



Staff Report for Council Meeting

Date of Meeting: April 27, 2022

Report Number: SRPI.22.050

Department: Planning and Infrastructure

Division: Policy Planning

Subject: **Richmond Hill Office Development and Village
Local Centre Revitalization Community
Improvement Plan Program Renewal**

Purpose:

The purpose of this report is to inform Council about the Office and Downtown Revitalization Community Improvement Plan (CIP) performance to date, and to seek Council's approval on the following recommendations:

Recommendation(s):

- a) That Staff Report SRPI.22.050 be received;
- b) That Council approve in principle the extension of the CIP Grant Program for another five years to 2027;
- c) That Council approve in principle an increase to the maximum grant threshold for the Building Renovations Grant from \$50,000 to \$100,000 to more reasonably represent the cost of such projects;
- d) That Council approve a budget carryforward of the unspent amount of \$142,000 from the 2021 Operating Budget to 2022;
- e) That Council approve an annual operating budget of \$250,000 for the CIP Grant Program, which shall be funded through the City's Tax Rate Stabilization Reserve; and
- f) That Council and Staff continue to promote the CIP program to the Richmond Hill business community.

Contact Person:

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Report Approval:

Submitted by: Kelvin Kwan, Commissioner of Planning and Regulatory Services

Approved by: Darlene Joslin, Interim City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

Background of CIP Grant Program:

The Richmond Hill Office Development and Village Local Centre Revitalization Community Improvement Plan (CIP) Grant Program was approved by Council in February 2018. The purpose of the CIP is to incentivize new office creation in the City as a means to retain and attract business investment and provide new employment opportunities. The CIP also has the objective of revitalizing the historic Village area of the City.

This CIP offers three programs: (1) a Tax Increment Equivalent Grant (TIEG) Program, (2) Building Renovation Grant Program, and (3) a Façade Improvement, Landscaping, and Signage Grant Program.

The **Tax Increment Equivalent Grant (TIEG) Program** applies to all lands that are designated centre or corridor and lands in the Newkirk and Beaver Creek business parks. This grant applies to the office portion of any development to incentivize the creation of new office development in these areas. This grant provides relief from the uplift in property tax assessment at a depreciating rate over 10 years. (For example, a grant of 90% of the tax increase related to the new office portion of the development in the first year, down to 10% in the final year of the grant program).

