

Community Improvement Plans – Overall 2017-2019 Summary and Update Report on the 2020 Intake

October 26, 2020

Planning Services Division

Background

The City of Greater Sudbury adopted a new Downtown Sudbury Community Improvement Plan (DSCIP) on December 13, 2016 (See Reference 1). The stated objectives of the DSCIP are to:

1. Revitalize Downtown Sudbury;
2. Increase the residential population of the downtown;
3. Create and retain employment opportunities;
4. Grow the municipal assessment base;
5. Grow the municipal property tax revenue;
6. Repair and intensify the existing urban fabric with compatible projects;
7. Take advantage of existing infrastructure; and,
8. Enhance the quality of the public realm.

The City adopted the Greater Sudbury Brownfield Strategy and Community Improvement Plan (BSCIP) in October, 2011 (See Reference 2). The stated objectives of the BSCIP are to:

1. Create and retain employment opportunities
2. Increase assessment and tax revenues
3. Increase economic competitiveness
4. Enhance environmental quality, health and safety
5. Intensify and revitalize neighbourhoods and communities

The City adopted the Town Centre Community Improvement Plan on August 14, 2012, and amended in February of 2018 (See Reference 3). The stated objectives of the TCCIP are to:

1. Enhance pedestrian friendly commercial areas to attract people and new businesses
2. Address commercial and residential vacancy issues by improving the building stock
3. Rehabilitate older, mixed used (and preferably multi-storey) building stock, to promote the creation of additional residential units

2020 Intake Process

Staff received direction to receive new applications to the Corporation's Community Improvement Programs annually until June 30 of each calendar year for consideration as part of the following budget year. In 2020, given the current pandemic, an additional deadline was added to the process. Proponents had to submit their initial proposals by June 30 and have complete information to the City by September 30, 2020. This new intake process generated 12 complete and eligible applications in 2020 (See Attachment A).

The total monetary request of the Corporation for the 12 complete and eligible applications is \$5,969,509 over a 10 year period (averaging to approximately \$600,000 annually for 10 years), while the total private investment leveraged (per the information provided) would be

\$48,000,000, representing a ratio of approximately 1:7 should City Council approve the requests as part of the 2021 Budget.

The bulk of this request is in the form of Tax Increment Equivalent Grants. Per the adopted CIPs, the value of the grant provided is equal to the incremental increase in property assessment and municipal property tax resulting from the improvements. The grant is provided after the project has been completed and after the taxes have been paid in full.

Based on the information provided by the proponents of 300 Elgin, the increase in municipal property tax resulting from the improvements is estimated to be approximately \$560,000 per year. Under the terms of the grant program, taxes on the new development would be paid to the City and the increase would be granted back to the owner every year for 10 years (100% of the increase for the first eight years and 50% for the last two). During this period, the City would continue to receive the original amount of taxation for the property. Starting in year 11, the City would begin to receive the full amount of taxation related to the redevelopment.

The total TIEG request for the 300 Elgin Street block is \$5,070,689 over a ten-year period. During this same ten year period, the City would continue to receive taxes for the block (approx. \$350,000 for the total 10-year period). Taken over a 20-year period, and assuming no redevelopment would take place, the City would collect \$700,000 from the property. With redevelopment, the City could collect \$14M while granting back \$5M, for an increase in assessment of \$8.3M (i.e. \$14M - \$5M - \$700K) over 20 years. This scenario assumes a 0% tax rate increase and no inflation. As noted above, these estimates are based on preliminary numbers provided by the proponents. The total values could be refined as part of a stage 2 process recommended by staff (see below).

Economic Development Comments

Taken together, the 12 proposed projects would meet the stated objectives of the CIPs. These projects signal investor confidence in Greater Sudbury's economy and in the community overall. When Economic Development is working to attract prospective new investors to the community, they are often asked for a tour of the downtown which is sometimes seen as a barometer of overall community vitality. Investments like the ones being proposed here will further enhance the Downtown Sudbury and Town Centres, signaling that Greater Sudbury as a whole is a good place to invest. Beyond investment attraction, a thriving Downtown and healthy Town Centres can play a significant role in talent attraction as more and more skilled workers cite lifestyle and quality of place as deciding factors in choosing where to live.

The projects contemplated in this report hold potential to change the fabric of key points in the downtown area, making them more attractive to visitors and residents alike. In concert with other Large Projects already in the works, such as Place des Arts and the Junction projects, these initiatives will demonstrate Downtown Sudbury is a vibrant, busy place, welcoming to pedestrians, fostering entrepreneurial spirit and ready for further investment.

Like Downtown Sudbury, the Town Centres efforts also create this sense of place and foster Greater Sudbury's nature as a "community of communities". For instance, Kathleen Street at Frood has been transformed through façade improvement efforts over the past several years, and this neighbourhood has become a draw for families, couples and visitors all year round.

While these investments certainly provide a return on investment and help to increase property values over time, they also create more intangible benefits including community vibrancy and pride of place.

2020 CIP Intake Review and Evaluation

A team made up of Planning, Building, Economic Development, Taxation, Finance and Fire, reviewed the applications relative to the mandatory CIP policies and application criteria. The CIPs generally require that the subject lands be within a CIP Area, that the eligible property is not in a position of tax arrears at the time of the application, and that outstanding work orders must be satisfactorily addressed prior to the issuing of any financial incentive. Works commenced prior to submitting an application are ineligible.

The application requires that applicants outline their projects, identify the programs applied for under the CIPs, the amount of incentive applied for, broken down by program, as well as the source of financing for the balance of the projects.

