

The Corporation of the
City of Sault Ste. Marie

COUNCIL REPORT

May 29, 2017

TO: Mayor Christian Provenzano and Members of City Council

AUTHOR: Victoria Prouse, Project Coordinator, Downtown Development Initiative

DEPARTMENT: Community Development and Enterprise Services

RE: 2017 Downtown Community Improvement Plan

PURPOSE

The purpose of this report is to request Council's approval of the attached Downtown Community Improvement Plan (DCIP).

BACKGROUND

The 2016 Downtown Strategy was developed to achieve the following objectives:

- Preserve downtown as commercial, administrative, and cultural core
- Develop a vibrant residential neighbourhood
- Facilitate beautiful streets and open spaces
- Improve mobility and linkages
- Ensure strong, cohesive leadership and collaborative action

The strategy presented five primary tools for implementation: incentive programs, operational considerations, studies, public realm projects, and the Downtown Community Improvement Plan. On November 21, 2016, Council approved the Downtown Strategy and authorized staff to develop a Community Improvement Plan.

ANALYSIS

Section 28 of the *Planning Act* and Section 365.1 of the *Municipal Act* permits municipalities to offer financial incentives to landowners through a Community Improvement Plan.

The DCIP includes the following components:

- Delineation of the CIP area
- Downtown vision, goals, and objectives
- Incentive programs

- Tax equivalent increment grant
- Matching grants
 - Building Activation Grant for Vacant Spaces
 - Façade Improvement Grant
 - Second Floor Conversion Grant
 - Rear-Yard Patio Grant
- Framework for implementation and monitoring

Planning staff will conduct an evaluation of the program following one year of implementation and will update Council with any recommended amendments.

FINANCIAL IMPLICATIONS

The DCIP is an enabling tool. There is no commitment of any financial grants at this time. Rather, the DCIP enables consideration of future granting opportunities on a case-by-case basis.

Tax rebates involve a cost to the city in that they temporarily reduce the size of the overall tax base.

The implementation of the matching grant program is contingent on receiving FedNor and NOHFC funding.

STRATEGIC PLAN / POLICY IMPACT

The Corporate Strategic Plan's priorities were taken into account throughout the development of this CIP. The CIP is critical to implementing the Downtown Strategy. Its holistic approach enhances the Corporate Strategic Plan's focus areas – Quality of Life, Infrastructure, Community Partnerships, and Service Delivery.

RECOMMENDATION

It is therefore recommended that Council take the following action:

Resolved that the report of the Project Coordinator, Downtown Development Initiative dated 2017 05 29 be received and that City Council approve the Downtown Community Improvement Plan.

The relevant By-law 2017-101 appears elsewhere on the agenda and is recommended for approval.

Respectfully submitted,

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2017 Downtown Community Improvement Plan

2017 05 29

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OUR DOWNTOWN



DOWNTOWN COMMUNITY IMPROVEMENT PLAN

2017



City of
Sault Ste. Marie

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1.0 Introduction

1.1 Purpose

This Downtown Community Improvement Plan (DCIP) has been prepared to allow the City of Sault Ste. Marie to use authorities legislated through Section 28 of the *Planning Act* and Section 365.1 of the *Municipal Act* to use grants, loans, and tax increment financing to registered or assessed owners of lands and building within the designated area. This authority allows the City to develop innovative approaches and financial incentives to spark redevelopment, and leverage private sector investment.

The DCIP provides detail to incentives identified in the City of Sault Ste. Marie *Downtown Strategy*, which was approved by City Council on November 21, 2016. The DCIP is identified as one of several implementation tools for achieving the action items and objectives identified in the Downtown Strategy.

1.2 Background

The City of Sault Ste. Marie launched Phase 1 of the Downtown Development Initiative (DDI) in 2006 as a response to declining assessment values, perceptions of crime, and commercial growth in other areas of the city. Phase 2 began in 2014. Over the past ten years of renewed municipal focus on downtown development, over \$84 million in private investment has occurred in the downtown, with approximately \$40 million of this directly related to the DDI's incentive programs.

Despite significant progress – including the development of strategic underutilized sites – enduring challenges hinder long-term prosperity.

