



STAFF REPORT
Economic Development

Title: COVID-19 Relief Program: Community Improvement Plan (CIP) and Additional BIA Funding
Report Number: CAO2020-019
Author: Elaha Musakheel and Kristin Sainsbury
Meeting Type: Council Meeting
Council/Committee Date: December 7, 2020
Attachments: N/A
Ward: City Wide

Recommendations:

1. That Council approve report CAO2020-019;
2. That Council approve reallocating \$1,000,000 in project surplus funding from the existing Uptown Community Improvement Plan (CIP) project #140165 to a new City-wide COVID-19 Business Assistance CIP program for 2021;
3. That Council direct staff to develop a new City-wide COVID-19 Business Assistance CIP and seek public engagement; and
4. That Council approve the extension of the Façade Improvement Grant, Major Activity Grant and the Parking Exemption Program under the current Uptown CIP until 2022.
5. That Council approve financial support in the amount of \$100,000 in 2021 for the Uptown Waterloo Business Improvement Area (BIA), funded \$50,000 from Council's Community Priority and Contingency Reserve, and \$50,000 from the Economic Development Reserve.

A. Executive Summary

The COVID-19 pandemic is having a significant impact on small businesses in the local economy, both provincially and regionally. Both the Provincial and Federal Government programs have responded with support, such as the Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS), and Ontario's Main Street Relief Grant. Regional-level contributions focused on supporting the business community can help offset the costs incurred due to the pandemic. To address this need staff recommend the establishment of a city-wide COVID-19 Business Assistance CIP and increasing funding to the BIA in 2021.

Currently, the City of Waterloo has an Uptown Community Improvement Plan (CIP) that has aided in the development and revitalization of businesses in the Uptown core since 2015 through the Façade Improvement Grant, Fee Grant, Study Grant, Parking Exemption Program, Minor Activity Grant and Major Activity Grant. With the Uptown CIP set to expire as of December 1, 2020, staff is seeking to develop and seek public consultation for a city-wide COVID-19 Business Assistance CIP to offset the costs incurred by small business across the city as a result of the pandemic. While fee grants, study grants, and minor activity grants will be discontinued effective December 1, 2020, staff recommend extending the Façade Improvement Grant until 2022, in addition to continuation of the Major Activity Grant and Parking Exemption Program.

To fund the proposed city-wide COVID-19 Business Assistance CIP, staff recommend reallocating \$1,000,000 from the existing Uptown CIP funding (originating from the Uptown Development Reserve Fund). While details of the program will be finalized and public consultation held in accordance with the Planning Act, the program will allow businesses who have experienced greater than 30% reduction in gross profits to apply for up to a \$1,500 grant to offset expense incurred in adapting their physical premises or to cover the cost of obtaining professional advice due to COVID-19. The program will be retroactive to March 2020.

In addition, staff recommend increasing the financial support in 2021 to the Uptown BIA by \$100,000, of which \$50,000 is to be allocated from Council's Community Priority and Contingency Reserve, and \$50,000 from the Economic Development Reserve. This is intended to offset maintenance and beautification costs that the city charges the BIA and as a result, provide additional funds to enable programs and initiatives aimed at providing critical support to Uptown businesses.

B. Financial Implications

It is recommended that the new City-wide COVID-19 Business Assistance CIP be funded through the reallocation of remaining funding within the Uptown Community Improvement Plan project #140165, in the amount of \$1,000,000.

Over the years, the Uptown CIP project has been very successful, with 74 applications approved and approximately \$1.6 million in grants and loans awarded since 2016 for façade improvement grants, fee grants, study grants (urban design and heritage feasibility), minor activity grants, and commercial building improvement loans.

The Uptown CIP program reached its sunset date on December 1, 2020. The remaining project surplus funding would be returned 75% to CRF and 25% to CIRRF, as per Council's direction in 2018 on the proportionate dissolution of the original funding source – the Uptown Development Reserve Fund. Instead, staff recommend that \$1,000,000 of this funding be used to establish the new city-wide COVID-19 Business Assistance CIP. It is noted that the Major Activity Grant (TIG), funded via future increased tax revenue, the Parking Exemption program, and the Façade Grant for the Uptown utilizing the existing budgeted capital funding, ref 110, will continue until 2022.

