



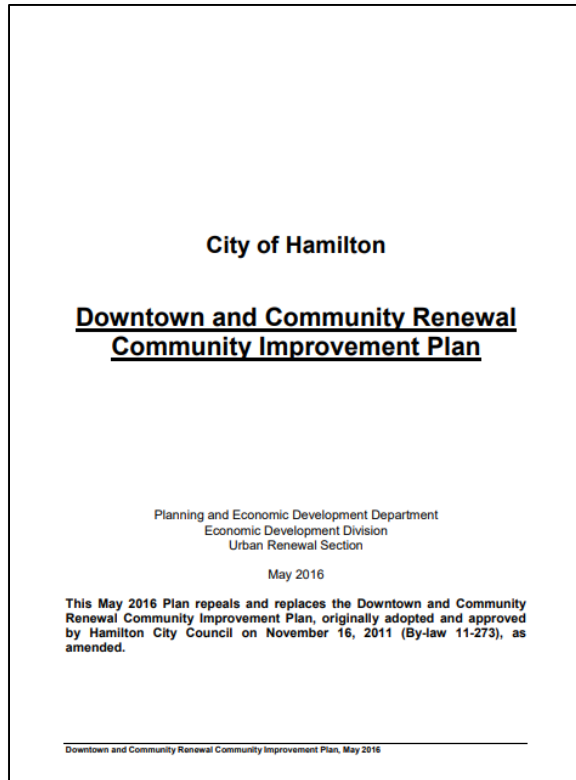
# **Five-year Review of the Downtown and Community Renewal Community Improvement Plan (DCR CIP) and Associated Financial Incentive Programs (City-Wide)**

General Issues Committee – March 24, 2021

# DCR CIP Review – Community Improvement Plans

- CIPs are a tool under the *Planning Act* that allow municipalities to provide incentives not otherwise permitted under the *Municipal Act*
- The primary purpose of a CIP and its incentive programs should be to facilitate physical improvements to building/properties that will support the broader improvement/revitalization of a defined geographic area
- Defined geographic areas in which programs can be offered are “Community Improvement Project Areas” or CIPAs
- CIP/CIPAs are implemented as By-laws and updates are required to be undertaken in accordance with requirements of the *Planning Act*
- City practice is to review our CIPs and their programs every five years
- These reviews serve as a ‘check-in’ to evaluate existing programs in terms of addressing their intended goals and introduce program updates

