



The Corporation of the Town of Tecumseh

Development Services

To: Mayor and Members of Council

From: Brian Hillman, Director Development Services

Date to Council: April 26, 2022

Report Number: DS-2022-16

Subject: Tecumseh Road Main Street Community Improvement Plan (CIP)
Summary of Committed Grant Program Funds and Private
Development Since CIP Adoption
OUR FILE: D18 TRCIP

Recommendations

It is recommended:

That Council **receive** Report DS-2022-12, entitled “Tecumseh Road Main Street Community Improvement Plan (CIP): Summary of Committed Grant Program Funds and Private Development Since CIP Adoption”;

And that Council **discontinue support** for the current Tecumseh Road Main Street CIP Building and Property Improvement Grant (BPIG) Program for grant applications received after April 26, 2022;

And further that Administration **be directed** to report back with a revised BPIG Program that establishes criteria for the purpose of providing BPIG grants to those residential development proposals that meet specific affordability criteria over a specified period of time.

Executive Summary

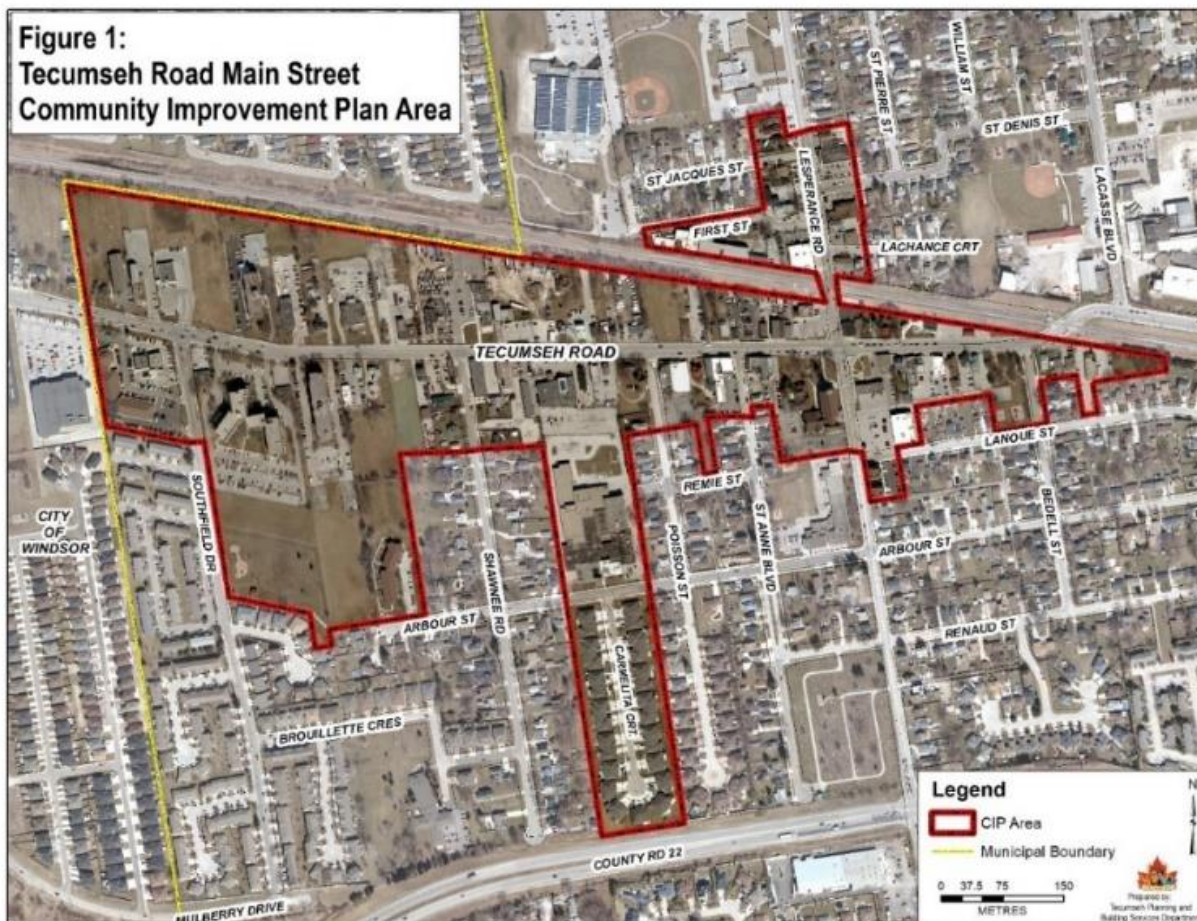
In 2016, Council adopted the Tecumseh Road Main Street CIP in accordance with Section 28 of the *Planning Act*. This Report states the Vision, Guiding Principles, Big Moves and Grant Programs of the CIP, followed by a summary of the type and value of CIP grants approved, the type of owner investments and developments that have occurred along with the increase in assessment realized since 2016. Finally, this Report considers some of the significant changes in circumstances that have occurred since 2016 and as a result recommends that the current BPIG Program be withdrawn and that Administration report back with a revised BPIG

Program that establishes criteria supporting grants for residential development proposals that meet specific affordability criteria over a specified period of time.

