

REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: MARCH 20, 2017

FROM: Planning Services Department

DATE: February 27, 2017

SUBJECT: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

LOCATION: Kerr Village

WARD: 2

Page 1

RECOMMENDATION

1. That staff report titled *Kerr Village Community Improvement Plan – Building Façade Improvement Grant Program – 2016 Monitoring Report*, be received;
2. That staff continue the pilot for the Kerr Village Building Façade Improvement Grant Program in 2017;
3. That Council direct staff to continue to waive application fees for encroachment agreements which are required to remedy existing encroachments as a result of approved façade improvements under the Kerr Village Building Façade Improvement Grant Program; and
4. That Council direct staff to adjust the “Building Façade Improvement Grant Program Administration Guidelines” for 2017 as outlined in the report dated February 27, 2017, from the Planning Services department.

KEY FACTS

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

- The Kerr Village Building Façade Improvement Grant Program is a pilot program launched in 2014. It is anticipated to be offered for 5 years subject to Council approval.
- In 2016, the third year the program was offered, the town received three grant applications of which:
 - one was cancelled (applicant did not continue with application);

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Page 2

- one was approved with project works to be completed; and,
- one was approved, completed and a grant awarded.
- In 2016, an application approved in 2015 received a one year project deadline extension and was also completed with a grant awarded.
- The grant program is funded from the Section 37 (bonusing) reserve fund, from money already collected for use in the Kerr Village area through Section 37 agreements.

BACKGROUND

The Kerr Village Building Façade Improvement Grant Program was approved by Council as part of the Kerr Village Community Improvement Plan (CIP) on January 13, 2014. The program provides grants for façade improvements made to commercial, office and mixed use buildings facing Kerr Street and Lakeshore Road subject to eligibility criteria. The program provides a matching grant equal to 50% of the cost of eligible improvements to a maximum of \$10,000. Grant funding increases to \$12,500 for corner properties when improvements are made to both front and flankage façades. The program contains design guidelines which are used by staff to evaluate proposed improvements. The grant program was launched in 2014 with the anticipation it would run for five years.

The program is offered as a tool to achieve the goal expressed in the Livable Oakville Plan to revitalize Kerr Village as a vibrant business district and cultural area. The program acts to achieve the objective of the Livable Oakville Plan for Kerr Village to “create an attractive public realm by promoting a high quality streetscape...to create a comfortable, accessible and unique community.”

Monitoring Report

A monitoring report is a requirement of the Kerr Village CIP in any year a program under the CIP has a budget allocated to it. In 2016, Council provided a \$150,000 budget to fund the building façade improvement grant program. The funds come from the Section 37 (bonusing) reserve already collected for use in Kerr Village.

The monitoring report is intended to report back on the following:

- 1) program uptake;
- 2) funds dispersed through the incentive program;
- 3) feedback from applicants on the incentive program; and,
- 4) incentive program results and evaluation of effectiveness.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

The purpose of the monitoring report is to utilize its findings in order to:

- adjust the grant program, as necessary, to improve its effectiveness;
- ensure the program is administered effectively;
- ensure the program continues to meet the goals and objectives of the CIP and Livable Oakville Plan; and
- recommend if the program should be continued, discontinued, or adjusted.

REPORTING

A summary of applications completed in 2016 is provided in **Appendix A**.

2015 Program Year - Update

In 2015, six grant applications were received of which five have been closed and one was carried into the 2016 program year as permitted through an approved one year extension. The project was approved on November 23, 2016 with a grant awarded.

2016 Program Year

Program Uptake

In the third year of the pilot façade improvement grant program, the town received three grant applications of which:

- one was cancelled (applicant did not continue with application);
- one was approved with project works to be completed; and,
- one was approved, completed and a grant awarded.

