



## REPORT

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**TO:** Mayor Bonnette and Members of Council

**FROM:** Erin Kaiser, Manager of Economic Development & Innovation

**DATE:** January 20, 2022

**REPORT NO.:** ADMIN-2022-0002

**SUBJECT:** Community Improvement Plan (CIP) Update – Directions Report

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### RECOMMENDATION:

THAT Report No. ADMIN-2022-0002, dated January 20, 2022, regarding the Community Improvement Plan (CIP) Update – Directions Report, be received;

AND FURTHER THAT Council direct staff to proceed with the recommended suite of programs, as outlined in report ADMIN-2022-0002, and integrate these into the Draft Community Improvement Plan (CIP);

AND FURTHER THAT staff prepare the Draft CIP for public and agency review, followed by a Public Meeting;

AND FURTHER THAT staff incorporate all applicable public and agency feedback received on the Draft CIP into the Final CIP, and present it to Council for their consideration;

AND FURTHER THAT staff transfer the remaining balance, as at December 31, 2021 of the Manufacturing Expansion Fund (MEF) capital project (1100-10-0105), into the Community Improvement Plan (CIP) capital project and that project 1100-10-0105 be closed upon approval of Report RPT-ADMIN-2022-0002;

AND FURTHER THAT staff redirect \$10,000 per year, beginning in 2023, from the Municipal Accessibility Plan into the CIP capital project to accommodate the new CIP's Commercial Property Accessibility Program, subject to approval each year by Budget Committee and on-going affordability as directed by the Town's Long Range Financial Plan;

AND FURTHER THAT staff refer all future year budget requests for the Community

Improvement Plan (CIP) program to Budget Committee for consideration and approval, subject to affordability of the Town's Long Range Financial Plan.

## **KEY POINTS:**

The following are key points for consideration with respect to this report:

- The Community Improvement Plan (CIP) is one of the Town's key tools to support local businesses and encourage revitalization and private sector investments that provide community benefits.
- A comprehensive review and update of the Town's Community Improvement Plan (CIP) commenced in late 2020 with the hiring of professional consultants Sierra Planning and Management. Council approved the project's Terms of Reference in August 2020 via report ADMIN-2020-0019.
- The new CIP will leverage the strengths of the existing program, while responding to current needs and opportunities and maximizing economic development and community benefits through a modernized program.
- The Town is currently in Phase 3 of the 4-phased CIP Update project. The Draft CIP is the final deliverable of Phase 3 (as outlined in Report ADMIN-2021-0033).
- This report outlines the recommended suite of programs that are recommended to be included in the Draft CIP for Council's review. The recommended program suite is cross-disciplinary in scope and designed to support multiple Town priorities, including economic development, main street revitalization, brownfield redevelopment, affordable housing, climate change, accessibility and heritage.
- The recommended suite of programs can be fully funded starting from the time of the new CIP's approval, hence no new additional funding is anticipated to be needed until 2024.
- The Draft CIP is anticipated to be posted for public and agency review later in February 2022, followed by a Public Meeting. Feedback received on the Draft CIP will be incorporated into the Final CIP.

## **BACKGROUND AND DISCUSSION:**

### **1. Existing CIP**

In 2010, the Town's CIP was approved by Council. At the time, the Town's CIP was one of the most comprehensive in Ontario and included a variety of financial incentives and municipal leadership programs, tailored to address key community improvement issues in both the urban and rural areas of Halton Hills.

Among other things, the CIP programs were designed to encourage brownfield redevelopment, revitalize downtown Acton and Georgetown, encourage additional landscaping in industrial areas, and support the agricultural sector. Amendments to the CIP have been made over the years to provide additional flexibility.

Since its approval in 2010 and subsequent funding allocation starting in 2014, the CIP has been successful at encouraging private sector investment, especially through building, façade, and landscape improvement grants; as well as grants for environmental site assessments (ESAs). Since 2014, the Town has processed about 30 applications and allocated about \$349,000 in grants/loans. Since 2017 alone, the CIP has resulted in over \$1,000,000 in public and private sector investment for CIP-related improvements.