Background

Adoption of Tecumseh Road Main Street Community Improvement Plan

In 2016, Council adopted the Tecumseh Road Main Street Community Improvement Plan (CIP) in accordance with Section 28 of the *Planning Act*. This CIP encompassed a project area representing the historical commercial core of the Town and comprising an approximate 1.2 kilometre corridor centred on Tecumseh Road from the VIA Railway on the east to the Town's border with the City of Windsor just beyond Southfield Drive on the west (see figure below of CIP Area). The area encompasses 75 acres and approximately 115 properties with a mix of commercial and residential uses along with many tracks of underutilized land.



The purpose and effect of the CIP was to establish a community developed vision and provide a means for planning and promoting development activities to effectively use lands, buildings, and facilities to bring about revitalization and encourage both private and public investment in the CIP Area. This area aspires to serve as Tecumseh's "downtown" or "main street" by becoming an important focal point in the community through the provision of a wide range of

commercial services, mixed use (residential and commercial) development and unique amenities in a vibrant and walkable environment.

Some of the key objectives of the CIP include:

- Creating a stronger and more stable economic base;
- Promoting a more attractive and welcoming environment within the downtown;
- Encouraging business retention and growth;
- Balancing the relationship between Tecumseh Road as a significant transportation route and as a pedestrian oriented “main street”; and
- Creating an integrated, connected, and accessible corridor that is part of a healthy, complete community; supporting residential, commercial and employment areas.

CIP Vision

The Vision Statement for the CIP Area, established through extensive community consultation, is as follows:

“Tecumseh’s Main Street is a community place for commerce and gathering. Designed for walking and anchored by its historic buildings, the street is both a place to live and a regional destination. As the heart of the Tecumseh community, it is a gathering place with unique amenities and supported by great festivals and events.”

CIP Guiding Principles

The following guiding principles provide direction and support for the Vision:

- 1) Ensure new initiatives will be shaped by a commitment to high quality architecture and design.
- 2) Enhance landscaping with an emphasis on greening the Tecumseh Road CIP area, including improved landscaping and street trees to distinguish and unify the character of the street.
- 3) Encourage a culturally vibrant “main street” by respecting cultural heritage features that tell the story of the Town and strengthen its identity.
- 4) Design for pedestrians as a priority, for all seasons, and accessible to all. Prioritize pedestrian movement, ensure adequate cycling facilities and maintain access for cars through the corridor while providing sufficient well-designed parking areas both on and off-street.
- 5) Provide a diverse mix of uses to draw and support a broad demographic, including youth and seniors; ensure visitors have places to stay locally; provide shoppers with interesting, unique and, as much as possible, locally produced products; and encourage both residents of Tecumseh and visitors to linger in fabulous public spaces.

- 6) Encourage a diverse mix of housing in order to provide options for seniors and young people in more urban housing forms and allow for housing in mixed-use developments to ensure the street is active and alive all days of the week and all times of the day.

CIP Big Moves

The following ten 'Big Moves' were identified as key design initiatives that support the Vision and Guiding Principles and define the CIP concept:

- 1) Create a new street section and identity for Tecumseh Road that is walkable and pedestrian friendly, including a reduction in the number of driving lanes, the provision of on-street parking and parking bays, enhanced landscaping and street furniture, and cycling facilities.
- 2) Create a new west gateway to demarcate the westerly entrance to Main Street with destination land uses such as a hotel or movie theatre.
- 3) Create higher density residential neighbourhoods north and south of Main Street with integrated public and private open spaces, road and lane access, and pedestrian linkages.
- 4) Provide mixed-use commercial and residential development along the corridor with retail at grade and residential above.
- 5) Create a central pedestrian node (plaza) as the central gathering place for the community linked by a north-south pedestrian spine to other amenities and open spaces.
- 6) Redevelop the St. Anne's School site as a south pedestrian node and focus for a new large community amenity and central draw.
- 7) Enhance the Town Parking lot as flexible event space.
- 8) Celebrate and enhance the historic remnant heritage assets.
- 9) Create a distinct heritage node at the east end of the corridor integrating the St. Anne's Church and open space, the BIA parkette, the museum, Ticonderoga Park, the north Lesperance Road heritage plaza, and the former industrial buildings north of the railway.
- 10) Create a new tree lined civic pedestrian promenade north along Lesperance Road that redefines and enhances the existing civic buildings and open spaces, celebrates the historic street car route, and creates an attractive street frontage for Lesperance Road north.