1.2.1 The Downtown Strategy

The Downtown Strategy reflects the community's vision for the downtown. It is a comprehensive action plan to address the downtown's systemic challenges and build on the growing momentum of downtown investment. The strategy is organized by the following key directions identified by City staff and the public as overarching objectives that, when combined, will foster resiliency and prosperity within the downtown and the city overall:

- Preserve downtown as commercial, administrative, and cultural core
- Develop a vibrant residential neighbourhood
- Facilitate beautiful streets and open spaces
- Encourage active use of downtown spaces
- Improve mobility and linkages
- Ensure strong, cohesive leadership and collaborative action

1.2.2 Community Feedback

The development of the Community Improvement Plan was endorsed as part of Sault Ste. Marie's Downtown Strategy, approved by Council on November 21, 2016. The Downtown Strategy was created with significant community input. The engagement program included

social media and online opportunities for feedback, pop-up booths, and multiple open house events.

The approval of this CIP will occur at a public meeting of City Council – an opportunity for additional community input. This meeting has been publicly advertised and the draft CIP was available in advance of the meeting.

1.3 Legislative Authority

Section 28 of the Planning Act and Section 365.1 of the Municipal Act allows municipalities to issue grants or loans, or provide property tax assistance to registered owners, assessed owners, or tenants of lands within a Community Improvement Project Area (CIPA).

Section 28(2) of the Planning Act and Part VII (Implementation) of the City's Official Plan allows City Council to designate the whole or any part of the area covered by the Official Plan as a CIPA. On February 6, 2006 City Council approved By-law 2006-32 to designate the entire municipality as a CIPA.

Powers available to municipalities for community improvement purposes, as legislated by the Planning Act and the Municipal Act include:

- Acquiring, holding, clearing, grading, or otherwise preparing land for community improvement (s. 28[3])
- Constructing, repairing, rehabilitating, or improving buildings on municipal land (s. 28[6]a)
- Selling, leasing, or otherwise disposing of municipal land (s. 28[6]b)
- Providing grants or loans to owners, tenants, and their assignees within the community improvement area to pay the whole or any part of identified eligible costs (ss. 28[7] and [7.1])
- Providing property tax assistance for redevelopment purposes (s.28[7.3] by reference to s. 365.1 of the Municipal Act, 2001)

The DCIP is consistent with Section 106(3) of the *Municipal Act*.

1.4 Policy Context/Supporting Policy and Strategy

1.4.1 Provincial Policy Statement

The Provincial Policy Statement (2014) establishes the policy foundation for regulating the development and use of land in Ontario. The PPS provides a framework for building strong healthy communities and efficient use and management of land and infrastructure. The DCIP addresses many Provincial interests identified in the PPS, specifically:

- Promote opportunities for intensification and redevelopment (1.1.3.3)
- Accommodate residential growth through residential intensification and redevelopment (1.4.1)

- Optimizing the use of existing infrastructure and public service facilities and long-term economic prosperity (1.6.3 and 1.7.1a)
- Maintaining and, where possible, enhancing the vitality and viability of downtowns and main streets (1.7.1c)
- Promoting the redevelopment of brownfield sites (1.7.1e)
- Conservation of significant building heritage resources and significant cultural heritage landscapes (2.6.1)

1.4.2 Places to Grow – Growth Plan for Northern Ontario

The Growth Plan for Northern Ontario, 2011, guides provincial decision-making and investment to diversify Northern Ontario's traditional industries, stimulate new investment, and cultivate new sectors. It provides direction to municipalities for managing infrastructure and planning for future growth. The DCIP strongly supports the following policies:

- Contribute to a long-range planning framework for all communities (4.2) designed to achieve the following: economic, social, and environmental sustainability (a); a high quality of place (d); a vibrant, welcoming, and inclusive community identity that builds on unique local features (e)
- Facilitate growth in Strategic Core Areas (4.4) that allows them to function as vibrant, walkable, mixed-use districts (a)
- Undergo targeted approaches to support the revitalization and intensification of the strategic core areas, including:
 - Identification and prioritization of opportunities for the redevelopment of brownfield sites within the strategic core areas
- Strategic core areas with a revitalization strategy in place and incorporated into an OP should be the preferred location for major capital investments

1.4.3 The City of Sault Ste. Marie Official Plan

The City of Sault Ste. Marie Official Plan (OP) places high priority on the enhancement of the Downtown. Section 6.9 describes specific community improvement policies. The OP identifies the Downtown Area (as illustrated in s. 1.5) is designated as a CIPA.

