



# **Revitalizing Hamilton's Commercial Districts Community Improvement Plan, Community Improvement Project Area and Financial Incentive Programs (PED21035(a) – City-Wide)**

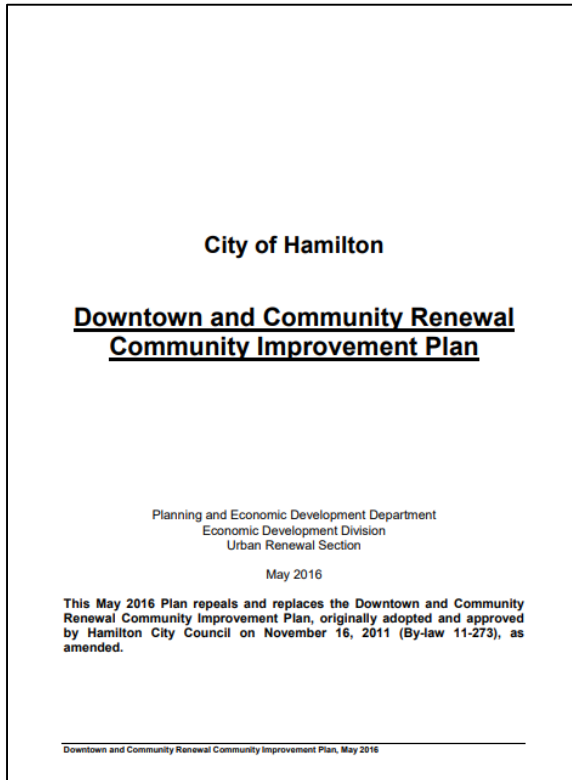
Planning Committee – September 21, 2021

# Background: Community Improvement Plans

- CIPs are a tool under the *Planning Act* that allow municipalities to provide incentives not otherwise permitted under the *Municipal Act*
- CIPs enable the offering of incentive programs to facilitate new development 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
- Reviews serve as a ‘check-in’ to evaluate existing programs in terms of addressing their intended goals and respond to market changes