CIP Grant Program

The CIP includes a number of financial incentives intended to encourage private participation to provide tangible economic gains and encourage development within the CIP Area and as a means to achieve the Vision, implement the Guiding Principles and to

realize the Big Moves. Such grants are only permitted to be offered by a municipality if they are part of a CIP that is adopted in accordance with Section 28 of the *Planning Act*.

The range of financial incentive programs are available to registered owners and tenants of land and buildings within the CIP Area. These programs are summarized in the following table:

Grant Program	Monetary Incentive	Annual Program Allocation
Planning, Design and Architectural Grants	Matching grant of 50% of the cost of eligible planning, design and architectural work to a maximum grant of \$3,000 with a maximum of one study per property.	\$15,000
Planning Application and Permit Fee Grant	Grant will be provided for 100% of the normal application or permit fees paid by the applicant to a maximum of \$2,000 for approved projects.	\$10,000
Development Charges Grant	One-time grant of an amount equivalent to the Town of Tecumseh Development Charge for the buildings being constructed.	\$200,000
Building Façade Improvement Grant (BFIP)	Matching grant of 50% of the cost of eligible façade improvements to existing commercial properties to a maximum grant of \$15,000 with a maximum of one grant per property per year. Improvements must cost \$2,000 or greater to be eligible.	\$45,000
Building and Property Improvement Grant (BPIG)	Amount to be determined based upon the incremental increase in the municipal taxes that result from the work being completed.	N/A
Building Rehabilitation Loan (BRLP)	Loan equivalent to a proportion of the work value and on a matching funds basis to a maximum of 50% eligible costs. The maximum loan is \$15,000.	N/A
Residential Grant (RGP)	Grant equal to the cost of rehabilitating existing residential units and/or constructing new residential units on the basis of \$30 per square foot of habitable floor space rehabilitated or constructed, to a maximum grant of \$20,000 per unit.	\$100,000
Parking Area Improvement Grant (PAIP)	Matching grant of 50% of the cost of eligible parking area improvement work to a maximum grant of \$10,000 with a maximum of one grant per property per year.	\$30,000
Sidewalk Café Grant	One-time grant of 50% of the cost, up to a maximum of \$2,000 for the design of a sidewalk café. Additionally, the Town will provide eligible	\$12,000

Grant Program	Monetary Incentive	Annual Program Allocation
	candidates an annual grant of 50% of the costs for related work, up to a maximum of \$2,000.	
Mural/Public Art Grant	One-time grant of a maximum of \$1,000.	\$5,000

The preceding programs and incentives total up to \$417,000 per calendar year. This is the sum of annual maximum limits per individual incentive program category within the CIP. Actual incentives available depend on approved budget funding. The actual allocation is established annually during the budget process and has typically been around \$125,000 per year.

The purpose of this Report is to provide a summary of the grant applications approved to date, the nature and results of the associated improvements and developments undertaken, a review of some critical changes in circumstances since 2016 and consideration of some refinements to the grant programs.

Comments

Summary of CIP Grant Approvals and Owner Investment and Development Since 2016

Over the six-year period that the CIP has been in effect, a total of 51 grants have been awarded to 23 properties resulting in a committed funding total of \$1,006,521 and \$1,674,020 in approved deferred taxation (BPIG) (see Table below).

Grant Program	Number Granted	Total Committed Funding	Approved Deferred Taxation (over 5 Years)
Planning, Design and Architectural Grants	9	\$30,000	N/A
Planning Application and Permit Fee Grant	5	\$5,917	N/A
Development Charges Grant	9	\$670,475	N/A
Building Façade Improvement Grant (BFIP)	10	\$127,416	N/A
Building and Property Improvement Grant (BPIG)	4	N/A	\$1,674,020
Building Rehabilitation Loan (BRLP)	0	0	N/A
Residential Grant (RGP)	3	\$100,000	N/A
Parking Area Improvement Grant (PAIP)	8	\$67,713	N/A
Sidewalk Café Grant	2	\$4,000	N/A
Mural/Public Art Grant	1	\$1,000	N/A
Total	51	1,006,521	\$1,674,020

The most popular program has been the Building Façade Improvement Grant (BFIP) followed closely by the Planning, Design and Architectural Grants and the Development Charges Grant. The majority of committed funds have come under the Development Charges Grant Program at \$670,475.

