

**Municipality Of Chatham-Kent**  
**Community Development**  
**Planning Services**

**To:** Mayor and Members of Council

**From:** Bruce McAllister, MCIP, RPP  
Director, Planning Services

**Date:** June 4, 2018

**Subject:** Downtown and Main Street Areas and Commercial  
Community Improvement Plans – Financial Incentive Funding

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**Recommendation**

It is recommended that:

1. The Municipality commit \$250,000 to the Commercial Community Improvement Plan and Downtown and Main Street Areas Community Improvement Plan Financial Incentive Program to be funded through the Strategic Development Reserve for the remainder of 2018.

**Background**

The Municipality implemented the Chatham-Kent Downtown and Main Street Areas Community Improvement Plan (DCIP) from 2004 to 2014. The DCIP affected the downtown and main street areas of Blenheim, Bothwell, Chatham, Dresden, Erieau, Highgate, Merlin, Morpeth, Ridgetown, Thamesville, Tilbury, Wallaceburg and Wheatley.

The DCIP put in place a framework of incentive programs to encourage downtown and main street neighbourhood improvements, and to facilitate public and private sector investment in Chatham-Kent's downtown and main street areas. A component of the plan allowed the Municipality to provide loans, grants and rebates as incentives to property owners undertaking improvements to their property.

In 2015, the budget for Community Improvement Plan grants was entirely dedicated to the implementation of the Commercial Community Improvement Plan (CCIP) Financial Incentive Programs. These grant programs apply to several commercial neighbourhoods across Chatham-Kent's Urban Centres outside of the downtown and main street areas. This funding decision refocused financial resources toward the CCIP,

and away from the DCIP. At that time, it was anticipated that the uptake of new CCIP applications would exhaust the available annual budget for improvement grants.

Between 2014 and 2016 there was minimal uptake in the CCIP program and a reserve accumulated. In 2017, with the additional reserve available and many new downtown property owners, the DCIP was re-opened and property owners took advantage of the program submitting 11 DCIP applications in 2017 for nearly \$350,000 in grants, resulting in over \$2,000,000 in redevelopment of downtown and main street properties throughout Chatham-Kent. Four (4) CCIP applications were also received in 2017 for nearly \$70,000 in grants, accounting for over \$550,000 in redevelopment of properties in commercial areas throughout Chatham-Kent.

### **Comments**

In 2018 to date, two (2) DCIP applications and one (1) CCIP application have been received. These projects have been allocated nearly \$155,000 resulting in over \$2,000,000 in construction costs. For every dollar contributed in improvement grants in 2018, private property owners will be investing approximately \$12.90.

The 2018 base budget dollars have now been allocated to projects; however, there is still a significant amount of interest in the CIP programs. It is anticipated that at least six additional CIP applications eligible for funding could move forward prior to year-end, but may not if CIP funds are not available. These projects are eligible for roughly \$250,000 in CIP grants resulting in over \$2,000,000 in construction costs. This would result in an approximately \$8 from private property owners for every dollar of municipal contribution for improvement grants.

Eligibility requirements and incentive programs are described in Appendix A.

### **Areas of Strategic Focus and Critical Success Factors**

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

### **Consultation**

Finance, Budget and Information Technology Services were consulted in preparation of this report.

### **Financial Implications**

With a \$250,000 investment, Chatham-Kent would see over \$2,000,000 in redevelopment of commercial and downtown and main street properties.

There is currently no funds remaining in the base budget allocation for 2018 or in the CIP reserves; therefore, it is being recommended that funding be provided from the Strategic Development Reserve for the remainder of this year for up to \$250,000.

In 2017, Council approved that the current vacancy rebate program be phased out over a three (3) year period starting in 2018, with the complete elimination prior to the 2021 tax year and that the \$600,000 annual savings generated by 2021 with the elimination of the vacant unit rebate program be directed to community improvement plans, specifically for commercial businesses. This was recommended by Administration, based on the feedback received through public consultations, at the time, to potentially allow an increased number of owners with vacant properties access to CIP grants to improve their properties. By gaining access to CIP's, owners are able to increase the marketability of their properties, in turn potentially raising the assessment and taxes generated.

Therefore, in the 2019 budget, there will be a recommendation to reallocate \$200,000 from the vacancy rebate program to the CIP programs, ensuring a sustainable funding source for CIP programs.

Prepared by:



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Reviewed by:



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Director, Planning Services

Reviewed by:

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Community Development

Consulted and confirmed the content of the consultation section of the report by:

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Mike Turner  
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Finance, Budget and Information Technology Services

Attachments: Appendix A – CIP Incentives and Eligibility Criteria

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## **Appendix A - CIP Incentives and Eligibility Criteria**

### Downtown Community Improvement Plan (DCIP) Incentive Programs

#### *Planning and Building Permit Fee Rebate*

Rebate of Official Plan Amendment, Zoning By-law Amendment, Minor Variance, Site Plan Application, Demolition Permit and Building Permit fees. 100% of the application fees paid by the applicant are rebated following successful completion of the approved work. (Up to \$7,500)

#### *Parkland Dedication Exemption*

Parkland dedication is waived or, if cash-in-lieu is being employed, these charges are rebated for new residential units, improving buildings or rehabilitating lands. 100% of the cash equivalent paid by the owner is rebated following successful completion of the approved work.

