

Five-Year Review of the Downtown Sudbury and Town Centre Community Improvement Plans

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| Recommended by: | General Manager of Growth and Infrastructure |
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Report Summary

This report provides a recommendation regarding the replacement of the Downtown Sudbury and Town Centre Community Improvement Plans with a new Strategic Core Areas Community Improvement Plan.

Resolution

THAT The City of Greater Sudbury directs staff to initiate the Planning Act process on the draft Strategic Core Areas Community Improvement Plan, as outlined in the report entitled “Five-Year Review of the Downtown Sudbury and Town Centre Community Improvement Plans”, from the General Manager of Growth and Infrastructure, presented at the Finance and Administration Committee Meeting on March 29, 2022.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

The City of Greater Sudbury, through Council’s Corporate Strategic Plan (2019-2027) directs staff to prioritize Business Attraction, Development and Retention. Objective 2.4 aims to “Revitalize Town Centres, nodes and corridors with Public Investment that Supports and Leverages Private Investment” and to “update the [...] Downtown Sudbury [and] Town Centre Community Improvement Plans”

Providing incentives to develop and redevelop the city’s built-up cores is consistent with Goal 1 of the CEEP, which seeks to help sustain compact, complete communities. Proposed changes to the CIP also serve to clarify and highlight how CIP programs can be used to encourage energy efficiencies, including changes to the Façade Improvement Program and the Feasibility Study Program.

Financial Implications

There are no financial implications associated with this report at this time. Council recently approved an ongoing allocation of \$250,000 to the Tax Rate Stabilization Reserve – Committed to fund current and future Community Improvement Plan Applications. Should Council adopt the proposed Strategic Core Areas Community Improvement Plan, it is anticipated that the financial implications of the new programs would be similar to the existing Downtown Sudbury and Town Centre CIPs combined. Staff would continue to report

on CIP Reserves and Commitment and would use the budget process should application requests are greater than the reserves.

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 Planning Act defines 'community improvement' as the "planning or replanning, design or redesign, resubdivision, clearance, development or redevelopment, construction, reconstruction and rehabilitation, improvement of energy efficiency, or any of them, of a community improvement project area, and the provision of such residential, commercial, industrial, public, recreational, institutional, religious, charitable or other uses, buildings, structures, works, improvements or facilities, or spaces therefor, as may be appropriate or necessary."

The City has developed a number of financial incentives through the City's various community improvement plans. These financial incentives are available to any proponent within the community improvement project areas. These CIPs include the following:

- Brownfield Strategy and Community Improvement Plan (adopted in 2011);
- Town Centre Community Improvement Plan (adopted in 2012; amended in 2018);
- Downtown Sudbury Community Improvement Plan (adopted in 2016);
- Affordable Housing Community Improvement Plan (adopted in 2018).

Basis for Reviewing the Downtown Sudbury and Town Centre CIPs

Staff presented an Economic Recovery report to Finance and Administration Committee on November 17, 2020. Action Item 7 of the report called for the review of existing CIPs to "potentially refocus programs to other priorities (e.g., accessibility, energy efficiency, succession planning, etc.)." The action item also included the development of "new CIPs to focus on industrial development and job creation" (See Reference 1). This element is pending the finalization of the Employment Land Strategy. CIPs with these subject matters would conform to the City's Official Plan, as required per the Planning Act.

Since this time, Council has made changes to its CIP processes, including changing the way TIEGs are funded, establishing ongoing funding, and implementing a continuous intake period and establishing permanent funding (See Reference 2). TIEGs are now funded following the year where the municipal property taxes have been levied by the City based on the actual reassessed value of the property. The ongoing funding change removed the CIP business case process from the annual budget process. The result is now a continuous intake period, where complete applications are brought forward to Council as they are received, thereby ensuring a much more expedient process.

Staff has also made improvements to the process by combining both the Downtown Sudbury and Town Centre CIPs under one application form, as the financial programs closely mirror one another. It is mainly for these above reasons that the current 5-year review of the CIP programs is focused on the Downtown

Sudbury and Town Centre CIPs. Future phases of the review will include the Brownfield Strategy and CIP, as well as the Affordable Housing CIP.

Stakeholder Review

Staff held preliminary meetings with community stakeholders to get their impressions on the existing Downtown Sudbury and Town Centre incentive frameworks, including what is specifically needed for the economic recovery of these community improvement plan areas. Stakeholders included the Greater Sudbury Development Corporation, the Downtown Sudbury Business Improvement Area, and past applicants.

Staff heard that the existing programs have been effective in encouraging investment. If not for the incentives, some investments would not have happened in these locations. The execution of the programs is good and the recent process improvements are appreciated.

The feedback included an urgency to put new programs in place to help kickstart economic recovery. Residential development continues to be vital for downtowns, but the incentives offered can't make up for the differences in the market. For example, the cost of creating new residential units is greater than what the market would support in Downtown Sudbury. To this end, the City should consider doubling the per door grant from \$10/sq foot to \$20/sq ft to offset the upfront costs in unit creation.

New programs to attract office tenants are needed. The City should consider programs for permanent leasehold improvements. In some cases, leasehold improvements can range from several thousands to several hundred thousand dollars. A leasehold improvement program could lower the office rents, making them more attractive to prospective tenants. In other feedback, staff heard that City assistance should be kept to a minimum over concern of increased budgets and taxation.

Staff also heard that some prospective tenants are choosing downtown, in part due to freed-up long-term parking spaces. However, it was noted that this supply won't last and that a parking structure should still be part of the long-term solution. To this end, staff heard that the City should develop CIP programs specifically targeting the development of a parking structure in the downtown.

