

The Corporation of the City of Kawartha Lakes

Council Report

Report Number CAO2018-001

Date: February 13, 2018

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier: all

Subject: Proposed CKL Local Improvement Loan Program

Author Name and Title: Ron Taylor, CAO

Recommendation(s):

That Report CAO2018-001, **Proposed CKL Local Improvement Loan Program**, be received;

That the CAO be authorize to negotiate an agreement with Kawartha Lakes Community Futures Development Corporation for an interest free improvement loan to a maximum of \$500,000 and matched by the City; and

That staff report back to Council on the details of implementing a Community Improvement Plan to incent local non-residential building improvements, inclusive of a supporting CKL Local Improvement Loan Program.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

One of the objectives of the Economic Development Strategy is to “develop, fund, and implement a Downtown Community Improvement Plan” in 2018.

In alignment with this objective, the Kawartha Lakes Community Futures Development Corporation (KLCFDC) offers a program, in conjunction with Fed Dev Ontario, to provide municipalities with an interest free loan to support downtown improvements.

KLCFDC is proposing an interest free loan of up to \$500,000 with matching loan funding to be provided by the City. These funds would be used in a multi-year program to incent building and land improvements in alignment with City priorities, programs and plans, such as:

- derelict building repairs and improvements;
- heritage district and building restoration and improvements;
- affordable rental housing private space retrofits in mixed-use buildings; and
- downtown mainstreet revitalization and enhancements.

Rationale:

Section 106(1) of the Municipal Act states: “a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose.” Providing financial or other assistance, or bonusing, is normally prohibited, and includes the following actions:

- Giving or lending money or municipal property;
- Guaranteeing borrowing;
- Leasing or selling municipal property below fair market value; or
- Giving a total or partial exemption from any levy, charge or fee.

Community improvement initiatives are an exception to this rule in accordance with Section 106(3) of the *Municipal Act* for municipalities exercising their powers under Section 28(6), (7), or (7.2) of the *Planning Act*, or under Section 365.1 of the *Municipal Act*.

This provides the legislative basis for the City to partner with the KLCFDC to offer a loan program to qualifying parties as part of a Community Improvement Plan.

With Council’s endorsement of the partnership with KLCFDC staff will proceed with the development of a Community Improvement Plan (CIP) in consultation with KLCFDC, City departments and local business groups. The Plan will outline the eligibility criteria of who can apply, and for what specific projects. The Plan will also detail how the Program will be administered including minimum and maximum loan amounts, low/no interest, payback period, and loan eligibility

requirements. It is anticipated that a committee would be established to provide oversight to the Program.

It is important to note that there is an opportunity for other partners, including the Province of Ontario, to support this Program where priorities and funding scope are in alignment. Partners could consider additional interest free loan funds to contribute to the Program, and/or could offer small front-end grants for successful loan recipients to further incent improvement activities.

Other Alternatives Considered:

Status quo is an option whereby financial incentives are not offered to support the revitalization of our settlement areas.

Another option would be for the City to offer grants for community improvements rather than a low/no interest rate loan. The program would operate in a similar manner, however the City would fund the cost of eligible works with no opportunity for recovery. The loan program will be monitored to determine uptake and effectiveness.

Financial/Operation Impacts:

A detailed CIP will be prepared to outline the specific loan criteria and eligibility. KLCFDC will provide 50% of the loan funding, with matching loan funds coming from the City.

The only financial impact to this initiative will be cash flow. Any City funds provided as a loan to approved applicants will be paid back, with cost recovery, and over a defined period of time. All loans will be registered on title and will have priority lien status should the party default.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendations within this report directly align with Council's goal to establish a Vibrant and Growing Economy by investing in community improvements that support local business and downtown revitalization and prosperity.

Review of Accessibility Implications of Any Development or Policy:

As noted earlier in this report, the development of a Community Improvement Plan is a stated objective of the Economic Development Strategy.

It is anticipated that the CIP will provide loan opportunities for eligible businesses undertaking efforts to improve accessibility and/or provide affordable housing.

Consultations:

Kawartha Lakes Community Futures Development Corporation
Director, Development Services
Acting Manager, Economic Development
Director, Corporate Services
Treasurer

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CAO: Ron Taylor

Department File: