

City of North Bay

Report to Council

Report No.: CSBU 2004-07

Date: January 22, 2004

Originator: J. B. Fior

Subject: 2003 Annual Report - Downtown Community Improvement Plan

File No.: D00/2004/CNB/DCIP/0001

ITEM FOR CONSIDERATION

1) That the 2003 Annual Report for the Downtown Community Improvement Plan be received.

BACKGROUND

2003 DCIP Program Highlights

- *47 Funding Applications Processed (22 Applicants/47 Applications)*
- *5 Vacant Buildings Purchased for Revitalization and Re-Use*
- *6 New Businesses Established with DCIP Assistance*
- *New Employment: 88 Short-Term Jobs
: 56 New Permanent Jobs (Full-Time and Part-Time)*
- *Estimated Value of Private Sector Investment/Reinvestment: 1.1 Million*
- *Investment Ratio (Private Sector/Public Sector): 5/1 (excluding building, business, and/or franchise purchases)*

Program History

In December of 2002, Council approved the Downtown Community Improvement Plan (DCIP) for implementation providing a mechanism to promote investment in a very important historical commercial area of the city. The DCIP Implementation Program was initiated after budget approval in April 2003. Two key funding components of the DCIP are the grant, loan and exemption programs. These include:

- Planning and Building Fees Rebates
- Exemptions from Parking Requirements
- Exemptions from Development Charges
- Feasibility Study Grants
- Façade Improvement Grants

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- Tax Increment Based Grants for the Rehabilitation or Redevelopment of Older Buildings and Under-Utilized Sites
 - Rehabilitation and Redevelopment Loans

Council approved funding in the amount of \$90,000 for the grant programs through the budget process. Council also allocated \$250,000 for the loan program through the approval of the implementation program. The loans are no interest loans that are repayable over a five-year period. An Application Review Team, consisting of one representative each from the Downtown Improvement Area (DIA) and the Chamber of Commerce and representatives from several City Departments, was established to review and make decisions on the applications.

The response to the DCIP has been overwhelming and the resulting projects have already had an enormous positive effect on the Downtown. In 2003, 22 applicants submitted 47 applications for processing. The DCIP Working Group had anticipated receiving between five and ten applications in the initial year of implementation. The applications include requests for funding for feasibility studies, façade improvements and external and internal renovations to existing buildings. Several potential applicants had voluntarily deferred submitting their applications until 2004 due to the high demand for funding assistance in 2003. In less than four months of implementation the allocated funding for the programs has been depleted due to the response to the program.

ANALYSIS / OPTIONS

Applications

Many of the initial applications for funding assistance were incomplete. Staff and the Application Review Committee worked closely with applicants to provide assistance with the preparation and submission of applications.

In 2003, there were 47 applications submitted by 22 applicants (See Attached Appendices). There were 33 Grant Applications (12 Feasibility Study Grant applications and 21 Façade Improvement Grant applications) and 14 Building Rehabilitation and Redevelopment Loan applications. Several of the applicants submitted applications for each of the grant programs and the loan program as well.

Grant Applications

The Application Review Team has taken a cautious approach with grant approvals due to the demand that existed and the limited amount of grant monies available.

Twelve Feasibility Study Applications were submitted for a total requested amount of \$58,500.00. Nine of the 12 Feasibility Study Grant applications submitted were approved for a total of \$43,500.00. An additional 3 applications were received for funding assistance totaling \$15,000.00 but have not yet been dealt with/approved.

Twenty-one Façade Improvement Applications were submitted for a total requested amount of \$252,229.55. *Not every applicant received the full amount of the funding assistance requested.*

Fifteen of the 21 Façade Improvement Applications were approved for a total of \$135,212.50. An additional 6 applications were received for funding assistance totaling \$82,000.00 but have not yet been dealt with/approved.

Therefore, 24 grant applications were approved for a total of \$178,712.50. There was also an additional 9 grant applications submitted, but not approved in 2003, for a requested amount of \$97,000.00.

Table 1 provides a summary of the 2003 applications for the two grant programs.

TABLE 1 – DCIP GRANTS

	2003 Budget	Number of Applications	Total Funding Requested	24 Approved Applications	9 Outstanding Applications
Grants	\$190,000.00*	33	\$310,729.55	\$178,712.50	\$97,000.00

***Note:** The original budgeted amount was \$90,000.00

Loan Applications

Fourteen Building Rehabilitation and Redevelopment Loan applications were submitted for a total requested amount of \$412,500.00. *Not every applicant received the full amount of the funding assistance requested.*

Eight of the 14 loan applications submitted were approved for a total of \$259,600.00. An additional 6 applications were received for funding assistance totaling \$179,900.00.