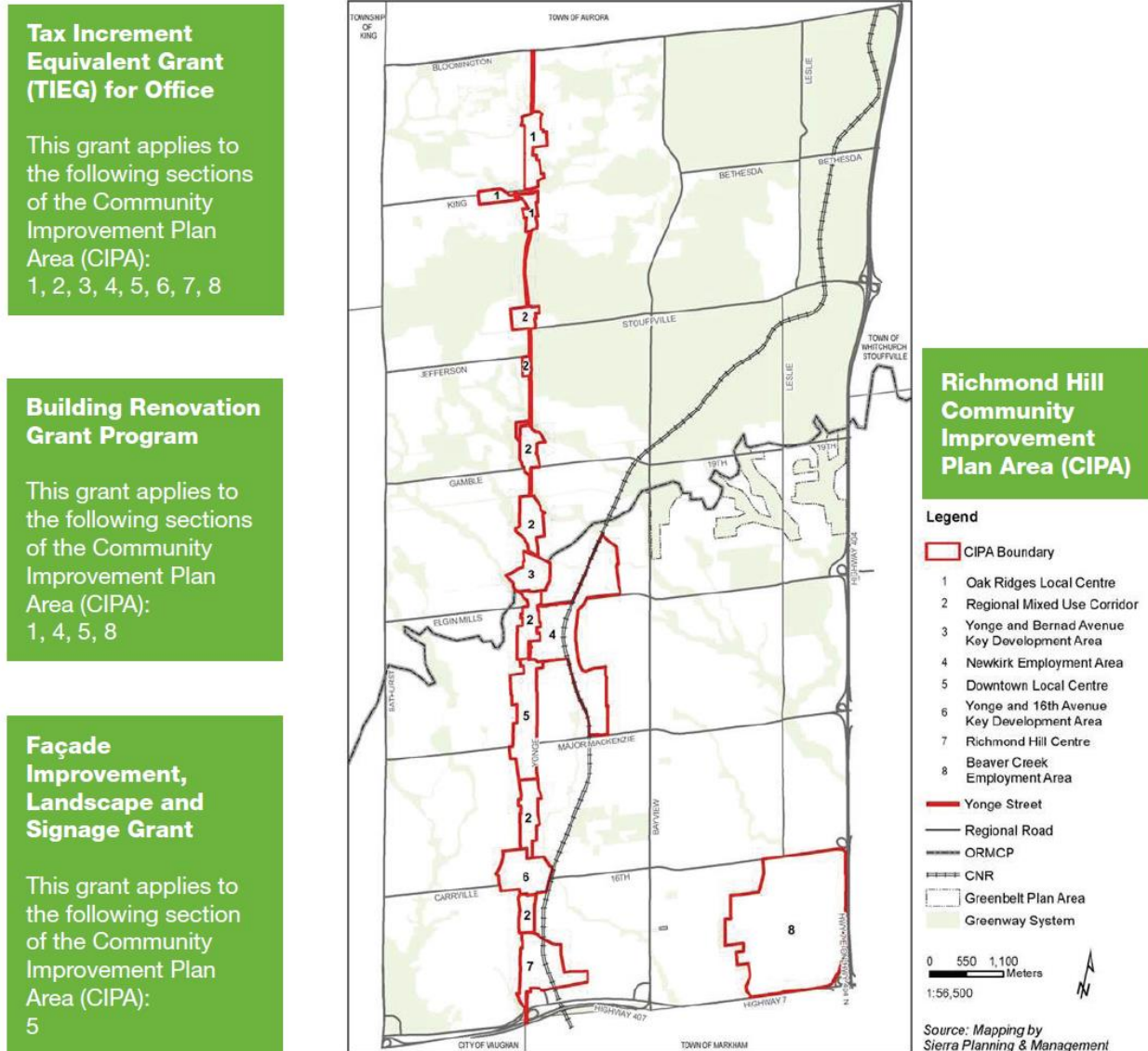
The **Building Renovation Grant Program** applies to applicants who are proposing to create new office space in the BIA and the Oak Ridges Local Centre, as well as in the Newkirk and Beaver Creek business parks. This grant program also applies to heritage buildings in the BIA for any non-residential use. Grants range from \$10,000 - \$50,000, where the City funds 50% of the building renovation cost, up to the maximum amount.

The **Façade Improvement, Landscaping, and Signage Grant Program** is designed to support the aesthetic improvements of Richmond Hill's Business Improvement Area (BIA). The program provides a matching grant of up to 50% of the eligible project cost to the entitled property owners / tenants (authorized by the owner(s)) for building façade, landscaping (i.e. privately owned public spaces), and exterior signage improvements, or any combination of these three categories for property enhancement. The grant amount ranges from \$1,000 up to \$25,000 per property, depending upon the available amount of funding, and the assessment of merits of the proposed improvements against the CIP benefits and evaluation criteria.

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The locational applicability of these three grant programs is noted on **Map 1**.

Map 1: Richmond Hill Community Improvement Plan Area (CIPA)



To be considered for any of these grants, an owner or tenant (authorized by the owner(s)) must submit a signed completed grant application form and supporting documents including detailed description of the proposed improvements, photos, and drawings (site plans, elevations, etc.), two quotes of each proposed work, and samples of building materials, if required.