The Building and Property Improvement Grant (BPIG) Program is intended to promote the substantial development, intensification and/or improvement of commercial, institutional, multi-unit residential (greater than six units), and mixed use buildings and properties within the CIP Area. The program enables property owners to receive a 100 percent rebate of the municipal portion of the increased taxation generated by the improvements made to the building or property for a five-year period. This grant was committed to four properties comprising 311 units and has a total estimated value of \$1,674,020, which amounts to \$334,804 annually. These multi-unit buildings are currently under construction and will ultimately result in an increased population within the CIP Area of approximately 500 people.

The table below illustrates the total uptake on the grant programs along with funding provided by the Town and resulting gross revenues and total construction/investment value generated:

Applications Since Inception	Grants Approved	Funding Committed by Town	BPIG Deferred Taxes	Gross Building Permit Fee Revenue Generated	Gross Development Charge Revenue Generated	Gross Total Revenues Generated	Total Construction/ Investment Value
41	51	\$1,006,521	\$1,674,020	\$523,173	\$3,236,578	\$3,759,751	\$77,622,572

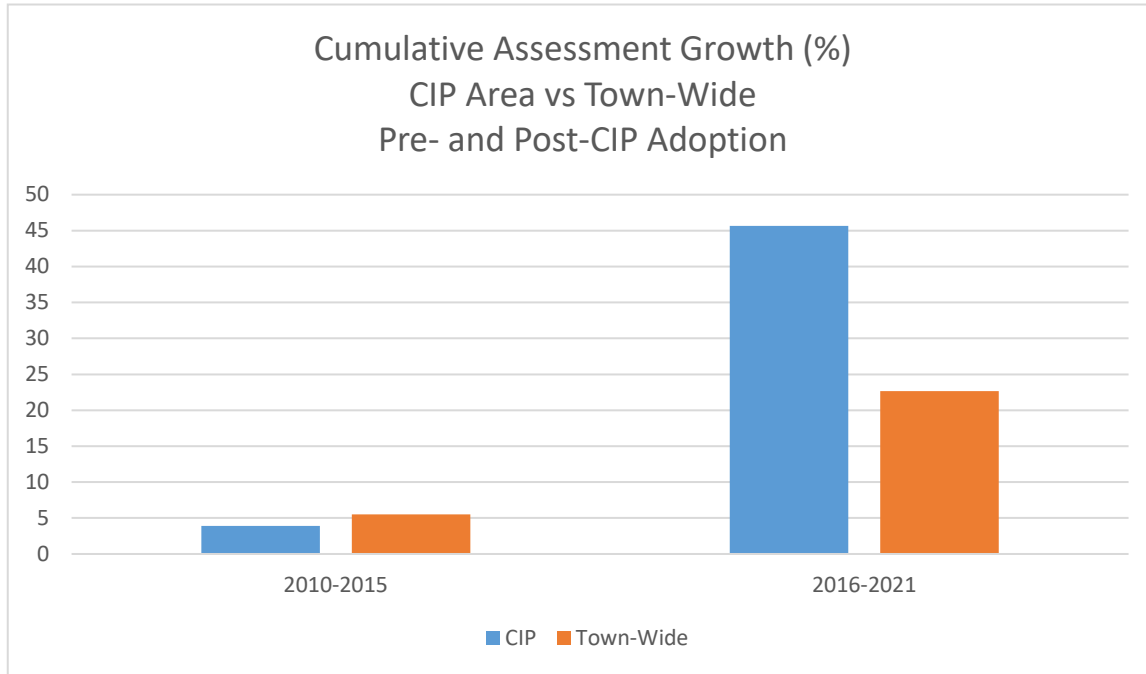
Attachment 1 graphically illustrates the foregoing activity by identifying the properties that were awarded grants and depicting the before and after scenarios. Of the 115 properties within the CIP area, 23 have been approved CIP grants resulting in the following improvements and development activity:

- 1 residential subdivision totalling 48 dwelling units;
- 7 new apartment buildings totalling 323 dwelling units;
- 4,000 square feet of new commercial development;
- 10 building façade improvements to existing commercial buildings; and
- 5 new/renovated residential units above existing commercial buildings.

Prior to the CIP being adopted, there were very few development proposals undertaken in the area since amalgamation (1999). When the CIP program began in 2016, approximately 26 acres (31%) of CIP Area was vacant/underutilized land. As of April 2022, the vacant/underutilized area of the CIP had been reduced to approximately 16.4 acres (16.9%) of the CIP Area as the result of both commercial and residential development. The majority of the development has been in the form of medium and high density residential development.