# DCR CIP Review – Background and Purpose



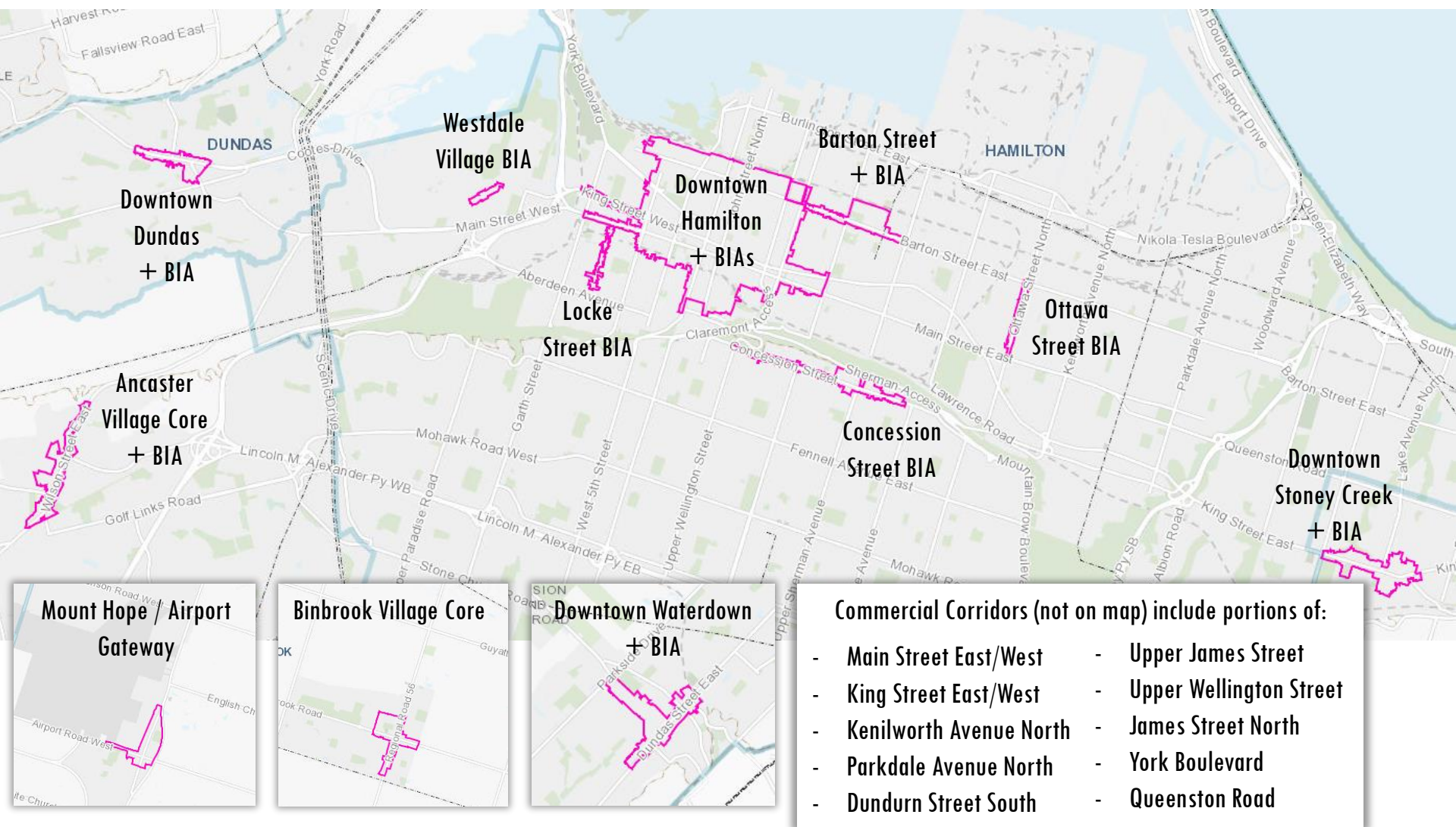
- The current Downtown and Community Renewal CIP was last reviewed and updated in 2016
- Iterations of this CIP and its incentive programs have been supporting the revitalization of various commercial districts since 1997
- The Plan's purpose is to support the revitalization of strategic urban commercial districts by minimizing financial barriers to, and stimulating new private sector investment in, the development of under-utilized properties and/or improve the appearance, functionality, marketability, usability and/or safety of existing commercial buildings

# DCR CIP Review – Program Areas





# DCR CIP Review – Existing CIPAs



# DCR CIP Review – Programs and Availability

		Community Improvement Project Areas (CIPA)						
		Downtown Hamilton	Community Downtowns (Ancaster, Binbrook, Dundas, Stoney Creek, Waterdown)	Business Improvement Areas (BIA)	Barton/Kenilworth Commercial Corridors (including Barton Village BIA)	Commercial Corridors	Mount Hope/Airport Gateway	Buildings Designated under Part IV or V of the Ontario Heritage Act
Programs	Commercial Corridor Housing Loan and Grant	✓	✓	✓	✓	✓	✓	✓
	Hamilton Downtown, Barton and Kenilworth Multi-Residential Property Investment (Loan)	✓			✓			
	Hamilton Tax Increment Grant	✓	✓	✓			✓	✓
	Barton/Kenilworth Tax Increment Grant				✓			
	Commercial Property Improvement Grants (BIA and non BIA)	✓	✓	✓	✓	✓	✓	
	Barton/Kenilworth Commercial Corridor Building Improvement Grant				✓			
	Office Tenancy Assistance (Loan)	✓	✓	✓	✓		✓	

# DCR CIP Review – Overview

## Successes Achieved in CIPAs since 2016

- **\$254 M** in new construction supported by incentive programs
- **\$28 M\*** in new taxes generated from tax increment grant projects
- A collective **\$1.3 B\*** increase in assessment as well as an increase in the proportion of assessment growth attributed to non-residential and mixed use developments from 68% to **70%**
- **248** physical building/property improvement projects supported by incentive programs
- For every \$1.00 in incentives provided for new developments, **\$26.00** and has been leveraged in private sector investment under the Hamilton Tax Increment Grant and **\$46.00** leveraged under the Downtown/Barton/Kenilworth Multi-residential Loan Program