# Background: Existing CIP

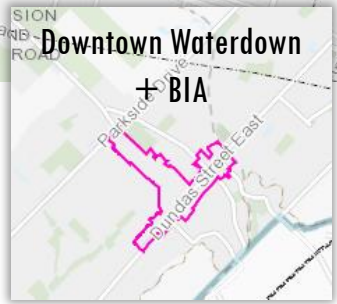
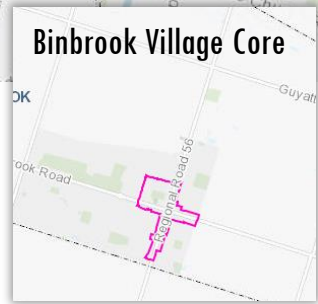
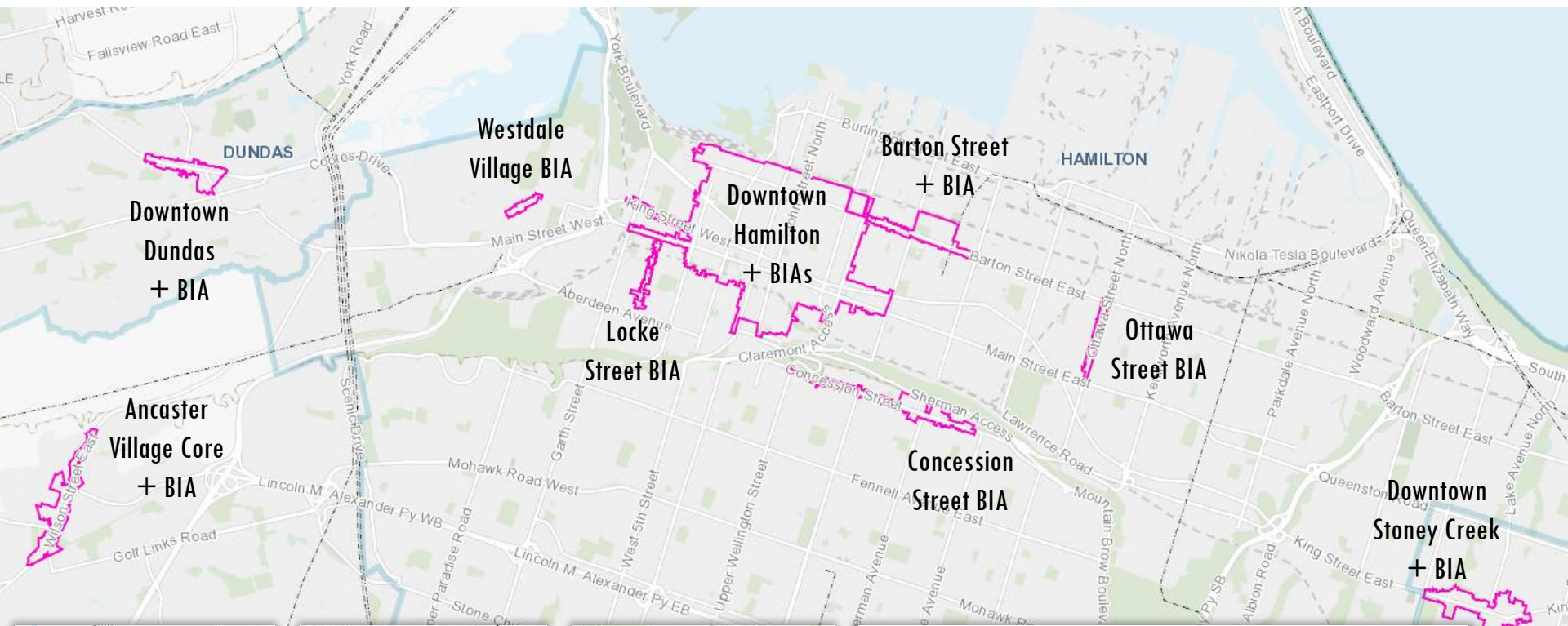
- The proposed RHCD CIP is intended to update and replace the existing Downtown and Community Renewal CIP which was last comprehensively reviewed in 2016
- The Plan's purpose remains the same:  
*to support the revitalization of strategic urban commercial districts by minimizing financial barriers to, and stimulating new private sector investment in, the development of under-utilized properties and/or to improve the appearance, functionality, marketability, usability and/or safety of existing commercial and mixed use buildings*



# Program Areas



# CIPAs



- Commercial Corridors (not on map) include portions of:**
- Main Street East/West
  - King Street East/West
  - Kenilworth Avenue North
  - Parkdale Avenue North
  - Dundurn Street South
  - Upper James Street
  - Upper Wellington Street
  - James Street North
  - York Boulevard
  - Queenston Road

# Success To Date

- **\$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** 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*

# Issues Identified

- 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/BIAs 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 and impacts to the office market as a result of the COVID-19 pandemic

# Recommendations

- 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 to impact the 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 districts and corridors



# Key Changes

## Supporting Housing Affordability *(Commercial District Housing Opportunities Program)*

- Expand eligibility of financial loans for new residential unit creation to include accessory units outside the principal building such as laneway housing (where permitted)

## Supporting Environmental Sustainability *(Commercial District Revitalization 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.

# Key Changes

## Supporting Housing Affordability and Environmental Sustainability (*Revitalizing Hamilton Tax Increment Grant Program*)

- A shift in the programs focus towards better incentivizing developers to incorporate housing affordability and environmental sustainability measures into their projects
- The program would now identify projects as either a 'Revitalization Project' or an 'Enhanced Revitalization Project' (ERP). 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.