## **2. CIP Update Project Overview**

The CIP is a key economic development tool. It is a catalyst for encouraging, accelerating and facilitating desirable revitalization and redevelopment - aligned with and in support of clear public interest goals. This includes supporting the vibrancy of the downtown areas and the expansion and retention of existing businesses, and the associated jobs. The Town's current CIP has been in place for over 10 years and was in need of an update to ensure its continued success.

The CIP Update builds on the existing program's strengths and successes, while exploring potential additional tools and incentives to encourage impactful community improvement, and to maximize CIP's benefits.

The project is being completed in four phases (Figure 1):

### **Phase 1: Background Review**

The Background Review Phase has been completed. The Background Discussion Report was received by Council through Report ADMIN-2021-0033, dated June 18, 2021.

The Background Discussion Report included the relevant legislative and local policy framework; analysis of the Town's current CIP programs, historic take-up, evaluation process and overall success; character assessment of existing CIP sub-areas and other key areas throughout Halton Hills for consideration as part of the CIP Update; and case study review of CIP best practices from municipalities across the Greater Golden Horseshoe.

### **Phase 2: Stakeholder Consultation**

Stakeholder consultation took place in tandem with the Background Review phase and included a robust engagement plan to inform the Draft CIP.

Community engagement included:

- Four meetings with the Technical Advisory Committee (TAC), plus several individual meetings.
- Four meetings with the CIP Community Consultation Group (CCG)
- Establishment and updates of a [dedicated project webpage](#)
- Engagement in a [Let's Talk Halton Hills page](#)
- Targeted online survey for property owners and tenant businesses

- Inclusion of prior feedback gathered from earlier Town engagements/surveys
- Engagement of Subject Matter Experts, including consultation with community stakeholders such as the Business Improvement Areas (BIAs) and a number of Town Committees, including:
  - Heritage Halton Hills
  - Accessibility Committee
  - Cultural Services Committee
  - Tourism Advisory Committee
  - Affordable Housing Working Group
- Four Focus Group sessions organized by stakeholder type to ensure coordinated and thorough feedback. Groups included: small and medium businesses; large employers; developers/landowners; and agricultural/rural area stakeholders
- Engagement with Halton Region
- Engagement with the Town of Halton Hills' Senior Management Team
- The CIP Update was also noted with the Town's Economic Support and Recovery Task Force

### Phase 3: Draft CIP

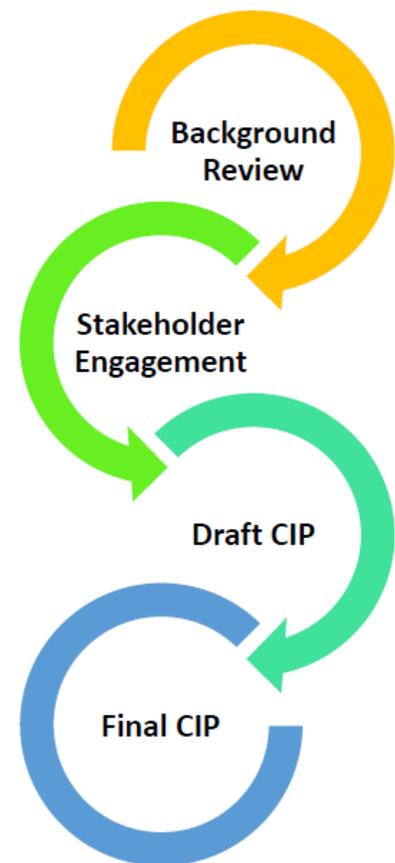
The CIP Update is currently in Phase 3. A preliminary suite of programs for inclusion into the new CIP was presented to the project's Community Consultation Group, Technical Advisory Committee (TAC), and the Senior Management Team. Individual meetings were also organized with TAC members to maximize and leverage alignment with cross-departmental and corporate initiatives.