*\* Inclusive of growth and reassessments*

# DCR CIP Review – Overview

## Issues/Concerns Going Forward

- The continued presence of significantly under-utilized buildings/properties across the CIPAs
- The need to continue increasing local resident populations in or near commercial districts/BIAAs to support demand for local commercial businesses and services
- The emergence of urgent community/City Council priorities not currently reflected or supported by existing programs
- Potential for rising commercial vacancies as a result of the COVID-19 pandemic



# DCR CIP Review – Overview

## Outcome of the Review

- Staff are not proposing major changes to the CIP or programs.
- Opportunities were identified to support specific community/City Council priorities within the CIP and its programs, notably:
  - Environmental sustainability/climate change
  - Housing affordability; and
  - Post-COVID economic recovery.

These priorities were identified as having the greatest potential impact on the continued successful revitalization of the commercial district CIPAs over the short and long-term

- The primary purpose and focus of the CIP and its programs continues to be the revitalization of commercial district CIPAs

# DCR CIP Review – Proposals

## Proposal Supporting Housing Affordability

### *Commercial Corridor Housing Loan and Grant Program*

- Expand eligibility to include the creation of accessory units outside the principal building such as laneway housing (where permitted).

## Proposal Supporting Environmental Sustainability

### *Commercial Property Improvement Grant Program*

- Added eligibility for exterior environmental sustainability improvements to a maximum of 50% an eligible grant including:
  - depaving of existing hard surfaces
  - tree plantings
  - creation of rain gardens
  - installation of green walls on street facing facades.
  - installation of exterior electric vehicle charging stations
  - installation of sustainable electric power generating equipment such as solar panels and micro turbines
- Removal of paving and artificial landscaping/turf as eligible costs.

# DCR CIP Review – Proposals

## Proposal Supporting Housing Affordability and Environmental Sustainability

### *Hamilton Tax Increment Grant Program*

- Proposed changes intend to further incentivize property owners/developers to incorporate housing affordability and environmental sustainability measures into projects
- Proposal would identify projects as either a ‘Revitalization Project’ or an ‘Enhanced Revitalization Project’. An ERP would mean meeting one of the following:
  - the improvement/development will receive certification for the achievement of environmental sustainability standards from an eligible organization/program and/or will be connected (or be designed to allow for future connection) to a district energy system; and/or
  - the improvement/development has been approved for financial assistance under a CMHC, federal, provincial or City program for the purposes of creating residential rental housing that addresses housing affordability

# DCR CIP Review – Proposals

- ‘Revitalization Projects’ would receive a grant at a modest reduction relative to the current program while an ‘Enhanced Revitalization Project’ would receive a grant greater than that provided under the existing program.

**Table 1 - Maximum Annual Grant as a Percentage of Actual Municipal Property Tax Increment**

Year of Grant	Current Program	Proposed Program Structure	
	All Developments	Revitalization Projects	Enhanced Revitalization Projects
1	100%	100%	100%
2	80%	75%	100%
3	60%	50%	100%
4	40%	25%	100%
5	20%	-	-

**Table 2 – Example: Realized \$100,000 Municipal Property Tax Increment**

Year of Grant	Current Program	Proposed Program Structure	
		Revitalization Project	Enhanced Revitalization Project
1	\$100,000	\$100,000	\$100,000
2	\$80,000	\$75,000	\$100,000
3	\$60,000	\$50,000	\$100,000
4	\$40,000	\$25,000	\$100,000
5	\$20,000	-	-
<b>Total Grant</b>	<b>\$300,000</b>	<b>\$250,000</b>	<b>\$400,000</b>

# DCR CIP Review – Proposals

- The proposed decrease in the grant amount for projects that do not incorporate the identified enhancements is considered by staff to be modest and not likely to serve as a deterrent to future use of the program by property owners/developers
- The proposed increase to the grant amount for projects that do incorporate the identified enhancements is considered to be more significant and impactful and would:
  - provide an increase meaningful enough for a property owner/developer to explore achieving the project enhancements; and
  - help to off-set the resulting increase in costs that would be borne by the property owner/developer resulting from incorporating the enhancement
- Grants under this program are provided directly from the increase in municipal property taxes generated by the development and thus no new budget allocations to Economic Development Division would be required