Due to the size and complexity of the 300 Elgin Street application, Staff recommends that the project be subjected to a more comprehensive evaluation, as was done with similar projects during the 2017 CIP "EOI Stage 2 Process" (7 Pine Street and 20 Ste Anne Road – See References 4 and 5). The additional information required as part of the Phase 2 could include, and may not be limited to, the following:

- A conceptual design proposal for the redevelopment of the property describing the location, siting and the massing of the buildings; the location and number of parking spaces; and, access and internal circulation;
- An outline of other key features such as density and height and any required regulatory approvals;
- A development strategy, including phasing, and detailed cost estimates prepared by a qualified professional;
- A proposed development schedule;
- A business proposal including financial arrangements and other details;
- Other relevant financial matters;
- Firm independent evidence from a recognized reputable source as to the developer's creditworthiness and ability to obtain financing;

Should Council give direction to require additional information from the applicant, it should be provided by January 15, 2021 so that the application can be considered as part of the 2021 budget process.

The total monetary request from complete and eligible applications, and capped within individual program limits, is estimated at \$5,969,509, which would result in an estimated \$48,000,000 in private investment in the Downtown (1:7) should the projects be approved for funding and proceed (See Attachment A). Per direction provided in past budget years, this monetary request could be cash flowed over a ten year period (i.e. approximately \$600,000 per year).

2017-2019 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 1). 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 B to this report. In summary:

- The City has approved 45 DSCIP (which includes 1 BSCIP) applications for a total of \$5,328,000;
- The Greater Sudbury Development Corporation has committed \$900,000 towards the 2018 Downtown Community Improvement projects. Their commitment is expected to start in 2022;
- The City approved 13 TCCIP Applications in 2019 for a total of \$318,011. This amount includes the Ontario Main Street Funding of \$172,487.32;
- Should all approved projects proceed as planned, the City will have incentivized an additional 200+ residential units and 36 new facades in the Downtown Area, and 5 new units and 5 new facades in Town Centre Areas;
- The City has extended \$300,000 of the 2017 DSCIP projects. These are set to expire at the end of 2020. Projects representing \$150,000 of these monies have started and/or nearing completion;
- One of the twelve 2018 projects has been completed (\$35,000), while 4 others are in progress (\$1.36M). Five have not started (\$75,000), and two agreements remain unexecuted by the proponents (\$4.1M). The agreements related to the \$75,000 are set to expire at the end of 2020.

Summary and Recommendations

The City has adopted a number of Community Improvement Plans to remove barriers to development and redevelopment in defined areas across the municipality. The objectives of these CIPs are to revitalize the areas and increase the population, while taking advantage of existing infrastructure and growing the assessment base.

The 2020 Community Improvement Plan Intake period garnered 12 applications. These applications were deemed eligible based on the various CIP eligibility criteria and application requirements. The total monetary request of the Corporation for the 12 applications is \$5,969,509 (or approximately \$600,000 annually for ten years), while, per the information submitted, the total private investment leveraged would be approximately \$48,000,000. One applicant has modified their proposal after the September 30th deadline (300 Elgin). Staff recommends that this proposal be subject to a more detailed and comprehensive review (i.e. a stage 2 review as contemplated by the 2017 EOI process).

It is recommended that City Council direct Staff to prepare a business case for the 12 complete and eligible applications, for consideration as part of the 2021 budget process.

This report has also examined three years of intakes, from 2017 to 2019, the findings of which are included as appendices to this report. Staff recommends allowing those executed agreements for any project that has not had any progress to lapse. Staff further recommends that any past approvals be rescinded, in situations where the agreements have not been executed by the proponents, by January 15, 2021. The City anticipates a surplus from the 2017-2019 agreements. Part of this surplus could be transferred to the City reserve to possibly help

fund current or future intakes, and/or help offset the contribution from the Greater Sudbury Development Corporation. Staff will return in February, 2021 with a report for Council's consideration.

Including 2020, staff has now had four intake years in implementing the new CIPs. Several observations have been made around both policy and procedural improvements. As part of the 2021 work plan, staff will be undertaking a review and update to the CIPs in 2021. Procedural improvements (e.g. to the application forms, brochures, website, agreements, etc.) will also be part of this review.

References

1. Downtown Sudbury Community Improvement Plan
<https://www.greatersudbury.ca/play/downtown-sudbury/the-downtown-sudbury-master-plan/downtown-community-improvement-plan/community-improvement-plan/>
2. Brownfield Strategy and Community Improvement Plan
<https://www.greatersudbury.ca/linkservid/BC874905-FD36-3989-E4A00284073C255B/showMeta/0/>
3. Town Centre Community Improvement Plan
<https://www.greatersudbury.ca/do-business/planning-and-development/community-improvement-plans-and-incentive-programs/financial-incentive-programs/town-centre-community-improvement-plan-and-incentive-programs/town-centre-community-improvement-plan/>
4. "Downtown Sudbury Community Improvement Plan – Proposed 2017 Intake Process", report presented at the March 6, 2017 Planning Committee Meeting
<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1103&itemid=12591&lang=en>
5. "Downtown Sudbury Community Improvement Plan: Results of Expression of Interest Period", report presented at the August 21, 2017 Planning Committee Meeting
<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1112&itemid=13444&lang=en>

ATTACHMENTS

- A. Eligible and Complete Applications
- B. Monitoring and Analysis
- C. Map of CIP Approvals since 2012
- D. Before and After Presentation