Based on consultation, coordination and feedback provided, a recommended suite of programs, per this report, is recommended to be integrated into the new CIP. Pending approval of this report, the Draft CIP will be finalized and posted for community and agency review.

### Phase 4: Final CIP

Phase 4 will integrate feedback received on the Draft CIP into the Final CIP, as appropriate. The final CIP will be then presented to Council. In addition, a Marketing Plan will be prepared.

**Figure 1: Four Phases of the CIP Update**



### 3. Key Considerations for the CIP Update

The proposed new CIP will be aligned with and, where applicable, leverage key Town plans, strategies, programs, and initiatives, including the new five-year Economic Development and Tourism Strategy. The update will help ensure that the CIP continues to be effective, impactful, flexible and streamlined.

Key considerations for the Update have included:

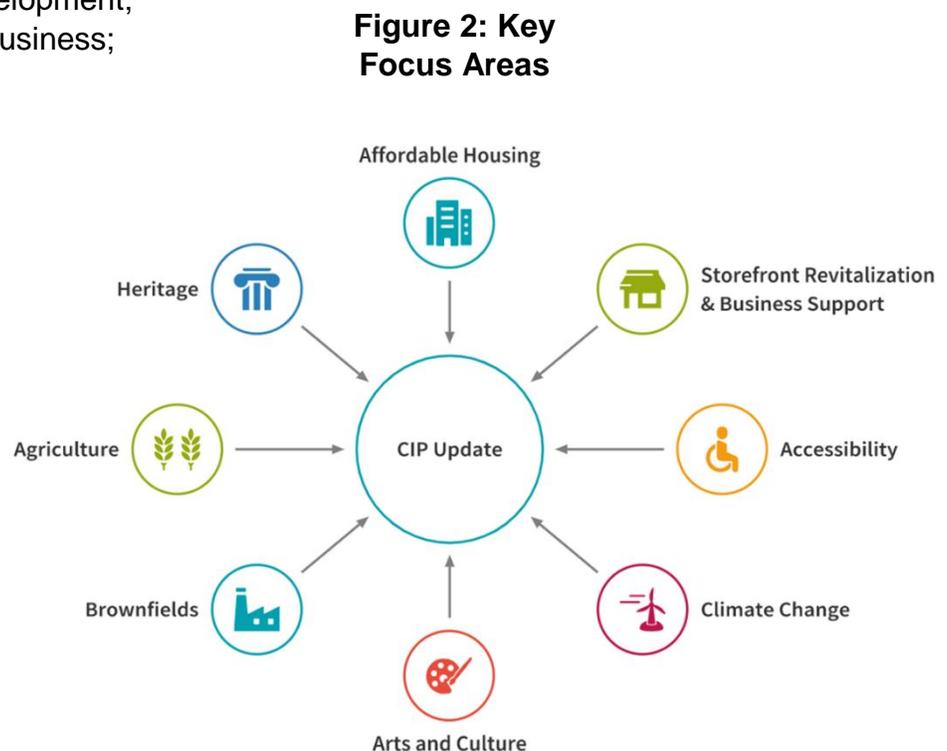
- Leveraging strengths of the current CIP while advancing related Town priorities
- Tailoring programs that are responsive to local needs and maximize community benefits
- Positioning the new CIP as an ‘umbrella’ program with a one-window approach
- Streamlining implementation and consolidating programs to maximize uptake
- Maximizing private sector investment and encouraging strategic developments that would otherwise not occur or would be delayed/reduced
- Supporting existing businesses, their growth and job retention
- Maximizing use of available funding

The Town’s economic development goals and strategic priorities, as well as other key Town priority areas, were taken into consideration when determining the main areas of focus for the new CIP. Key focus areas have included (Figure 2):

- storefront/main street revitalization;
- affordable housing;
- brownfield redevelopment;
- agriculture/agri-business;
- heritage;
- arts and culture;
- climate change/energy efficiency; and
- accessibility.