# DCR CIP Review – Proposals

- Eligible environmental certifications:
  - Canadian Home Builders Association Net Zero Home Labelling where Net Zero or Net Zero Ready levels of efficiency are achieved;
  - Passive House Canada;
  - Natural Resources Canada (NRCAN) R2000
  - Built Green to a Gold or higher standard in the Energy and Envelope category
  - Leadership in Energy and Environmental Design (LEED) Gold or higher standard
- District energy components required for eligibility:
  - Providing space for the sole purpose of future equipment/thermal piping;
  - Securing an easement between the mechanical room and the property line to allow for thermal piping; and
  - Including two-way pipes in the building to carry the thermal energy from the district energy network to the section in the building where the future energy transfer station will be located
- Intended to support Council's 2019 declaration of a climate emergency and the Corporate Climate Change Task Force's Corporate Goals and Areas of Focus for Climate Mitigation and Adaptation

# DCR CIP Review – Proposals

## Proposal Supporting Post COVID Economic Recovery

### *Commercial Vacancy Assistance Program (new)*


- A new temporary two-year provided in response to COVID and intended to mitigate the potential for street-facing commercial vacancies
- Grants would be provided for permanent interior renovations to a currently vacant at or below grade commercial space
- Program would be available to prospective tenants seeking to establish a new business location or test a location in the form of a 'pop-up' venture
- Grant of \$5K for leases between 3-6 months and \$10K for leases of 6 months or longer (no budget increase required)
- Businesses eligible under the program would include those that contribute towards pedestrian activity such as dine-in/take-out restaurants, retail and artist studios with a commercial component

# DCR CIP Review – Proposals

## Other Notable Proposals

- Merge the BIA and non-BIA Commercial Property Improvement Grant programs into a single program while maintaining existing grant levels
- Establishing a new Commercial Corridor CIPA on Cannon St. E. between Emerald St. N. and Wentworth St. N.
- Removal of the Mount Hope/Airport Gateway CIPA from eligibility under the Commercial Corridor Housing Loan and Grant Program
- Added support to attract new start-up businesses and incubators to Hamilton through the Office Tenancy Attraction Program with a new forgivable loan option (\$25K or other amount at Council discretion)
- CIP and program name changes to improve marketing of programs
- Various administrative, technical and legal updates to programs

# DCR CIP Review – Proposed Programs and Availability

 Proposed Change

		Community Improvement Project Areas (CIPA)						
		Downtown Hamilton	Community Downtowns (Ancaster, Binbrook, Dundas, Stoney Creek, Waterdown)	Business Improvement Areas (BIA)	Barton/Kenilworth Commercial Corridors (including Barton Village BIA)	Commercial Corridors	Mount Hope/Airport Gateway	Buildings Designated under Part IV or V of the Ontario Heritage Act
Programs	Commercial District Housing Opportunities (Loan)	✓	✓	✓	✓	✓		✓
	Downtown and Barton/Kenilworth Housing Opportunities (Loan)	✓			✓			
	Revitalizing Hamilton Tax Increment Grant	✓	✓	✓			✓	✓
	Barton/Kenilworth Tax Increment Grant				✓			
	Commercial District Revitalization Grant	✓	✓	✓	✓	✓	✓	
	Barton/Kenilworth Revitalization Grant				✓			
	Start-up and Office Tenant Attraction (Loan)	✓	✓	✓	✓		✓	
	Commercial Vacancy Assistance	✓	✓	✓	✓	✓	✓	

# DCR CIP Review – Next Steps

- Should Committee/Council approve the recommendations of Report PED21035 staff would prepare the required implementing CIP and CIPA By-laws to be brought forward to Planning Committee for a statutory public meeting and Committee/Council consideration in accordance with the requirements of the *Planning Act*
- Staff are planning to target a Planning Committee before the end of Q2 2021
- Staff are currently expediting the review and recommendation of existing applications requiring Council consideration to minimize any potential impacts to existing applicants





THANK YOU