Funds Dispersed

Funding for the grant program comes from the Section 37 (bonusing) reserve already collected for use in the Kerr Village area. Funds for the program are transferred from the bonusing reserve for Kerr Village to the operating budget each year. A budget of \$150,000 was made available in 2016 allowing for approximately 15 *new* projects (e.g. 15 projects of \$10,000 each). **Table 1** shows how funds were dispersed and committed to in 2016.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report****Table 1: Funds Dispersed in 2016**

Grant funds available in 2016	\$150,000.00
Grants awarded in 2016 (2016 projects – 1 project)	\$12,500.00
Grants awarded in 2016 (2015 projects – 1 project)	\$4,232.07
Sum of grants awarded in 2016	\$16,732.07
Committed grant funds (1 project approved but not completed in 2016 to be funded from 2017 budget)	\$5,679.25
Sum of grant funds awarded in 2016 & committed to (2017)	\$22,411.32

When an application is approved, the applicant has one year to complete the improvement project before a grant is awarded. Projects that are not completed in the year in which they receive approval are funded from the next year's budget (e.g. a project approved in August 2015 but completed in July 2016 is funded from the 2016 budget). However, unused funds from the year in which a project received approval (e.g. 2015) can be used to fund approved projects if required. For example, if there were 15 *new* projects approved in 2016 using the full budget, there is still grant money available to pay for projects from the previous year in 2015 that have a grant commitment upon project completion.

If the full budget is not used within a program year, the unused monies return to the Section 37 (bonusing) reserve.

Applicant Feedback

Given the low volume of applications in 2016, feedback from applicants was very limited. However, applicants made note they were generally satisfied with the program, its administration, and the level of service and help offered by the town throughout the application process. Applicants have expressed however that they continue to have challenges accessing contractors willing to take on projects within the scope typically involved with the grant program.

In an effort to better understand program challenges and to continually improve the program, staff are particularly interested in obtaining the views of applicants who chose not to continue to participate in the program. In 2016, one applicant elected not to continue with the grant program following the requirement to enter into an MOU. Staff directly followed up with the applicant but did not receive a response. For reference, this applicant also applied in 2015 and did not continue with the application process following an incomplete application.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Program Results and Evaluation of Effectiveness

The objective of façade improvement projects is that the work results in improvements to the building façade which are more comprehensive in nature. The program is not intended for general or deferred maintenance. However, consideration for improvements which are maintenance related and do result in overall improvement are still considered, as permitted under the eligibility criteria. These types of improvements are looked at in conjunction with other improvements that are also being proposed.

Appendix B contains before and after photos of the completed projects in 2016. The result of the projects demonstrates the variety of improvements that are permitted under the grant program. However, the limited number of projects indicates that the grant program may require some program intervention to improve effectiveness.

EVALUATION & DISCUSSION

Due to the lower than anticipated participation rate, an evaluation of the grant program over its three program years has been conducted. **Table 2** and **3** provide a summary of the applications and investments made. For reference within the tables, all data, including application numbers and associated dollar values, are tallied within the year the application was submitted.

Table 2: Application Summary

Program Year	2014	2015	2016	Total
Total applications	12	6	3	21
Grants awarded	6	3	1	10
Grants committed <i>(to be completed in next year)</i>	-	-	1 (2017)	1
Applications withdrawn / did not continue	4	0	1	5
Applications expired	2	1	0	3
Applications denied	0	1	0	1
Applications incomplete	0	1	0	1

Table 3: Grant and Private Investment Summary

Program Year	2014*	2015*	2016	Total
Total investment <i>(total project cost at completion)</i>	\$178,247.43	\$48,997.23	\$33,719.20	\$260,963.86
Grants awarded	\$55,801.60	\$18,386.92	\$12,500.00	\$86,688.52
Private investment	\$122,445.83	\$30,610.31	\$21,219.20	\$174,275.34

* dollar values are recorded in the year the application was submitted, not awarded
(e.g. an application submitted in 2014 which had a grant awarded in 2015 is recorded in 2014)

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Table 2 and **3** infer the following:

- Applications have declined by half each year.
- Approximately **50%** of applications submitted were seen through to completion and received a grant.
- Of the 10 applications that did not receive a grant, the majority was due to applications being withdrawn, not continued, or expiring because the applicant did not undertake approved improvement work.
- The average cost of an improvement project is approximately **\$26,096** based on total investment made divided by total number of grants awarded (*this includes projects that have grant limits of \$10,000 and \$12,500*).
- Although the program is a matching 50-50 grant program:
 - **33%** of project costs have been awarded through grants; and,
 - **67%** of project costs have been provided through private investment.
- The percentage split evidenced between grants awarded (33%) vs. private investment (67%), in tandem with feedback from participants and the BIA, reasonably indicate that tenants and property owners are willing to invest. However, when contrasted with participation rates it may indicate other program challenges.

Program Feedback

Program feedback is continually obtained through ongoing dialogue with property owners, business owners, the Kerr Village BIA, and email inquiries. The following inquiries or issues were identified in 2016.