The new city-wide CIP funding will allow the program to get up and running quickly, to help address the pressing needs of the business community during this difficult time. The preliminary uptake on the program will allow staff to determine the success and benefits of the program and make recommendations on whether further resources may be needed later in 2021, as well as potential additional funding sources, such as the Economic Development Reserve.

C. Technology Implications

There are no technology implications associated with this report.

D. Link to Strategic Plan

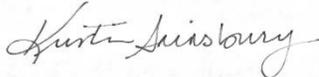
(Strategic Priorities: Equity, Inclusion and a Sense of Belonging, Sustainability and the Environment, Safe, Sustainable Transportation, Healthy Community and Resilient Neighbourhoods, Infrastructure Renewal, Economic Growth and Development)

- Economic Growth and Development – Foster a robust and diversified economy.
- Sustainability and the Environment – Transform Waterloo to be an environmentally, economically and socially sustainable community.

E. Previous Reports on this Topic

- CAO2016-01 Uptown CIP Program Activation
- CAO2018-05 Uptown Community Improvement Plan (CIP) – Continuation of the Façade Improvement Grant Bump-Up
- CORP2020-029 COVID-19 Update Report

F. Approvals

Name	Signature	Date
Author: Elaha Musakheel		November 18, 2020
Author: Kristin Sainsbury		November 18, 2020
Director: Justin McFadden		
Commissioner: N/A		
Finance: Filipa Reynolds		

CAO



CAO2020-019 - COVID-19 Relief Program: Community Improvement Plan (CIP) and Additional BIA Funding

Section #1 – Background:

With the growing impacts of the COVID-19 pandemic, the city's business community has identified a strong need for local assistance to help offset the costs incurred due to the pandemic. To address this need staff recommend the establishment of a new Community Improvement Plan. The existing Uptown CIP project was established in 2015 to provide incentive based programs to support revitalization, investment, and building improvement within the Uptown. In addition, staff recommend increasing funding to the BIA in 2021

A Community Improvement Plan (CIP) is a tool that allows a municipality to direct funds and implement policy initiatives toward a specifically defined project area. Section 28 of the Planning Act gives municipalities that have enabling policies in their official plans, the ability to prepare CIPs.

Community Improvement Plans are intended to encourage revitalization initiatives and/or stimulate development and redevelopment. Through CIPs, municipalities can focus public attention on local priorities and municipal initiatives; target areas in transition or in need of repair, rehabilitation and redevelopment; facilitate and encourage community change in a co-ordinated manner; or stimulate private sector investment through municipal incentive-based programs. Once implemented, the CIP allows municipalities to provide tax assistance, grants or loans to assist in the revitalization of lands and/or buildings within the defined Community Improvement Project Area (CIPA).

Section 12.3.2 of the City of Waterloo Official Plan addresses Community Improvement Plans and identifies eight primary objectives, including "improving environmental, social, cultural, economic development, or safety conditions". The implementation of a temporary, city-wide COVID-19 Business Assistance CIP aligns with both the current timeline of the Uptown CIP reaching its end date, effective December 1, 2020 and the City of Waterloo Strategic Plan.

The existing Uptown CIP project was established in 2015 to provide incentive based programs to support revitalization, investment, and building improvement within the Uptown. The city has monitored uptake for the Uptown CIP program that is comprised of four primary components (Façade Grant, Fee Grant, Study Grant, Minor Activity Grant). There has been a gradual decline in the grant(s)/loan(s) awarded from \$998,581 in 2017(including Commercial Building Loans (CBIL)) to \$72,576 in 2019. After the CBIL program was discontinued in 2019, the remaining components of the CIP program have now reached its end date. This component of the CIP provided support to revitalize

facades in Uptown and to support transition during LRT construction, and there is an opportunity to provide interim support to businesses utilizing the remaining funds.

Three components of the Uptown CIP will be retained which include the Major Activity Grant (TIG), the Parking Exemption Program and the Façade Grant until 2022. The Major Activity Grant (TIG) will be funded via future increased tax revenue. The continuation of the Façade Grant will use existing budgeted funding, capital budget ref #110, to a maximum of \$50,000 per year. This funding is in addition to the \$1,000,000 surplus proposed for reallocation to the new COVID-19 relief CIP. The Parking Exemption program provides parking relief for new development and does not require investment of funds by the city.

