G REYFIELD REDEVELOPMENT

CASE STUDIES

Municipal Project Initiatives

DOWNTOWN BUSINESS PERFORMANCE GRANT PROGRAM | **Brantford**

PROJECT SUMMARY

The City of Brantford's Downtown Business Performance Grant Program (DBPGP) has been used to redevelop former commercial sites and is making a major contribution to the revitalization of Brantford's downtown core. Examples of projects funded by the program include a former restaurant on the main street that is being redeveloped as a mixed-use project, and a former carpet store that was demolished and the site redeveloped as a new apartment building.

BACKGROUND

The City of Brantford is located on Highway 403, between Hamilton and London. The City had a 2001 population of 84,764, a growth of about 2 per cent over the 1996 population. The City is surrounded by the County of Brant, a rural area with several small towns.

While the City of Brantford is currently growing, its downtown area declined in the late 1980s. This decline was exacerbated by the closure of several major local industries. Major revitalization efforts, including the development of a downtown mall proved to be unsuccessful. Although recent revitalization efforts are starting to take effect, about 80 per cent of the properties on the downtown's main street (Colborne Street) are deteriorated, derelict, or vacant. Dalhousie Street, another main street in the downtown area, also has a high concentration of vacant buildings and properties. While both streets have important heritage features (for example, Colborne Street has the longest row of standing pre-confederation buildings in Ontario), vacancies and building deterioration threaten the cohesiveness of the commercial area.

In response to the evident decline of the downtown area, the City undertook a downtown planning process, which led to the development of the General Implementation Plan (GIP). Completed in 2001, the Plan contained recommendations regarding various improvements in municipal facilities in the downtown core and incentive programs designed to stimulate private investment in the downtown area. Council responded by approving the DBPGP in November 2002, with the aim of revitalizing the core area by attracting new investment.

The establishment of a new university campus in 1999, which attracted new residents to the area, has also fuelled the revitalization of the downtown core. The rapidly growing new campus has triggered the construction of student residences, and many of the applications for the DBPGP have been for student residential development. Several student residences have been built on derelict or underused commercial sites.

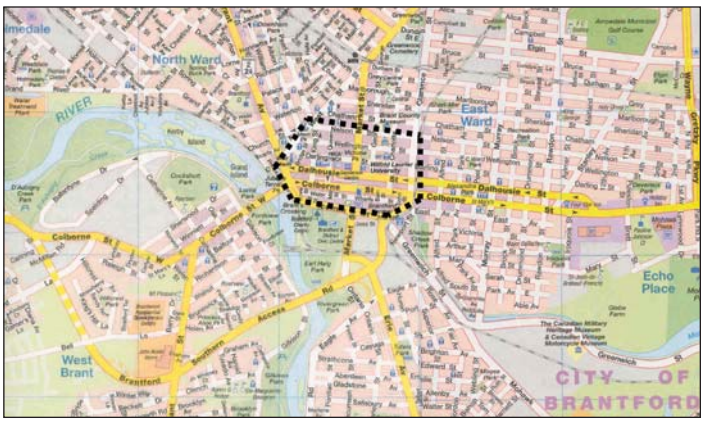

Figure 1: The Downtown Community Improvement Project Area

Canada

CMHC SCHL
HOME TO CANADIANS

DESCRIPTION AND GOALS

The DBPGP was designed to stimulate redevelopment of underutilized land and buildings in Brantford's downtown area, trigger improvements to existing structures, and increase the employee and residential population of the area.

The DBPGP was implemented through a CIP (under Section 28 of the *Ontario Planning Act*) for the designated Downtown Community Improvement Project Area (see map).

As discussed below in the Complementary Policies section, Brantford's downtown revitalization efforts are multifaceted, with a range of different incentives offered to help attract investment to a higher-risk, declining business environment. The DBPGP, however, is the centrepiece of the benefits offered. The program pays up to 25 per cent of the capital costs of the redevelopment of a derelict site or the rehabilitation of a building.[1] The amount of the grant awarded depends on how well the project meets the following set of criteria:

- the strength of the applicant's required business plan;
- the degree to which the project meets Council's goal of improving the downtown area;
- the contribution the project will make to the business, residential or social environment;
- the degree of property improvement, both in terms of physical appeal and taxable assessment; and
- the ability of the project to bring people (that is, employees, residents, and visitors) to the downtown core.

The Program Advisory Committee—made up of the Downtown Business Development Officer, two Councillors, and two community members—evaluates applications to the program and awards points based on how well proposals meet each of the above criteria. The more points the proposal scores, the greater the portion of the development costs the grant will cover. Funds must be used towards construction costs and cannot be used to cover soft costs such as paying consultants, legal fees, or clearing debt.