In addition, the inclusion of an Economic Assistance Program (EAP) was also investigated as part of the original CIP Update Terms of Reference. This included exploring the feasibility of financial supports for businesses impacted

by COVID-19. The Town has been taking proactive and coordinated action throughout



the pandemic with numerous supports being implemented in parallel with the CIP Update. The launch of the Economic Recovery and Resiliency Plan (ERRP) includes the use of the CIP as one of the initiatives that will aid in the recovery and resiliency of businesses. Given actions already taken by the Town to support businesses through the pandemic, it has been concluded that the original objectives behind the need for an Economic Assistance Program as part of the CIP Update have been achieved. Therefore, it is recommended that an Economic Assistance Program within the new CIP is not necessary.

#### **4. Recommended Suite of Programs**

The recommended suite of programs has been carefully developed to maximize community benefits, respond to stakeholder feedback, and enable their implementation while acknowledging available staff and financial resources. As the CIP Update advances towards the Draft and Final CIP, refinements to the recommended programs may be made pending any additional feedback. The recommended program suite is cross-disciplinary in scope and supports multiple Town priorities, including economic development, main street revitalization, affordable housing, brownfield redevelopment, climate change, accessibility and heritage. While Appendix 1 outlines the recommended program suite in more detail, including applicable geography and financial assistance amounts, a brief overview is provided below. There are 10 new and/or modified programs:

##### **Updated/Modified Programs:**

1. Façade Improvement Program
  - Encourages and supports private sector property owners in the downtown areas to implement aesthetic and heritage improvements to their property(ies). Enhanced visual aesthetic of the downtowns contributes to their vitality and helps create a vibrant pedestrian environment for shoppers and visitors, hence supporting local businesses.
2. Building and Property Renovation Program
  - Supports significant renovations of existing commercial, heritage and other non-residential buildings in the downtowns, including the conversion of upper floor space to residential and/or office use. Building improvements can result in higher property assessment(s) and support commercial economic recovery, property rejuvenation, and bring additional land uses into the urban core.
3. Agricultural Building Renovation Program
  - Supports on-farm diversification through the restoration, renovation, and improvement of existing agricultural buildings (including facades)

for 'value-added' agricultural uses. Encouraging these uses supports diversifying farm operations and contributes to the local economy.

4. Environmental Site Assessment (ESA) Program

- Assists in further specifying the extent and nature of environmental contamination through a Phase II ESA study and development of any Remediation Action Plan. This additional environmental work provides more information on the type of contamination and potential remediation costs on brownfield properties in support of redevelopment.

5. Multi-stream Tax Increment Equivalent Grant (TIEG) Program

- Leverages increased property tax assessment and helps reduce financial costs of property (re)development that meets strategic public/Town interests/goals, including objectives related to economic development, affordable housing, environmental improvements, re-use of brownfields, and continued investment in the historic downtowns of Acton and Georgetown. The Town also benefits from the resulting revaluation and increase in taxes on the property over the long term.
- Includes four streams:
  - i. Brownfields
  - ii. Downtown Commercial
  - iii. Employment
  - iv. Affordable rental housing

6. Planning Fees and Building Permit Grant

- Assists in encouraging new priority non-residential and affordable housing developments through a grant equivalent to the reduction in applicable planning and building permit fees. In tandem with other program supports, this grant supports new development through reducing initial regulatory costs.

### **Proposed New Programs**

7. Commercial Property Accessibility and Energy Efficiency Retrofit Program

- Promotes accessibility improvements and energy retrofits to existing commercial and mixed-use buildings through a grant.
- Includes two streams:
  - i. Accessibility Improvements
  - ii. Energy Retrofit

8. Non-Residential Development Charge (DC) Deferral – Interest Program
  - Assists in significant (re)development of key sites by providing a grant to cover a portion of the interest charged through the Town’s non-residential DC deferral policy (CL-2012-0002). The Town benefits from new development which raises assessment and brings properties into more productive use.
9. Affordable Housing Development Charge (DC) Related Program
  - Encourages the development of affordable rental housing through a 20-year deferral of DCs. This approach mirrors Halton Region’s DC deferral policy for affordable rental housing.
  - This program, along with others, is anticipated to maximize the Town’s capacity to effect positive change in the housing market, resulting in the development of more and varied forms of local affordable housing.