The following OP sections outline specific policies relevant to the Downtown:

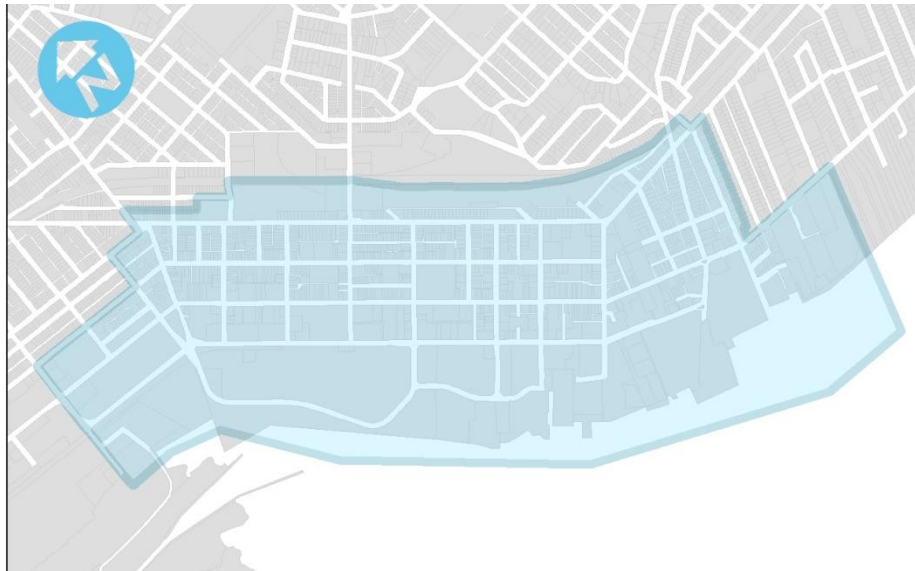
- Part III – Economic Development: Marketing
- Part VI – Social Development: Housing
- Part VII – Physical Development: Built Environment, Urban Design, and Commercial Land Use

1.4.4 The Corporation of the City of Sault Ste. Marie Corporate Strategic Plan

The Corporate Strategic Plan identifies vibrant downtown areas as a priority in the “Quality of Life” focus area. Specifically, the CSP identifies “creat[ing] a vibrant and attractive downtown that contributes to the vitality and resiliency of our City.”

1.5 Community Improvement Project Area

The City of Sault Ste. Marie Downtown Community Improvement Plan applies to the downtown area as defined under the City of Sault Ste. Marie Official Plan. The downtown is defined as those properties bounded by or with frontage on **the north** – Wellington Street, including properties on Bruce Street south of Huron Central Railway; **the east** – Church Street and Queen Street East and the easterly property line of the former hospital lands; **the south** – St. Mary’s River waterfront; and **the west** – North Street, Cathcart Street, Albert Street West, and Huron Street, including the developments at the old St. Mary’s Paper site.



1.6 Companion Urban Design and Façade Improvement Guidelines

The Downtown CIPA is an area of the community that is unique in terms of both built form and function. The Downtown Urban Design and Façade Guidelines will be enforced as a companion document to this CIP to accentuate the unique character of this area. The Guidelines are a tool to establish a design framework for new development and restoration of historic buildings. They establish a shared vision for the look and feel of downtown, including provisions for building form and construction materials and treatments. The guidelines will also direct property owners interested pursuing a façade improvement grant to appropriate materials and general architectural principles.

2.0 The Downtown Community Improvement Plan

2.1 Downtown Vision

In 2007, the City and Downtown Association developed the following vision for the downtown, which remains relevant today:

i) More than a main street – a 'true' neighbourhood:

The downtown is more than a main street (Queen Street). It is more than a place to shop or work; it is a desirable place to live, a place to come from: a 'neighbourhood' in the most traditional sense. The downtown neighbourhood is home to many generations, young and old. It is a desirable and welcoming place for all demographics; families, young professionals, and retirees.

ii) An authentic place:

The downtown neighbourhood is a showpiece in the community yet is also an authentic place that embraces and balances its natural and built heritage and history while accommodating the changing needs and preferences of the community.