Enhanced Funding

On July 9, 2018, Council approved additional funding for the CIP Grant Program in relation to projects located in the Village through funding provided to the City from the

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Ontario Main Street Revitalization Initiative. The purpose of this provincial initiative was to help municipal governments undertake main street revitalization initiatives that support and benefit small businesses. This additional funding was combined with the existing CIP funding for the Façade Improvement, Landscaping, and Signage Grant Program and the Building Renovation Grant Program. Therefore, the CIP Grant Program changed from a matching funding (50%) to a cost-sharing funding (where the City could provide up to 90% of the cost) for the duration of the enhanced program initiated by the Province. As such, the enhanced program had a grant amount ranging from a minimum of \$1,800 to a maximum of \$90,000. The Provincial Main Street grant program expired in 2020.

Overview of CIP Grant Program Performance:

Success to date resulting in Private Investment in the Village

Since the CIP Grant Program was initiated, twenty-five (25) CIP applications have been submitted to the City from land owners and tenants. The majority of applications were for Façade and Signage Improvement Grants, and a few were for Landscaping and/or the Building Renovations Grants. We did not receive any applications for Tax Increment Equivalent Grant (TIEG).

Each application was reviewed by staff to ensure that they met eligibility requirements, including the projects' contribution to achieving the goals of the CIP. Consequently, among the twenty-five (25) applications, there were nine (9) successful applications that were approved by City Council or their delegated authority; and seven (7) of the applications have been fully granted. Before and after improvements photographs of these projects are provided in **Attachment 1**.

An overview of the approved project costs is provided in **Table 1**. As noted in the table, the Provincial and Municipal investments in the approved nine (9) projects are approximately \$492,800, whereas the private investments are \$972,392. If we compare the public investments against the private investments, **for every public dollar (\$1) spent, there were two private dollars (\$2) invested**.

No applications were approved in 2018. This is largely owing to the fact that following Council approval of the CIP, staff required time to prepare promotional and administrative materials such as application forms, agreements, and user friendly guidance material, and applications were still in their review period.

In 2019, following the announcement of the “enhanced program” utilizing the Provincial grant monies, greater interest and uptake in the program occurred.

Over the last two years, uptake has slowed largely owing to the pandemic and a re-focus of the City's programs to support businesses in the City in response to the impact of COVID on their operations. In 2022, however, staff have been receiving new enquiries about this program.

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Table 1: Approved CIP Projects 2018-2021

Grant Approval Year	Grant Type(s)	Address	Public Investment	Private Investment	Total Investment (Actual)	Proportion of public investment
2019	Facade	10220 Yonge St.	\$18,450	\$2,050	\$20,500	90%
	Façade, Sign	10216 Yonge St.	\$20,880	\$2,320	\$23,200	90%
	Sign	10211 Yonge St.	\$4,500	\$2,506	\$7,006	64%
	Façade, Sign	10094-10096 Yonge St.	\$49,500	\$57,556	\$107,056	46%
	Façade, Sign, Building Renovation	10156-10158 Yonge St.	\$144,000	\$530,479	\$674,479	21%
	Facade, Sign	10067 Yonge St.	\$47,970	\$14,795	\$62,765	76%
2020	Façade, Sign	10210-10212 Yonge St.	\$72,000	\$176,826	\$248,826	29%
2021	Façade, Sign, Building Renovation	10144, 10146, 10148 Yonge St.	\$72,500	\$167,500	\$240,000	30%
	Façade, Sign	10157 & 10165 Yonge St.	\$63,000	\$18,360	\$81,360	77%
TOTAL Approved Grants' Value			\$492,800	\$972,392	\$1,465,192	34%
2019 Approved Grants' Value			\$285,300	\$609,706	\$895,006	32%
2020 Approved Grants' Value			\$72,000	\$176,826	\$248,826	29%
2021 Approved Grants' Value			\$135,500	\$185,860	\$321,360	42%

Extend the CIP Program

Staff recognize that presently the demand for office space has subsided, however, we are optimistic that in a post-COVID era, the desire for in-person interaction and “creative collisions” will result in a return to pre-COVID demand levels for office space or greater, but perhaps with a greater emphasis on shared spaces where people can “work from neighbourhood,” as described in the Official Plan Update [Key Directions Report](#). This “work from neighbourhood” concept may mean an even higher demand for office spaces in Richmond Hill than there was during pre-COVID times, when many of the City’s office workers were commuting to offices outside of the City; and where office supporting businesses were concentrated in those areas. Consequently, as we enter a “post-COVID” era, this CIP program should continue to offer all three grant programs to support the Village Local Centre revitalization and the creation of new office spaces along Yonge Street Centres and Corridors, and the two business parks.