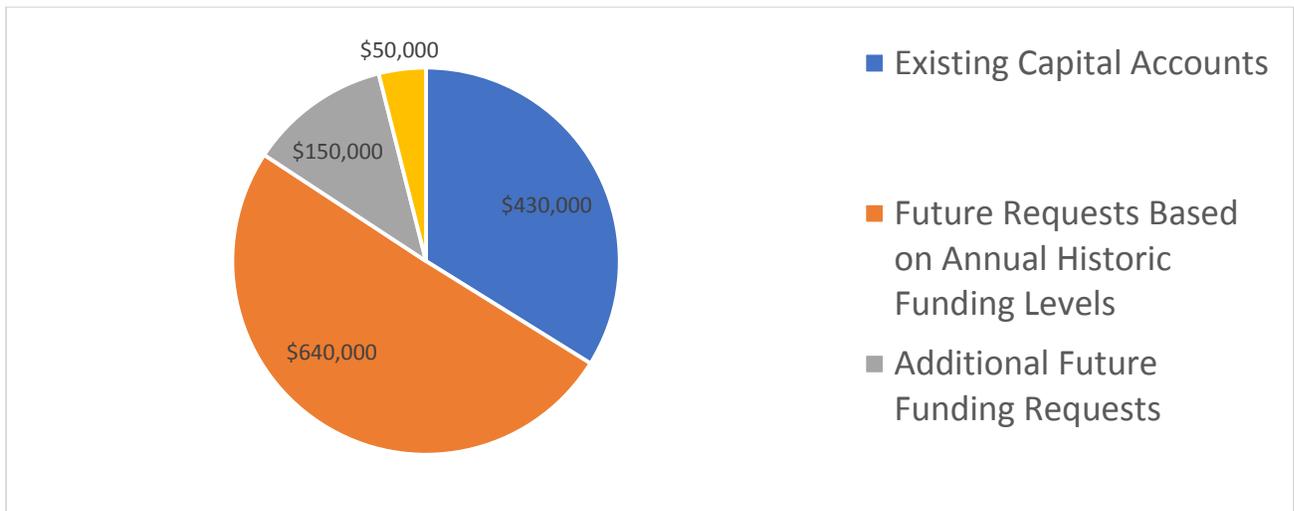
**Continuing/Unchanged Program:**

10. Environmental Remediation Tax Cancellation Assistance Program
  - Assists environmental rehabilitation of eligible properties (determined by the Town) through the cancellation of property tax increases from the remediation and redevelopment.
  - This program is based on a provincial program, the Brownfields Financial Tax Incentive Program (BFTIP), which allows municipalities to apply to receive provincial education property tax assistance to match municipal property tax assistance provided by the Town.

**5. Financial Plan**

In determining the recommended new suite of programs, a key objective was to ensure that each program was actionable, implementable and could be funded at the time of the new CIP launch. To achieve this, a Financial Plan was prepared in consultation with Finance staff. The draft Financial Plan is based on an estimate of the number of CIP applications that are anticipated to be approved for each program over the course of five years from the date of the new CIP’s approval. Projected allocation of funding for the CIP over the 5-year period is illustrated in Figure 3.

**Figure 3: Projected CIP Funding Allocation, 2022-2026**



The current CIP operates with an annual budget allocation of \$107,500. Although uptake of existing programs has been successful, some programs were not promoted nor actively implemented due to a lack of additional funding and/or the necessary internal resources/process not yet having been put in place. For example, the existing CIP contains multiple tax increment grant programs that have not been implemented as the process for delivering such programs was not yet established.

Due to the significant impacts of the pandemic on businesses, many have had to hold off any planned improvement projects to focus on business survival. Given this, the current CIP capital account has a balance of about \$385,000. The availability and utilization of this balance is critical to operationalizing the new CIP. Access to this balance will make implementation financially viable without requiring additional financial contributions at this time. It will allow the new CIP to be funded immediately upon its approval. As Council will recall, one of the challenges with the existing CIP was that it was not actually funded until 2014, despite being approved in 2010.