Eligible Buildings (locational)

Under Section 6.2.4 of the Kerr Village Community Improvement Plan Building Façade Improvement Grant Program, eligible buildings include existing commercial, office, and mixed use buildings within the Kerr Village Community Improvement Project Area which face Kerr Street (south of Speers Road) or face Lakeshore Road (between Maurice Drive and Forsyth Street).

In line with similar comments made in 2015, the Kerr Village BIA requested that staff expand the permissions of the Kerr Village CIP to allow for additional buildings to be eligible to participate in the façade improvement grant program, specifically:

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Page 7

- 1) commercial buildings north of Speers Road; and,
- 2) existing commercial buildings within Kerr Village which do not face Kerr Street or Lakeshore Road.

The request from the BIA is in response to a property owner and a commercial tenant who have been interested to participate in the program but are outside the area of eligibility.

In regard to the area north of Speers Road, staff recognize that several of the commercial buildings and plazas in this area could be revitalized through façade improvements. However, as per the Council approved policies in the Livable Oakville Plan, this area is planned to be fully redeveloped. This area is also slated to undergo significant change with the Kerr Street grade separation project that will see Kerr Street be reconstructed with an underpass beneath the existing railway crossing. This will impact the existing road alignment and road elevation and will result in a loss of visual connection between the street and the existing building stock. As such, due to the broader policy objectives and plans for this area, staff remain of the opinion that the current grant program restrictions are appropriate for this area, and the focus of the grant program should remain on the main street areas.

In regard to the properties that do not face directly onto Kerr Street or Lakeshore Road, staff recognize that a number of buildings incorporate commercial uses. However, given the nature of the pilot program to focus program funds to streetscapes along the main street areas, which is also the intended use of the Section 37 (bonusing) reserve funds, staff are of the opinion that buildings with a prominent visual locations should continue to be the focus of the program.

Should staff be directed by Council to expand the eligible buildings (location) under the grant program, staff would be required to undergo a statutory planning process as governed by the *Planning Act* to amend Section 6.2.4 of the Kerr Village CIP.

Eligible Buildings (property)

In accordance with the grant program administrative guidelines, grants are allocated on the basis of property ownership, with one grant per property parcel owner per calendar year. For example, if there are multiple attached storefronts which are owned by the same owner or company and are within the same property parcel, under the program they are considered one property and are eligible for one grant in a calendar year. Further, a property parcel that has received the maximum grant, having received the full amount in one year or over more than one year, is ineligible for the following two years.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

In 2016, there were two instances where commercial tenants were looking to participate in the grant program within a building that had already taken advantage of the grant program and maxed out the available funds for the property. In one instance, another commercial tenant in the same building used all the funding, and in another instance the property owner had already used the funds for the entirety of the building. At the outset of the program, the intent of the property parcel limitation criteria was to ensure that, should the program be very popular, grant money would be spread out across the program area and that not any one building could use up available funds for that year. This however has not materialized and projects have not been able to proceed because of this limitation.

Staff are of the opinion that due to the low participation rates seen to date, the removal of the property parcel limitation would be appropriate. This would mean that any tenant, be it within the same building as another tenant who is also taking part in the grant program, would be able to apply to the program having a full grant available to them. This will result in an increase to the number of commercial units able to take advantage of the grant program which in turn may help to increase participation rates in 2017.

As this measure is implemented through the administrative guidelines of the Kerr Village Community Improvement Plan Façade Improvement Grant Program, no formal amendments to implement this change are required.

Application Deadlines

In accordance with the grant program administrative guidelines, an application deadline is set at the beginning of each program year offering a three month window, subject to extensions, for the submission of applications. All applications are reviewed on a first-in, first-reviewed basis. In each program year from 2014 to 2016, an extension of an additional three months has been offered to allow more time for submissions. At the outset of the program, the intent of the deadline was to ensure that applications were submitted early in the year could be reviewed, to allow for them to be processed and completed within the same year. This however has not materialized and many projects have taken longer to complete, often times within the following year.

In 2016 there were a few inquiries from business owners and future commercial tenants interested to participate in the grant program after the passing of the application deadline (including the extension). These business owners were upset that the program was not available and that it did not work with their timeframes. As a result, the program potentially lost participants.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Page 9

Staff are of the opinion that due to the low participation rates seen to date there should be no application deadline in 2017. As such, applications could be received throughout the calendar year, concluding December 1, 2017 to allow for processing/approval of latecomer applications within the calendar year.