RECOMMENDATION #1:

Extend the CIP program for another 5 years from 2023 to 2027.

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Update Building Renovation Grant

Based on the grant applications we have approved to date, staff note that there have been few building renovation projects and that the ones we have approved have resulted in costs much greater than \$100,000. This is understandable given the costs associated with renovating buildings. As such, staff recommend increasing the maximum grant permitted for these types of applications from \$50,000 to \$100,000.

A \$100,000 grant would mean that the applicant would need to spend a **minimum** of \$200,000 in eligible building renovation projects. The \$100,000 grant would therefore be a much better incentive to undertake a renovation project to create new office development in the Village, Oak Ridges Local Centre, and the Beaver Creek and Newkirk Business Parks.

RECOMMENDATION #2:

Update the CIP Grant Program to increase the maximum Building Renovation Grant from \$50,000 to \$100,000 in order to better account for the cost of such projects, and to incentivize building renovation that result in the creation of new office space in the BIA, the Oak Ridges Local Centre, and the two business parks (the Newkirk and the East Beaver Creek). These types of building renovation projects are well suited to start-up businesses and the creation of new shared office spaces, which is likely to be in greater demand in the post-COVID era.

Financial/Staff/Other Implications:

When Council approved the CIP Grant Program in 2018, there was a commitment to fund this program over the 5 year period (from 2018 to 2022) at the rates shown in **Table 2**. Table 2 also provides actual budget allocations for the program. **Over the last four years, any unspent budget money has been carried over to the following year, with Council approval.**

Based on the figures provided in the table, at present the total City Budget approval over the last 4 years has been \$662,837, of which \$202,155 was funded by the Province through the aforementioned Ontario Main Street Revitalization Initiative. In total, the City has committed \$492,800 in grants. To date, \$348,958 has been paid out to completed projects. Subject to Council approving a carry-forward of the 2021 Operating Budget amount of \$142,000, this would leave \$170,037 available for any new grant applications that may be approved by Council in 2022.

Approve 2022 Operating Budget

It is important to note that a carry-forward of operating budget funds is required to cover costs associated with approved grant applications that have yet to be dispersed. In accordance with the Community Improvement Plan policies and the associated grant agreements, successful grant applicants have 18 months to complete their projects once approved by the City. As such, while a grant may have been approved in 2021, it

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is possible that the payout of that grant does not occur until sometime in 2022 or 2023, as is the case with two of the CIP grant applicants. Approving a budget carryforward would mean that the City could make available approximately \$179,000 for new grant applicants.

Table 2: CIP Grant Budget and Spending

	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	TOTAL
<i>Recommended Budget¹</i>	\$185,000	\$275,000	\$430,000	\$510,000	\$510,00	
Actual New Budget Approval	\$185,722	\$202,115 (c/o Province)	\$275,000	\$0	\$0	\$662,837
Approved Grants Total Value in Year	N/A	\$285,300	\$72,000	\$135,500	TBD	\$492,800 (YTD)
Year End Total Deductions	\$0	\$0	\$348,958 ²	\$0	\$143,842 (anticipated per pending approved grants)	TBD

RECOMMENDATION #3:

Approve a budget carryforward of the unspent amount of \$142,000 from the 2021 Operating Budget.