In addition to the use of the existing balance, it is recommended that historical funding for the capital project Manufacturing Expansion Fund (MEF) (1100-10-0105) in the amount of \$40,000 per budget year, along with the existing capital account balance of approximately \$94,000, be redirected to the new CIP. As part of the new CIP, Town staff are recommending to Council that the existing MEF (1100-10-0105) be sunset and closed as it has achieved its objectives and, going forward, greater benefits can be generated through the absorption of the MEF into the new CIP to create a streamlined approach to the Town's incentive programs.

To support business accessibility improvements, and following consultation with the Accessibility Committee, Town staff also recommend that \$10,000 per year of the current budgeted \$50,000 allocation for the Municipal Accessibility Plan be redirected to

the new CIP's "Commercial Property Accessibility Program", commencing with the 2023 budget year. This annual allocation will be subject to the on-going approval each year, of Budget Committee and must also fall within the affordability range of the Town's Long Range Financial Plan.

Assuming historical budgeted funding levels continue annually for the new CIP (including the reallocation of historic funding levels for the MEF and the transfer of the \$10,000 for accessibility initiatives), based on projected program uptake, the proposed new suite of programs can be funded until 2024. At that time, an additional \$50,000 per year is anticipated to be required to continue funding all programs within the CIP. This is because the existing balance is anticipated to be significantly depleted after implementing the full CIP within the first two years, and additional funding will be required to continue financing programs over the remaining 5-year period. The request for additional annual funding of \$50,000 will be submitted for consideration by Budget Committee as part of future budget discussions, assuming on-going affordability as per the Town's Long Range Financial Plan.

Figure 3 shows the allocation of funding over five years. Over 85% of the funding is based on the continuation of historic funding levels. Only 12% is attributed to new funding requests over the 5-year span.

## **6. Next Steps**

The draft CIP is currently being finalized and will be posted in the near future for public review prior to the Statutory Public Meeting. Key next steps include:

- Draft CIP Released – February 2022
- Seek Ministry of Municipal Affairs and Housing Comment – February 2022
- Consult with Community Consultation Group and Halton Region – February 2022
- Statutory Public Meeting – March 2022

### **STRATEGIC PLAN ALIGNMENT:**

This report aligns to the Town's Strategic plan recognizing the value to foster a prosperous economy, maintain and enhance the economic vitality of the town through the provision of a wide range of opportunities for economic development.

This report also recognizes the value to foster a healthy community that provides a clean environment and a range of economic and social opportunities to ensure a superior quality of life in our community. It also identifies shaping growth as one of the Town's Strategic priorities.

## **RELATIONSHIP TO CLIMATE CHANGE:**

This report impacts and/or helps address climate change and the Town's Net Zero target through climate mitigation.

## **PUBLIC ENGAGEMENT:**

Public Engagement has been conducted as follows: Online Survey, Project Committees, Stakeholder Workshops, Subject Matter Expert Engagement, Establishment of Project Webpages; and Promotion via e-newsletter and stakeholder meetings (e.g. BIA and Chamber update meetings).

## **INTERNAL CONSULTATION:**

Town staff from Finance, Recreation and Parks, Planning and Development, and Climate Change (members of the Technical Advisory Committee) were consulted on the update of the CIP. The Town's Senior Management Team (SMT) was also engaged.

## **FINANCIAL IMPLICATIONS:**

This report has the potential to require funding in a future budget year and therefore needs to be referred to budget committee for tracking purposes.

As noted above, an additional \$50,000 per year is anticipated to be required beginning in 2024 in order to continue funding all programs within the CIP. This future funding requirement will be reviewed and submitted for consideration by Budget Committee as part of annual budget processes, assuming on-going affordability as per the Town's Long Range Financial Plan.

Reviewed and approved by,

Damian Szybalski, Director of Economic Development, Innovation & Culture

Chris Mills, Chief Administrative Officer