A portion of the grant is paid when construction is completed, and the balance is usually paid in one or more instalments tied to specific performance criteria, such as the renting of residential units, remaining open for business for a period of time, or achieving some level of employment or clientele.

[1] Additional funding assistance is now available for projects that include the conservation of heritage elements.

Applicants for the grant are required to submit a business plan that includes:

- a description of the project;
- detailed construction estimates;
- business financial statement/projection (including costs assets, debt retirement scheme, sales, salaries, etc.);
- feasibility/market analysis, and;
- marketing and advertising information.

The Brantford Business Resource Enterprise Centre provides assistance to applicants in drafting the business plan. Completed loan applications are usually processed within 30 business days. The recommendations of the Program Advisory Committee are presented to City Council for final approval.

Recipients of a grant are required to enter into a legal agreement with the City concerning details and conditions of the grant. The agreement outlines the improvements the recipient will carry out on a property, the amount of grant money and the conditions under which the money will be paid out.

Most of the funding for the grant program comes from revenue generated by Brantford's casino. Some additional funding is obtained from the sale of municipal land.

POLICY PROCESS AND STAKEHOLDER RESPONSE

The DBPGP was based on the recommendations found in the GIP, approved by Council in March 2002. The GIP process was carried out in three phases, including a public consultation on major issues, council approval of principles upon which the downtown plan would be based, and a charrette to develop design guidelines for the affected area.

Three teams participated in the design charrette, with participation from the Chamber of Commerce, the Brantford Home Builders' Association; and graduate students from the University of Waterloo School of Architecture, who provided design and graphic support. A resource group also attended to provide advice to the three design groups as they worked toward their individual plans. The resource group was comprised of a land appraiser, a traffic engineer, an urban designer, an urban planner and several experienced downtown developers.

Charrette participants recommended that the GIP be composed of two main parts: Part A, Program Components, and Part B, Physical Components. The Program Components addressed administrative, regulatory and incentive factors that would support downtown improvement. In contrast, the Physical Components dealt with such matters as the establishment of a university district, the development of a civic square, a new City hall, the farmers market, historic retail commercial areas and traffic circulation.

The Downtown CIP, which implemented the DBPGP, was adopted by City Council in July 2002 and approved by the provincial Ministry of Municipal Affairs and Housing in November 2002.

Key stakeholders in the Downtown Business Improvement Area, including business and community residents' groups, have strongly supported the DBPGP, as has the wider community. No opposition to the program was expressed.

COMPLEMENTARY PROGRAMS AND POLICIES

In addition to the DBPGP, the Downtown CIP includes a number of other incentives that could apply to redevelopment projects in the designated area:

- **Reduced building permit fees** – The City provides reduced building permit fees—$9 per $1,000 total estimated construction value per square metre—compared to the regular rate of $11 per $1,000 total estimated construction value.
- **Reduced parking requirements** – While Brantford's zoning bylaw requires that all new developments provide an appropriate amount of parking, the developers within the CIP area have the option of making a cash-in-lieu payment, currently set at only $1 dollar.
- **Development charge exemption** – the downtown community improvement project area was exempted from the City's development charges bylaw.

All benefits (that is, the DBPGP, reduced building permit fees, reduced parking requirements, and development charge exemption) can be applied to a single property.

The City also considered introducing a property tax incentive, but decided against such a measure for administrative reasons. The main concern was that at the time of project initiation, the taxes to be generated by the proposed project would be very difficult to estimate. Also some projects would not generate any significant tax increases on the property, but would still be desirable for downtown revitalization. It was determined that the City needed a simple program that would provide applicants with a clear indication of the financial assistance that they could expect upon the completion of a project.

Further to the CIP, the redevelopment of commercial land in Brantford is also supported by the City's OP. Section 14 of the OP contains policies to encourage the preservation, rehabilitation, renewal and redevelopment of certain areas of the city, including the downtown core, in order to improve the safety, and quality of buildings, structures and facilities. The Official Plan also sets the criteria for the selection of community improvement project areas and delineates the community improvement policy area for downtown Brantford.

The primary land use designation in the Downtown CIP Area is "Core Commercial Area", one of eight commercial designations recognized in the OP. The core commercial area is intended to be the primary cultural, entertainment and office commercial activity area serving the city and surrounding municipalities. It is envisaged that the core will accommodate a wide range of uses including: business, professional and government offices; institutions and cultural attractions; education facilities; retail and service uses; hotel and convention centres; entertainment, tourism and recreational facilities and multiple unit residential dwellings.

The OP also encourages the development of a pedestrian-friendly environment in the core commercial area. The plan contains a number of policies that support improving the streetscape, building facades and landscaping, encouraging the retention of heritage structures and ensuring that new development complements the form and scale of existing buildings.