# Key Changes

- Developments that do not incorporate housing affordability or environmental sustainability measures (enhancements) would receive a reduced grant relative to the existing program while those that do 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	New 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	New 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>

# Key Changes

- The proposed increase to the grant amount for projects that do incorporate the identified enhancements is considered to be significant and impactful in terms of:
  - providing an increase meaningful enough for a developer to investigate incorporating housing affordability/environmental sustainability measures into a project; and
  - helping to off-set the resulting increase in project costs that would result, and be borne by the developer, as a result of incorporating the enhancements
- Grants under this program are provided directly from the increase in municipal property taxes generated by the development itself and thus no new budget allocations to Economic Development Division will be required

# Key Changes

## Supporting Post-COVID Economic Recovery

- A new temporary two-year program (the Commercial Vacancy Assistance Program) to mitigate the potential for street-facing commercial vacancies arising from the pandemic
  - Grants 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
  - Grants 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/vibrancy such as dine-in/take-out restaurants, retail and artist studios with a commercial component
- Increased flexibility regarding the eligibility of new, permanent outdoor patios/decks for assistance under property improvement grant programs

# Key Changes

## Other Notable Changes *(various programs)*

- Merging 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 for commercially zoned properties 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 program terms

# Key Changes

## Matters Arising Since March addressed in CIP/Programs

- Downtown Entertainment Precinct Advancement (DEPA) Program
  - In June, Council approved PED18168(g) which included a direction to establish a new tax increment-based grant program to advance improvements to downtown entertainment facilities
  - The program applies to City-owned properties (14 Vine St., 12 & 28 York Bv. and 191 York Bv.) which may be redeveloped with a condition that the applicant also undertake necessary improvements to City entertainment facilities
  - A portion of the new municipal taxes generated through the redevelopment of the properties would be provided to the applicant
  - Staff are developing the program terms which will be brought to Council for consideration in Q4 2021

Table 3 – DEPA Framework

Year of Grant	Maximum Annual Grant as a Percentage of Actual Municipal Property Tax Increment
1	100%
2	80%
3	60%
4	40%
5	20%
6-22	39%
23-30	35%

# Key Changes

- Future Availability of the Revitalizing Hamilton Tax Increment Grant and Downtown and Barton/Kenilworth Housing Opportunities Programs in Downtown
  - Staff have incorporated the following wording into the CIP in respect to Council's Motion approved June 23, 2021 which arose as part of Council discussion concerning the Hamilton Light Rail Transit (LRT) Project Memorandum of Understanding:

*“In accordance with Council direction at its June 23, 2021 meeting, as part of the next scheduled review of the RHCD CIP, anticipated to commence in 2025, staff will present for a future Council's consideration a recommendation that the [Revitalizing Hamilton Tax Increment Grant Program and Downtown and Barton/Kenilworth Housing Opportunities Program] cease to be made available within the Downtown Hamilton CIPA taking into consideration progress/timing of the Hamilton Light Rail Transit (LRT) Project.”*




# Key Changes








- Program Amendments: Mitigation of Potential Tenant Displacement
  - Staff have incorporated amendments to the CIP and applicable incentive program terms, as approved by Council on September 15, 2021, respecting tenant displacement
  - These amendments effectively no longer permit as eligible portions of a project involving the renovation of existing residential rental units
  - Specific exceptions are provided where staff believe there is a low or no risk of tenant displacement having occurred (table on next slide)

# Key Changes

		Programs			
		Revitalizing Hamilton Tax Increment Grant	Barton/Kenilworth Tax Increment Grant	Barton/Kenilworth Revitalization Grant	Commercial District Housing Opportunities Loan and Grant
Exceptions	It can be confirmed that no tenant displacement has occurred	✓	✓	✓	✓
	The project includes affordable housing that is supported by a CMHC, Federal, Provincial or City program	✓	✓	✓	✓
	The existing building has been entirely vacant for at least two years prior to an application being submitted	✓	✓	✓	✓
	The property owner and program applicant are a registered, not-for-profit organization	✓	✓	✓	✓
	Improvements are for shared services also utilized by a commercial space within the same building (HVAC, pumbing etc.)	*No municipal tax increment anticipated		✓	✓
	Improvements respond to an order issued under any act or law or support the legalization/recognition of an existing unit, without which, the unit would no longer be permitted to be occupied.			✓	✓

# RHCD 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							



Hamilton

THANK YOU