The new CIP will aim to assist small businesses disproportionality affected, while contributing to the city's continued economic growth and recovery. Research revealed that several other communities have enacted temporary CIPs to support COVID relief including the City of Pembroke, Town of East Gwillimbury, Selwyn Township, and the City of Barrie, to list a few.

It is anticipated that a COVID-19 Business Assistance CIP will be retroactive to March 17th, 2020 and run throughout the duration of 2021.

Section #2 - Program Details:

The COVID-19 pandemic has affected many businesses, both within and outside the Uptown area. It has been identified that there is a need to provide interim support for businesses across the city, that have been adversely impacted during COVID-19 to support the additional costs associated with building and space retrofits and in obtaining professional advice to support their business.

The new temporary COVID-19 relief is anticipated to be a matching grant of up to \$1,500 per business, which would cover costs incurred retroactively to March 17, 2020. The eligible expenditures would include improvements and construction related to COVID-19 and aligned with public health and safety protocols while supporting economic prosperity and recovery.

Staff are also undertaking a review to assess future CIP programs that would support identified strategic city-wide priorities, and further augment the foundation built by previous programs. This will be brought to Council at a future date, however, given the impact of COVID-19 on local businesses, staff prioritized the immediate support required by the business community and would like to proceed quickly with an interim support program.

Section #3 - Eligible Costs:

Some examples of costs that will be covered by the new CIP include, but are not limited to:

1. Installation of plexiglass, glass or other dividers at workstations.
2. Professional expertise of realtors, accountants or lawyers to assist businesses in negotiating lease arrangements, projecting cash flow or developing other plans to support the continuation of their business.
3. Installation of new signage or improvements to existing signage including floor markers, directional flow, and/or curbside pickup or delivery.
4. Implementation of optional payment methods (cashless transactions, tap on merchant machines).
5. Touchless door openers, faucets and other work that promote accessibility and compliance with health standards.
6. Portable heaters and tents to extend business season.

Section #4 - Eligibility Criteria:

Staff recommend keeping eligibility criteria straightforward and simple in an effort to reduce barriers to applying. To be eligible it is proposed that businesses must:

- have started operating prior to January 2020,
- be a registered business with the Canada Revenue Agency (CRA), and
- have a business license with the City of Waterloo.

Eligible businesses will also be required to demonstrate a 30 percent or greater reduction in revenue compared to 2019 for the same month. Staff will reserve the right to audit at any time to ensure compliance and may request demonstration of reduction in income prior to approval. In the event of non-compliance, there will be a requirement to repay funds received.

It is anticipated that the funds will primarily support small to medium sized businesses who have been hit the hardest due to the pandemic. The intent of this relief program is to make the process simple and quick to enable businesses to receive funds and to meet the overall goal of providing support at a critical time for many local businesses.

Section #5 - BIA Relief:

In addition to the CIP program noted above, staff are seeking the support of Council to provide additional assistance to the Uptown Waterloo Business Improvement Area (BIA). The financial support of \$100,000, will aim to offset maintenance and the Uptown beautification costs incurred by the BIA as well as enable the BIA to initiate additional programs aimed at providing critical support to Uptown businesses. Additional funding provided to the BIA will demonstrate collaboration with City staff and the BIA to assist businesses who have been disproportionately impacted. The funding provided to the BIA will further revitalize the city's Uptown core and boost economic well-being, in alignment with the City's strategic goals.

It is recommended that this support in the amount \$100,000 for 2021 be funded \$50,000 from Council's Community Priority and Contingency Reserve, and \$50,000 from the Economic Development Reserve.

Section #6 - Conclusion:

In an effort to help offset the impacts experienced by our business community as a result of COVID-19, staff recommend increasing funding to the Uptown Waterloo BIA in 2021, and to re-allocate surplus funds from the current CIP program that is ending in 2020 (except for the extended programs) to a temporary COVID-19 Business Assistance CIP. Staff are seeking direction from Council to prepare the CIP and undertake the necessary public engagement.

Staff will report back to Council following public consultation with a report and by-law including required details to enact the new COVID-19 CIP.