Approve 2023-2027 Operation Budget

Should Council approve the extension of the CIP for another 5 years in order to continue to (1) incentivize new office development along Yonge Street and in the older business parks, and (2) to revitalize the Village Local Centre, staff recommend that Council approve an annual operating budget of \$250,000 for each year through the City's Tax Rate Stabilization Reserve. Providing an annual budget of \$250,000 could fund approximately two building renovation projects (with the proposed \$100,000 maximum grant amount) and two façade improvement projects per year.

Where funds are committed but not spent, a carry-forward of that funding will also need to occur from one budget cycle to the next, to ensure that the City is able to payout approved grants in a subsequent year. If in any given year of the CIP, Council does not approve grant applications that amount to the total annual budget allocation of

¹ Per Staff Report SRPRS.18.035

² Grants are paid out when the proposed works are completed and all relevant invoices are provided to the City. As such, payouts for grants that were approved in 2019 and some of the approved grants of 2020 were made in 2020.

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\$250,000, those outstanding funds will not be carried forward. This means that over the five year period the total grants allocated would not exceed \$1.25M, and the pay out of these grants may occur to 2030 upon approved projects being completed and Council's approval to carry-forward budget monies in order to payout approved grants.

RECOMMENDATION #4:

Approve an annual operating budget of \$250,000 for the CIP Grant Program, which shall be funded through the City's Tax Rate Stabilization Reserve.

Next Step:

Undertake Steps to Formally Update the CIP

Should Council approve recommendations 1 and 2 (items (b) and (c) in the Recommendations section of the staff report), staff will commence the Community Improvement Plan (CIP) Grant Program amendment process in accordance with the Planning Act, to ensure the proposed changes in the CIP Grant Program are in effect prior to this CIP expiring in February 2023.

Promote Updated and Extended CIP Program

Should Council support the recommendations of this report thus far, staff recommend that a robust promotional campaign be undertaken to bring awareness among the business community about this program. Furthermore, given that to date there has been no uptake of the City's TIEG program which applies to all lands within the CIP Area, this campaign should highlight the benefits and applicability of this program.

RECOMMENDATION #5:

Launch a new promotional campaign to inform businesses of this program, along with a greater emphasis on the CIP's TIEG program for new office development within Centres and Corridors and the two older business parks.

Relationship to the Strategic Plan:

The Richmond Hill Office Development and Village Local Centre Revitalization CIP program implements Council's fiscal responsibility priority. As we have seen over the last 3 years, public investments in private businesses have resulted in twice the investments from those businesses and spinoff benefits for surrounding businesses and residents in Richmond Hill as the improvements in the Village Local Centre have created a more vibrant area despite temporary closures resulting from COVID precautions.

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Conclusion

The Richmond Hill Office Development and Village Local Centre Revitalization CIP Program has incentivized private investment in the Village Local Centre through façade and signage improvements as well as new office creation. Staff recommend extending this program for another 5 years, increasing the maximum Building Renovation Grant amount to \$100,000 for office development, approving a carry-forward of committed but unspent operating funds from the 2021 operating budget to 2022, approving an annual operating budget of \$250,000, and launching a new promotional campaign. With the approval of these recommendations, staff will undertake the formal Planning Act process for updating the Community Improvement Plan, update application and agreement forms, and launch a new promotion campaign to garner interest and uptake in this program.

Attachments:

Attachment 1: CIP Projects - Before and After Improvements Photographs

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Report Approval Details

Document Title:	SRPI.22.050 Richmond Hill Office Development and Village Local Centre Revitalization Community Improvement Plan Renewal .docx
Attachments:	- Final CIP Projects Album - Before and After Improvements_April 5, 2022.pdf
Final Approval Date:	Apr 12, 2022

This report and all of its attachments were approved and signed as outlined below:

Patrick Lee - Apr 6, 2022 - 2:54 PM

Kelvin Kwan - Apr 12, 2022 - 8:51 AM

Gigi Li - Apr 12, 2022 - 9:55 AM

Darlene Joslin - Apr 12, 2022 - 1:24 PM