iii) A 24/7 neighbourhood

The downtown is a neighbourhood that lives beyond office hours; the streets are not 'rolled up' after 5pm. The new downtown neighbourhood will be alive and active during the day, in the evening, on weekends, and throughout all seasons.

iv) The entertainment and cultural centre of the city

The downtown neighbourhood is the place that the community and its visitors go to entertain and be entertained. It is home to Sault Ste. Marie's premier visitor/tourist and cultural attractions as well as a variety of complementary services, facilities, and events to entertain and fulfill individuals, families, and couples for an afternoon or evening.

v) A marketplace shopping experience

The commercial offerings of the downtown neighbourhood provide a unique experience for Sault Ste. Marie residents. It contrasts the impersonal and corporate nature of big box stores and the Station Mall. Downtown merchants are independent, investing in the neighbourhood, and purveyors of high quality goods and services.

vi) A well-connected place

The physical and visual connections of the downtown neighbourhood are prominent and easy to understand. There are logical and convenient means for pedestrians and vehicles to move into and within the downtown and its various activity and land use nodes.

vii) A safe place

People feel safe downtown. The new downtown neighbourhood is known for its low incidence of crime and accidents. It feels safe and is safe to be out at night, to cross the street and walk along side streets and alleyways.

2.2 The Downtown Strategy

The Downtown Strategy was developed as a comprehensive action plan to achieve the community vision. It is structured around the following six strategic directions, which build on growing investment and address the downtown's systemic challenges:

- i) Preserve downtown as commercial, cultural, and administrative core – physically concentrating services, sectors, and industries creates a definable district and generates synergies
- ii) Develop a vibrant residential neighbourhood – a critical mass of people living downtown is fundamental to achieving sustainable prosperity. Residents should reflect diverse income levels, ages, and household types.
- iii) Encourage active use of downtown spaces – ensuring continual activity and programming in public spaces helps establish a connection to the space and make people feel safe and more comfortable
- iv) Facilitate beautiful streets and open spaces – our downtown public realm is what makes Sault Ste. Marie unique. Enhancing the public realm is beneficial for attracting newcomers, specifically youth, and making our city more livable
- v) Improve mobility and linkages – making the downtown a more comfortable place for walking and cycling increases accessibility to amenities and services for individuals who do not use vehicles. This is especially critical considering the growing number of seniors living downtown.
- vi) Ensure action and collaborative leadership – for the strategy to achieve success, the City must rely on support from community partners. Furthermore, continual dialogue with downtown stakeholders is fundamental to maintain accountability and continual action.

2.3 Goals and Objectives

The DCIP's goals and objectives are based on the strategic directions established in the Downtown Strategy to achieve the community vision. The following goals reflect the targeted nature of the incentive programs incorporated in the DCIP:

- Attract commercial and residential investment to the downtown core that increases commercial and dwelling densities
- Decrease vacancies
- Increase the amount of entertainment, food, and cultural opportunities in the downtown
- Monitor the performance of the DCIP on an ongoing basis as evidence that the goals of the Downtown Strategy are being met

3.0 Incentive Programs

Figure 1: Riverwalk Condominiums



3.1 Municipal Tax Increment Grant for Major Developments

3.1.1 Intent and Eligibility

This program seeks to support the redevelopment of underutilized, vacant, and brownfield sites in Downtown Sault Ste. Marie through a rebate of the Municipal portion of property taxes. Developers are less likely to invest in large-scale projects without incentives. Major investment catalyzes further economic activity and advances DCIP goals including residential intensification, high quality urban design, and promoting mixed use development.

To be eligible for a major development MTIR, an applicant must be:

- Registered owner or assessed owner (or their assignee/agent) of a property
- Located within the CIPA
- Demonstrate investment of over \$500,000 in the rehabilitation of an existing downtown property

3.1.2 Funding

The value of the TIEG is equal to the difference between the current tax level of a property – before any redevelopment work – and the future tax level after development is complete and the property is reassessed. This grant is provided on a declining rate basis for a

maximum four year period. When an approved project is complete, a grant will be paid annually by the City to the eligible applicant following the full payment of property taxes.