As this measure is implemented through the administrative guidelines of the Kerr Village Community Improvement Plan Façade Improvement Grant Program, no formal amendments to implement this change are required.

Encroachment Agreements

Consistent with Council's direction to waive application fees for encroachment agreements in 2015 and 2016, staff again request that Council direct staff to waive application fees for encroachment agreements required to remedy *existing* encroachments as part of an approved façade improvement grant application in 2017.

The consideration to waive fees is outlined in the Kerr Village CIP section 6.2.11 which states that "there may be opportunities to waive the application fees... subject to agreement with the individual departments and approval by Council." Staff notes that the Engineering & Construction department would support extending the same circumstances in 2016.

Staff note that waiving the application fee would not eliminate all costs associated with obtaining an encroachment agreement through the Engineering and Construction department. Other costs, namely those associated with obtaining a survey, in addition to other required documents, would still apply.

RECOMMENDATION

Over the last three years, grant program uptake has been lower than staff anticipated. This could be the result of a number of circumstances such as:

- business owners having limited capital to invest in façade improvements;
- business owners finding it not worth participating financially or visually;
- property owners who are not interested as their properties are held for investment purposes or future redevelopment opportunities; and/or,
- lack of knowledge or understanding of the grant program opportunity.

Although participation has been low, staff note that the completed projects to date work to revitalize Kerr Village as envisioned through the Livable Oakville Plan. As such, staff recommends that Council continue the Kerr Village pilot building façade improvement grant program in 2017.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Page 10

There are several items addressed in this report that may improve program effectiveness and participation in 2017. Staff recommend that Council direct staff to adjust the program administration guidelines so as to:

- remove the application deadline;
- remove the requirement that grants be based on property parcel ownership and allowing them based on a tenant by tenant basis (including property owners); and,
- continuing to waive application fees for encroachment agreements which are required to remedy existing encroachments as a result of approved façade improvements under the grant program.

NEXT STEPS

Following Council's receipt and direction stemming from this staff report, staff will launch the grant program for 2017. Staff will update the town's webpage as necessary, work with the Kerr Village BIA to promote the grant program, and endeavor to inform land owners and tenants within the project area through addressed mail and other means. Staff may also consider targeted mailings for properties which could use the greatest level of improvement. Further, staff may also consider, in cooperation with the Kerr Village BIA, conducting a survey of its membership to solicit input about the grant program and to gain a better understanding of the challenges regarding participation.

Outside the scope of the monitoring report but applicable to the Kerr Village Community Improvement Plan as a whole, staff note that a recent report titled "Assessment of Redevelopment Viability within the Town of Oakville's Main Street Growth Areas," completed by N. Barry Lyon Consultants Limited, was received by the Livable Oakville Council Sub-Committee as part of the Five Year Official Plan Review.

The main focus of the report was on redevelopment viability and the impacts and benefits, if any, by allowing greater building heights in the main street areas. However, the report also provides commentary to consider options to expand the Community Improvement Plan for Kerr Village by including additional programs that could work to achieve the vision and goals for Kerr Village.

CONSIDERATIONS

(A) PUBLIC

No notification is required. However, this report has been provided to the Kerr Village BIA for information purposes.

From: Planning Services Department

Date: February 27, 2017

Subject: **Kerr Village Community Improvement Plan - Building Façade Improvement Grant Program - 2016 Monitoring Report**

Page 11

(B) FINANCIAL

The pilot Kerr Village Building Façade Improvement Grant Program received municipal funding in 2014 and was approved for a five year pilot program. Funds for the program are transferred from the bonusing reserve for Kerr Village to the operating budget each year. Staff must report back every year a program has been given funds to recommend whether the program be continued. Staff recommends continuing the program in 2017.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The pilot Kerr Village Building Façade Improvement Grant Program is administered by the Planning Services department. The grant applications also require inputs and commenting from other Town departments.

(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- continuously improve our programs and services
- provide outstanding service to our residents and businesses
- be accountable in everything we do
- be honest in everything we do
- be the most livable town in Canada

(E) COMMUNITY SUSTAINABILITY

The pilot Kerr Village Community Improvement Plan and Building Façade Improvement Grant Program works to enhance the social, economic and built environment of the community.

APPENDICES:

Appendix A – Grant Applications Summary 2016

Appendix B – Completed Projects (before and after)

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