Table 2 provides a summary of the 2003 applications for the loan program.

TABLE 2 – DCIP LOANS

	Approved Allocation	Number of Applications	Total Funding Requested	8 Approved Applications	6 Outstanding Applications
Loans	\$350,000.00*	14	\$412,500.00	\$209,600.00	\$179,000.00

***Note:** The original allocated amount was \$250,000.00

The DCIP Program Costs

The costs for the implementation of the DCIP include budgeted grant monies, disbursements (legal), lost interest associated with loans, Planning and Building fee rebates, and budgeted monies for potential future losses that may occur due to loan defaults.

Grants

Monies budgeted for the grant programs are a direct cost to the City. In 2002, the DCIP Working Group had requested funding in the amount of \$100,000. The budgeted amount was reduced to \$30,000 but was not utilized as the Ministry of Municipal Affairs and Housing did not approve the DCIP until the end of 2002. The budget request for 2003 was \$100,000. This was reduced through the budget process to \$90,000.

A report was presented to Council in July of 2003 that provided an update on the implementation of the DCIP. That report informed Council that, in less than four months of implementation, the allocated funding for the grant and loan programs had been depleted due to the overwhelming response to the program. Council then approved an additional \$100,000.00 for the grant programs and allocated an additional \$100,000 to the loan program

Loans

The cost of the Loan Program occurs in lost investment interest when monies are loaned to property and business owners on an interest free basis. The loans are interest free and repayable over 5 years. The lost interest cost is to be charged against the budget for the grant programs and is approximately \$1,422 in 2003 but will increase in 2004 as the amount of money loaned grows. The loans are to be fully paid back to the City over a five-year period that starts when the project work is completed.

Monies are also being set aside to cover any loan defaults that may occur in the future. Loans of up to \$4,999.99 are secured with a legal agreement. Loans between \$5,000 and \$50,000 are secured with a mortgage on title.

Other Project Costs

Other project costs associated with the implementation of the programs are also charged against the budget for the grant programs therefore reducing the available grant monies. These costs include:

- disbursements (i.e. legal costs associated with registering mortgages)
- lost revenues from the Planning and Building fee rebates
- future deferred increase in taxes associated with improvements

The following Table provides a summary of the estimated Program Costs for 2003.

TABLE 3 - 2003 DCIP PROGRAM COST SUMMARY

Grants	\$178,712.50
Legal	\$844.00
Lost Interest	\$1422.00
Building/Planning Fee Rebates	\$3000.00 (estimated)
Provisions for Future Bad Debt	\$6021.50 (remainder of funds)
TOTAL	\$190,000.00

The DCIP Program Benefits

There are many benefits that are being realized by the City and the Downtown through the implementation of this Plan. To date these include:

- New employment through construction, expanded and new businesses (an estimated 88 new short-term and 56 new long-term jobs)
- Retention and expansion of existing businesses
- Recruitment of 6 new businesses:
 - The Nutty Chocolatier - 108 Main Street East (specialty candy/gift store)
 - Tradetrue Securities - 106 Main Street East (securities trading)
 - Paul Fogarty Designs – 141 Main Street West (stained glass)
 - Trattoria Malka - 179 Main Street East (restaurant)
 - Jaeger Meisters - 130-132 Main Street West (restaurant)
 - Atmosphere Design Group - 150-154 Oak Street West (interior design)
- Redevelopment and re-use of existing vacant buildings – 5 vacant buildings purchased for revitalization
- A revitalized Downtown
- A healthy Downtown will reduce impediments to other new commercial development elsewhere in the city
- Increase in visitors to the Downtown
- No new development prior to DCIP implementation
- Increase in assessment associated with new construction and improvements to existing buildings
- Stabilization of property values and assessment
- Development of a positive attitude among businesses (an excitement has been created)
- Improved consumer interest and business confidence in the Downtown
- Provincial and National recognition of work
- Private sector reinvestment in the Downtown (approximately \$1.1 Million to date)
- Various spin-off effects

Summary

The DCIP has been an incredible success in its first year of implementation. In order to maintain the momentum that has been gained in the effort to revitalize the Downtown it is imperative that the implementation of the DCIP continues through 2004 and beyond. The implementation of the DCIP was expected to occur over 3 to 5 years initially with the potential for extension, if successful, at the end of that time.

RECOMMENDED OPTION / FINANCIAL IMPLICATIONS

No recommendation is being advanced as this is an information report for Council's consideration.

Respectfully submitted,

John B. Fior, Senior Planner

JBF

attach.

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We concur in this report and recommendation.

Jerry D. Knox
Managing Director,
Community Services Business Unit

David G. Linkie
Chief Administrative Officer

Person designated for continuance: John B. Fior, Senior Planner