This development activity has positively impacted the total municipal tax assessment that the CIP Area contributed relative to the rest of the Town. The following chart provides a comparison of the change in municipal assessment from the CIP Area over the six-year period

preceding the adoption of the CIP (2010-2015) relative to the entire municipality against the six years following the adoption of the document (2016-2021). Since the adoption of the CIP, assessment has grown 45.65% in the CIP Area compared to 22.65% for the entire Town.



It should be noted that these figures do not include the 311 apartment units that are currently under construction. Once these developments are completed and reassessed, it will have a dramatic affect on the total assessed value generated in the CIP area (which will not be immediately reflected in the municipal tax levy due to the BPIG grants awarded to these developments where the municipal portion of the taxation is granted back for a five-year period).

All of the preceding information supports the finding that over the past six years the CIP has resulted in two fundamental success stories, as follows:

- i) it has fostered and supported significant development, revitalization and intensification within the CIP Area; and
- ii) it has resulted in a considerable increase in the assessment and levy to be collected from the CIP Area.

Changing Circumstances

Although the CIP is a plan that is envisioned to be implemented over a 20+ year planning horizon, it is reasonable and appropriate to review it periodically to consider any significant changes in circumstances that might cause the Town to make adjustments to the grant program. The CIP currently provides Council with considerable flexibility in terms of its review

and granting of CIP application funds and it states that the Town may discontinue any of the programs at any time.

Although there is the opportunity and need for continued private investment for property improvements and development intensification in the CIP Area, Administration notes that there has been some significant changes in circumstances in relation to housing issues, particularly over the past few years, that support a reconsideration of the scale and scope of the BPIG program, summarized as follows:

- i) Council adopted a new Official Plan last year that is more supportive of higher density housing in the CIP Area and no longer necessitates individual Official Plan amendments on a site by site basis for such proposals. This more refined and clear policy environment, combined with the successful high density residential developments currently under construction (which have the effect of leading by example), result in an improved and more efficient planning approval process going forward. This has the effect of creating a higher degree of certainty and tempers the risk being taken by owners seeking to construct further apartment style housing in the CIP Area;
- ii) The Ontario Housing Affordability Task Force of 2022 found that “housing prices in Ontario have almost tripled in the past 10 years”. The term “housing crisis” has become common nomenclature in describing the current housing circumstances across the country. This has caused Administration to reflect on the appropriateness of providing the BPIG across the board for for-profit housing at this time when the market is more capable of being able to self-finance projects given current prices and rents being sought. Further, it has raised the question of whether there shouldn’t be greater focus on ensuring the delivery of some “affordable housing” units. One of the tools available to entice such development is to offer a grant under the BPIG Program where affordable units are to be provided for a specified period of time as a means to make such projects more financially viable; and
- iii) The range of developments that have taken place over the past six years in the CIP Area have illustrated the propensity to achieve the longer term transformation that is envisaged for this area. The choice of the CIP Area as a preferred location for investment and living appears to be gaining traction. This area, on its own merits, is evolving into a desirable and unique place in which to live, work and visit.

Collectively, the preceding change in circumstances has caused Administration to conclude that the current BPIG Program, which entices “for-profit” medium and high density market housing without any specific criteria is no longer warranted. Although it has played a role in attracting considerable housing development in the CIP Area over the past six years, it is believed that there is merit in developing a more strategic approach for a BPIG Program that responds to the need for the provision of more affordable housing units.

Accordingly, it is recommended that Council, effective immediately, discontinue support for the current BPIG Program and that Administration report back with a revised BPIG Program that establishes criteria for the purpose of providing BPIG grants to those residential development proposals that meet specific affordability criteria over specified period of time. Samples of

such a program will be provided in a future Report to Council, for consideration in accordance with Section 28 of the *Planning Act*.

It is proposed that given the desire to continue to see the ongoing broader revitalization of the CIP Area that all other CIP grant programs continue to be available at this time. Administration continues to believe that these programs play an important role in implementing the on-going long-term vision for the CIP Area.

Consultations

Financial Services

Financial Implications

None.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input checked="" type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh’s current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh’s plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town’s “continuous improvement” approach to municipal service delivery to residents and businesses.
<input checked="" type="checkbox"/>	Demonstrate the Town’s leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

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Recommended by:

Brian Hillman, MA, MCIP, RPP
Director Development Services and Acting Chief Administrative Officer

Attachment Number	Attachment Name
1	Properties Benefitting from CIP Grants Map