#### *Parking Standards Exemption*

Parking standard is waived or, if cash-in-lieu is being employed these charges are rebated for new residential units within existing spaces of a commercial building. 100% of the cash equivalent paid by the owner is rebated following successful completion of the approved work.

#### *Property Tax Increment Equivalent*

Rebate of the incremental increases in municipal portion of the property taxes as a result of building improvements, land rehabilitation and adding new residential units. Grants for the increase in the municipal portion of the property taxes resulting from reassessment of the property following rehabilitation are rebated following successful completion of the approved work on a declining scale.

Year 1 - 100%

Year 2 - 80%

Year 3 - 60%

Year 4 - 40%

Year 5 - 20%

#### *Façade Improvement*

Grants and/or loans to commercial property owners for façade improvements. Grants for 50% of the construction costs to a maximum of \$7,500 per side. Where improvements are also being made to side or waterfront façades with a significant public view, the grant amount increases to \$15,000 per side. For improvements including restoration of a heritage-designated building, the grant amount increases to

\$20,000 per side. Interest-free loans for 50% of the construction cost to a maximum loan of \$20,000 per side repayable over a 5 year period.

#### *Residential Conversion & Rehabilitation*

Grant and/or loan to property owners adding new residential units or improving existing residential units within existing commercial buildings. Grants for 50% of the construction cost to a maximum of \$5,000 per unit or \$40,000 per application. Loans for 50% of construction cost to a maximum of \$10,000 per unit or \$80,000 per application repayable over 5 years.

#### *Project Feasibility Studies*

Grants to property owner for the preparation of a feasibility study for downtown rehabilitation projects. Grants for 50% of the cost of the study to a maximum of \$5,000.

#### *Heritage Design Studies*

Grants to property owner for the preparation of a design study for heritage restoration and preservation work, for designated heritage buildings or buildings listed by the Municipal Heritage Committee. Grants for 50% of the cost of a heritage design study to a maximum of \$1,500.

### Commercial Community Improvement Plan (CCIP) Incentive Programs

#### *Design Study Grant*

Grants to property owner for the preparation of a variety of studies for CCIP projects including site plan drawings, traffic impact assessment, etc. Grants for 50% of the cost of the study to a maximum of \$5,000.

#### *Planning Application and Building Permit Fee Grant*

Rebate of Official Plan Amendment, Zoning By-law Amendment, Minor Variance, Site Plan Application, Demolition Permit and Building Permit fees. 100% of the application fees paid by the applicant are rebated following successful completion of the approved work. (Up to \$7,500)

#### *Façade Improvement Program*

Grants and/or loans to commercial property owners for façade improvements. Grants for 50% of the construction costs to a maximum of \$7,500 for buildings 0 - 50ft, \$15,000 for buildings 50 – 100 ft., \$22,500 for buildings 100 – 150 ft. and \$30,000 for building 150+ ft.

### *Site Improvement Program*

Grants and/or loans to property owners who are undertaking exterior site renovations that include parking lots, fences, lighting, services, new entrances, etc. (Up to \$30,000)

### *Property Tax Increment Equivalent Grant*

Rebate of the incremental increases in municipal portion of the property taxes as a result of building improvements, land rehabilitation and adding new residential units. Grants for the increase in the municipal portion of the property taxes resulting from reassessment of the property following rehabilitation are rebated following successful completion of the approved work on a declining scale.

Year 1 - 100%

Year 2 - 80%

Year 3 - 60%

Year 4 - 40%

Year 5 - 20%

### Application Criteria

All applications must meet the following criteria:

- The applicant must be registered owner of the property for which the application is being made or an agent authorized by the registered owner;
- A property owner who is in arrears of property tax or any other municipal financial obligation is not eligible to participate in a program approved by Council;
- A property owner may be required to provide a business plan for the proposed work as part of the program application;
- The total value of grants and loans received for a subject property shall not exceed the total value of the approved work;
- Grants will be made upon successful completion of the approved work and documentation of the costs associated with the work;
- The Municipality may undertake an audit of work done and associated costs if it is deemed necessary;
- An applicant will enter into an agreement with the Municipality, which will specify the terms of the grant or loan;
- If a building, erected or improved with a program grant or loan, is demolished prior to the expiry of the grant or loan period, the grant or loan is forfeited and will be recovered by the Municipality;
- Proposed work will conform with all municipal policies, standards and procedures including zoning, design guidelines (if any) and heritage matters and will be subject to review and the issuance of necessary planning and development approvals and building permits pursuant to the Ontario Building Code;
- Any outstanding orders against the subject property must be satisfied prior to the grant or loan being made or be satisfied as part of the proposed work; and,

- The Municipality may at any time discontinue a program, however, any participants in the program prior to its closing will continue to receive loans or grants as approved for their property until the conclusion of their project.