Year	Percentage of tax increment that is rebated
1	100%
2	75%
3	50%
4	25%
5	0%

3.2 Grant Programs

3.2.1 General Eligibility Requirements

To be eligible for a grant, an applicant must be a registered owner (or their assignee/agent) of a commercially-zoned property within the CIPA **or** tenant of a property within the CIPA with registered owner’s written permission to undergo renovations. Properties must not be in tax arrears nor possess any outstanding Building/Fire code violations.

All applications must include a comprehensive design strategy and layout/concept plan for proposed renovations developed by a certified design professional. Applicants must demonstrate the comprehensive nature of their proposed renovations with cost estimates and a proposed timeline for the project. Enforcing a high standard of design for successful grant applicants will contribute to the Downtown Strategy’s overarching objectives.

3.2.2 Building Activation Grant for Vacant Spaces



Figure 2: 180 Projects

3.2.2.1 Intent and Eligibility

This grant seeks to increase vibrancy of the downtown core through a target focus on the rehabilitation of vacant commercially-zoned properties. Properties are considered vacant if they qualify for a vacant unit rebate, where the building has been unoccupied for 90 days.

The grant provides developers and property owners with financial support to convert and/or rehabilitated vacant properties into viable commercial and/or residential uses for prospective tenants.

Renovation projects must be comprehensive to qualify for the grant; one-off projects and/or piecemeal individual improvements that are not visible, significant transformations will not be considered. Eligible costs for the grant include expenses borne by the applicant relating to materials, labour, equipment, and professional fees associated with building restoration, improvement, and barrier free improvements to the interior of the building. Mechanical and structural upgrades (e.g., roof repair and HVAC replacement) are basic responsibilities of building owners and are therefore ineligible for funding as standalone projects.

3.2.2.2 Funding

Grants are allocated on a matching funds basis up to a maximum of \$20,000. Pre-application design fees up to \$2,500 will be eligible for reimbursement upon successful acquisition of the grant. The grant amount will be determined on the overall investment, quality, and significance of the improvement to the Downtown Area.

3.2.3 Façade Improvement Grant



Figure 3 Arturo Ristorante

3.2.3.1 Intent and Eligibility

This program seeks to enhance the appearance of downtown commercial properties, acknowledging the significant role main street facades play in contributing to a unique identity and character for the downtown. The proposed project must be a comprehensive redesign of the existing façade, not a collection of individual improvements.

Proposed renovations must conform to design parameters identified in the Downtown Urban Design Guidelines. Applications that do not conform to these guidelines will not be successful in obtaining the grant.

An application must include a conceptual drawing from a registered design professional demonstrating colours, materials, signage, lighting, windows, doors, etc. as a precondition for approval.

3.2.3.2 Funding

This grant is administered on a matching funds basis, to a maximum of \$20,000. Pre-application design fees up to \$2,500 will be eligible for reimbursement upon successful acquisition of the grant.

3.2.4 Upper Floor Residential Conversion Grant



Figure 4 Upper Floor Apartments

3.2.4.1 Intent and Eligibility

This grant encourages residential intensification along Queen Street and increase the range of housing options in the downtown core. It assists property owners with the cost of building improvements required to convert upper-storey nonresidential units to residential dwelling units.

Eligible costs include design work, materials, equipment, and contracted labour.

Prior to submitting an application, a consultation meeting with Planning and Building Division staff must occur to identify the scope and any remediation studies required to facilitate a residential conversion. If a Record of Site Condition is required for conversion, the applicant may not submit an application until the RSC is completed.

3.2.4.2 Funding

This grant is administered on a matching funds basis, to a maximum of \$15,000.

3.2.5 Rear-Yard Patio Conversion Grant



Figure 5 Rear-yard Patio

3.2.5.1 Intent and Eligibility

This grant encourages businesses to capitalize on underutilized rear yard space by establishing permanent patio infrastructure. Patios are critical components of a vibrant street life.

Eligible costs include materials, labour, and design work required to prepare the patio space. Applications for grants for patios on City property are not eligible.

3.2.5.2 Funding

Grants are allocated on a matching funds basis up to \$5,000.