Security remains a concern. Staff heard that the City should expand the façade improvement program to all facades visible to the public realm, increase the grant amounts, and clarify that security upgrades (e.g. lights, cameras, etc.) can be considered a façade improvement. On the other hand, staff also heard that the City should abandon the Façade Improvement Program altogether and spend the funds on public realm improvements and/or increased in-person security.

Staff received feedback on the high costs of development. Suggestions were made to expedite zoning approvals that are linked to a CIP application, and to provide incentives for site plan control elements (curb cuts, driveway entrances, trees, etc).

Program Review

Downtown Sudbury Community Improvement Plan (2017-2021 Overall Summary)

Each of the City's CIPs mentioned above include monitoring criteria to help track progress relative to the CIPs' goals and objectives (e.g. see Section 4.0 of the DSCIP – Reference 3). These criteria include increase in assessment value, amount of land developed, number of applications received, \$ value of private sector leveraged, number of residential units built, etc). This analysis is provided in Attachment A to this report. In summary:

- The City has approved 57 DSCIP applications since 2017
- 24 (42%) of the projects have been completed, representing 37 new residential units and 24 façade improvements in Downtown Sudbury

- 17 (30%) of the projects are in progress or still have in-effect agreements
- 15 (26%) of the projects have lapsed.

Town Centre Community Improvement Plan (2017-2021 Overall Summary)

The overall findings for TCCIP projects between 2017 and 2021 is provided in Attachment A to this report. In summary:

- The City has approved 19 TCCIP applications since 2017
- 10 (53%) of the projects have been completed, representing 2 new residential units and 9 façade improvements in the Town Centres
- 7 (35%) of the projects are in progress or still have in-effect agreements
- 2 (11%) of the projects have lapsed.

Other Considerations

Significant projects from the earlier intakes are either complete (124 Cedar, 311 Elm) or nearing completion (20/30 Ste Anne Road). As such, the City is only now beginning to see an increase in assessment value of these properties, thereby actioning the Tax Increment Equivalent Grant Agreements we have on file for these properties. Staff will report these data to Council in a future report.

Municipal Best Practice Review

The starting point for the municipal best practice review was Council direction emanating from the Economic Recovery Report (See Reference 1). Staff examined Community Improvement Plans from across Ontario with a special focus on those plans adopted: a) after the adoption of the Downtown Sudbury CIP, and/or b) in response to the current pandemic. The following municipal CIPs were reviewed:

- Barrie
- Hamilton
- Kingston
- London
- North Bay
- Ottawa (Montreal Road)
- Sault Ste Marie
- Thunder Bay
- Toronto
- Waterloo

Several best practices can be adapted to the Greater Sudbury context including:

- Having one CIP for all Strategic Core Areas (e.g. Thunder Bay, Hamilton)
- Making all façades visible from the public realm eligible for incentives (e.g. Toronto)
- Incentivizing leasehold improvements (e.g. Hamilton, Toronto)
- Clarifying rules around ‘stacking’ of TIEGs (e.g. Barrie, Kingston, Ottawa)

“Stacking” occurs when a program from one CIP can be combined with the same program from another CIP. For example, some past applicants have applied for the 10-year SuperTIEG, stacked with the Brownfield TIEG, resulting in 15 years of TIEG. Similarly, an applicant can ‘stack’ the Building Permit Fee Rebates from the Brownfield CIP with the Downtown Sudbury CIP, resulting in a maximum grant of up to \$90,000.

Recommendations and Next Steps

Staff recommends the replacement of the existing Downtown Sudbury and Town Centre CIPs with a new ‘Strategic Core Areas Community Improvement Plan’ (See Attachment B). The City of Greater Sudbury introduced the “Strategic Core Area” framework into the City Official Plan via Phase One of the Official Plan Review. A new Strategic Core Areas Community Improvement Plan (SCACIP) would be consistent with the official plan framework.

Highlights of the draft SCACIP include:

- A new Commercial Vacancy Assistance Program for permanent leasehold improvements of up to \$5,000 for new leases (mainly for retail uses, artists studios/galleries containing a retail component and/or dine-in or take-out restaurants) between 3 and 6 months, and \$10,000 for new leases greater than 6 months;
- A new Downtown Sudbury Tenant Attraction Program (mainly for office spaces) in the form of an interest-free loan program for up to \$250,000;
- A new ‘Superstack’ TIEG that clarifies criteria around ‘stacking’ of Tax Increment Equivalent Grants.
- A new 20-Year TIEG for a new Parking Structure in Downtown Sudbury with a minimum of 200 parking spaces, based on the City’s July, 2019 Expression of Interest for a Parking Structure;
- The expansion of the Façade Improvement Program to include all façades visible from the public realm, up to \$20,000;
- Clearer definitions of CIP boundaries
- Rules around repeat applicants
- General updates throughout to improve general requirements and descriptions of programs

The key next steps would include:

- Circulation of the draft SCACIP to the Ministry of Municipal Affairs and Housing for its provincial review.
- Undertaking a public engagement process to obtain feedback on the new Draft SCACIP. This process would include at least two public open houses and a public hearing as required by the Planning Act and the Official Plan, as permitted per public health guidance, in addition to the use of virtual open houses and the use of the City’s Over-To-You website and social media resources;
- Adoption of the CIP by Council;

Resources Cited

1. “Economic Recovery Action Items”, report presented at the November 17, 2020 Finance and

Administration Committee

<https://pub-greatersudbury.escribemeetings.com/filestream.ashx?documentid=38651>

2. "Community Improvement Plan Process and Funding", report presented at the September 14, 2021 Council Meeting
<https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=41791>
3. Downtown Sudbury Community Improvement Plan
<https://www.greatersudbury.ca/do-business/planning-and-development/community-improvement-plans-and-incentive-programs/financial-incentive-programs/downtown-community-improvement-plan/>