, determine if the commercial relationship has been impeded. If the relationship has been impeded the application will be returned to the applicant.
- Zoning Verification to determine if the use of the property is in compliance with the applicable Zoning By-law.
- Building Inspector to review the quotes submitted to determine if the quotes are at the industry standard, if the work requires a Building Permit, Sign Permit or Barricade Permit and, if the contractor carrying out the work is required to have a license with the City of Hamilton.

If Report PED18044 is approved staff from Urban Renewal will hold information sessions with Hamilton's Business Improvement Areas and within the Community Improvement Project Areas where the Commercial Property Improvement Grant Program is offered for the purpose of sharing information on the process and requirements for the exception.

## **ALTERNATIVES FOR CONSIDERATION**

Council may decide not to approve expanding the additional exceptions of the five-year maximum grant per property under the BIACPIG and CPIG for assistance when a property has been damaged due to the aforementioned reasons. This alternative is not recommended.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

### **Healthy and Safe Communities**

*Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.*

### **Our People and Performance**

*Hamiltonians have a high level of trust and confidence in their City government.*

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**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PED18044 - Program Description of the Business Improvement Area Commercial Property Improvement Grant Program.

Appendix “B” to Report PED18044 – Program Description of the Commercial Property Improvement Grant Program.

CG:dt