4.0 Implementation and Monitoring

4.1 General Conditions

To be eligible for the program, the applicant must:

- Not be in tax arrears
- Have no outstanding work orders from the City's Building Division and Fire Department – requests to comply must be addressed prior to grant approval

4.2 Activation

This Plan shall come into effect the day after the approval of the adopting by-law, contingent upon securing NOHFC and FedNor funding. The DCIP will remain in effect for three years but may be extended by City Council subject to appropriate review and notice.

4.3 Administration Process

The financial incentive programs offered through this DCIP will be administered by the Planning Division. Grant applications will be reviewed and recommended for Council approval by the Downtown Community Improvement Committee, consisting of representatives from the City's Planning, Building, Engineering, Public Works, and Finance Departments and a certified design professional. Final decisions shall be made by City Council. The City will develop a guide for each incentive program that will assist with interpretation and administration by applicants and staff.

The grant application will require applicants to identify goals and a vision for their proposed project. If the outcome of renovations is not deemed congruent with the works proposed in the initial application for which the grant was approved, the applicant will not be reimbursed. The incentive program guide will provide more information on the application procedure and requirements.

4.4 Amending Policies

City Council will review this CIP at regular intervals to ensure that the intent and project objectives are being met. City Council may discontinue or modify all or part of the program incentives without a formal amendment to the CIP. The addition or increase in value of a grant or loan program shall likewise require an amendment to this Community Improvement Plan.

The monitoring results (empirical, qualitative, and feedback from applicants) will be used to improve the program by recommending adjustments such as eligibility requirements, evaluation, and the administration process. The City may review and adjust the level, terms, and requirements of the financial incentive programs and make adjustments as required.

4.5 Marketing

Program success is contingent upon a comprehensive marketing strategy. The following techniques will be used to raise awareness of the program and achieve desired objectives:

- Harness BIA to serve as community champion for CIP
- City staff outreach to downtown businesses and property owners
- Utilize social media, specifically Facebook and Twitter
- News releases for distribution to local media outlets and the city's webpage
- Information and resource hub on City web page

4.6 Monitoring

Performance measurements are based on the CIP's stated goals and objectives. These indicators align with the strategic objectives identified in the Corporate Strategic Plan. The following are examples of statistics that will be monitored for the evaluation of the DCIP:

- Number of successful applicants
- Project details as proposed by application
- Municipal assessment and taxes prior to commencement of approved project
- Square footage of habitable floor space created
- Square footage of industrial or commercial space rehabilitated or constructed
- Acreage of land remediated and/or redeveloped
- Vacancy rates
- Total value of investment; public vs. private investment; capital works, facilities investment
- Increase in assessed value of property and municipal property taxes upon completion of project
- Total dollar amount granted by tax increment annually
- Number of new businesses created, maintained, expanded, modernized
- Number of new jobs
- Number of new residential units created within the CIPA
- Types of new businesses, e.g., knowledge base, information technology, communication, service, retail, etc.

All successful grant holders will be required to complete a follow-up questionnaire one year following project completion to assist in identifying the impact of grants on individual businesses and the downtown overall.

5.0 Appendices

5.1 Grant Program Summary Table

Name	Objective	Funding
Building Activation Grant for Vacant Spaces	Provides support to convert and or rehabilitate vacant properties into viable commercial and/or residential uses for prospective tenants	Allocated on a matching funds basis to a maximum of \$20,000. Pre-application design fees up to \$2,500 will be eligible for reimbursement upon successful acquisition of the grant.
Façade Improvement Grant	Support to enhance the appearance of downtown commercial properties and the public realm	Allocated on a matching funds basis to a maximum of \$20,000. Pre-application design fees up to \$2,500 will be eligible for reimbursement upon successful acquisition of the grant.
Upper Floor Residential Grant	Encourage residential intensification by incentivizing conversion of upper floor space of commercially-zoned buildings to residential	Allocated on a matching funds basis to a maximum of \$15,000
Rear Yard Patio Conversion Grant	Encourages permanent patio infrastructure in the rear yards of commercially zoned properties	Allocated on a matching funds basis to a maximum of \$5,000
Municipal Tax Increment Rebate	Support the large-scale redevelopment of underutilized, vacant, and brownfield sites through rebating a portion of municipal property taxes	The value of the rebate is equal to the difference between the current tax level of a property – before any redevelopment work – and the future tax level after development is complete and the property is reassessed. The grant is provided on a declining rate basis.