The Core Commercial (C1) and the Fringe Core Commercial (C2) zoning designations, which are the predominant zoning categories applied to the downtown area, support the OP policies by providing for a wide variety of land uses and by allowing street oriented development at densities that are not permitted elsewhere within the city.

IMPACTS

In 1999 Wilfrid Laurier University opened a satellite campus in downtown Brantford, creating a demand for new student housing in the area. Two former commercial sites within the Downtown Business Improvement Area have been or are being redeveloped as student residences (as described below). Rents are between $350 and $450 per month, which are significantly lower than Brantford's average rents. The average rent for a one-bedroom apartment is $629, $675 for a two-bedroom apartment, and $747 for a three-bedroom apartment.

160-162 Colborne Street – In January 2004, a developer submitted a proposal to redevelop a commercial site as a mixed-use project including student residences and commercial space at 160-162 Colborne Street. The former uses of the site, a restaurant and a drugstore were destroyed in a fire in April 2002. The proposed redevelopment will receive the maximum DBPGP grant (25%), as all eligibility criteria were met. The $1.4 million project will receive a total grant of $350,000. Half the grant will be awarded upon completion of the construction. Twenty-five per cent will be paid upon 80 per cent occupancy of the student residences, and the remaining 25 per cent of the grant will be distributed upon full occupancy of the commercial space for one year. Construction was underway at the time of writing and will be completed in the fall of 2004.

The building will include a student residence in the basement and on the second and third floor, and a 300-square metre pharmacy on the ground floor. The building will contain six large furnished residential units, each housing three or four students sharing kitchen and bathroom facilities, for a total of 24 students.

Figure 2: 160-162 Colborne Street, before redevelopment

156 Colborne Street – In February 2003, a developer submitted an application to redevelop the site of a former carpet store as a student residence. The site is next to the project discussed above; it was also affected by the fire and the building had to be demolished. The store had been vacant for five years prior to the fire. A new three-storey, 30-unit brick building was proposed for the site. The $1,120,422 project received a grant for 20 per cent, or $224,084, of the capital costs. Half the grant was distributed upon the completion of the proposed redevelopment, and the other half was awarded upon achievement of an 80 per cent occupancy rate. Construction of the project started in January 2002. The project was completed and occupied in September 2002.

Figure 3: Entry to the student residence at 156 Colborne Street

FINANCIAL ISSUES

The DBPGP is mostly funded from revenues from Brantford's casino, and some additional funding is obtained from the sale of municipal land. $1.5 million per year is committed to the program, but only $750,000 were distributed under the DBPGP in the 2002 fiscal year, the first year of the program's operations, and $1 million was distributed in 2003. The program is reviewed and revised by City Council annually. Funding will last until the City determines that adequate revitalization of the downtown area has been achieved.

Provincial and/or federal grant or loan programs, when available, may also be used by the City to supplement municipal funding sources for the purposes of implementing various aspects of the program. Thus far, however, no costs have been incurred by partners outside the municipal corporation in developing or implementing the program. The City is currently exploring the possibility of working with CMHC to provide affordable housing in the Downtown Business Improvement Area.

The City can also enter into partnership arrangements with private and non-profit organizations for the purpose of implementing various components of the Downtown Community Improvement Plan.

EVALUATION

The DBPGP and the complementary policies administered through the CIP have encouraged the redevelopment of commercial properties in Brantford's downtown area, which has contributed to its overall revitalization. The provision of multi-unit housing in the downtown core has enriched Brantford's housing diversity and has met the need for affordable student housing. The downtown area offers a diversity of commercial uses, restaurants, and entertainment all within walking distance of the two projects. By promoting "people activity" in the downtown core, the program has helped retain existing businesses and attracted new commercial activity.

In 2002 and 2003, 13 projects, including residential, mixed-use, and office space were built through the DBPGP, of which approximately 60 per cent were built on formerly commercial properties and had a combined value of $6,450,995. An additional amount of $9,445,126 worth of reinvestment projects is planned in the upcoming year.

FURTHER INFORMATION

Jeanne Pacey, Downtown Business Development Officer
Planning Department, Community Development
City of Brantford
Tel: (519) 759-4150 Ext. 2306
Fax: (519) 752-6977
Email : JPacey@city.brantford.on.ca
Website: http://www.city.brantford.on.ca/

Brantford heritage inventory:
http://www.brantford.ca/heritage/

03-05

OUR WEB SITE ADDRESS: www.cmhc.ca

Although this information product reflects housing experts' current knowledge, it is provided for general information purposes only. Any reliance or action taken based on the information, materials and techniques described are the responsibility of the user. Readers are advised to consult appropriate professional resources to determine what is safe and suitable in their particular case. Canada Mortgage and Housing Corporation assumes no responsibility for any consequence arising from use of the information, materials and techniques described.