

The Corporation of the City of Kawartha Lakes

Council Report

Report Number CAO2018-002

Date: March 20, 2018
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: All

Subject: Local Improvement Loan Program – Agreement with Community Futures Development Corporation (CFDC)

Author Name and Title: Ron Taylor, CAO

Recommendation(s):

That Report CAO2018-002, Local Improvement Loan Program – Agreement with Community Futures Development Corporation (CFDC), be received;

That the City of Kawartha Lakes provides \$500,000 in matching loan funding for community improvements from the Contingency Reserve;

That the Contingency Reserve be replenished with interest as improvement loans are paid back;

That staff be authorized to initiate a city-wide Community Improvement Plan (CIP) in accordance with the requirements of the *Planning Act* and as generally outlined in Report CAO2018-002; and

That the Mayor and Clerk be authorized to execute any agreement and/or promissory note to secure the maximum \$500,000 interest-free loan from the CFDC to support community improvement projects.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

At the Council Meeting of February 13, 2018, Council adopted the following resolution:

CR2018-059

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.

Carried

This report is provided to update Council on the above-noted resolution. One of the objectives of the City's Economic Development Strategy is to "develop, fund, and implement a Downtown Community Improvement Plan" in 2018. The recommendations contained in this report directly address this objective.

Rationale:

KLCFDC is seeking an approval from FedDev Ontario to provide the City with an interest-free loan of up to \$500,000 to administer locally for community improvement projects. The City is required to match this loan funding to be eligible to receive it.

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.

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 offer a loan program to qualifying parties as part of a Community Improvement Plan.

With Council's approval, staff will proceed with the development of a Community Improvement Plan (CIP) in consultation with City departments, and local businesses, groups and committees (and in accordance with the *Planning Act*).

It is anticipated that the Statutory Public meeting to be held for the CIP will be scheduled this Spring, with recommendations and the Plan targeted for completion and Council consideration in August.

The CIP will outline the eligibility criteria of who can apply, and for what specific projects. The CIP will also detail how the Program will be administered including minimum and maximum loan amounts, low/no interest payments, payback period, and loan eligibility requirements. It is anticipated that a committee would be established to provide oversight to the Loan Program.

It is important to note that there is an opportunity for other partners, including the Province of Ontario, to support the CIP 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 incentive 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 through tax-supported budgets. The loan program will be monitored to determine uptake and effectiveness.

Financial/Operation Impacts:

A detailed CIP will be prepared in accordance with the *Planning Act* to outline, among other things, the specific loan criteria and eligibility.

KLCFDC will provide 50% of the total loan funding interest-free to the City. This funding will be secured through a promissory note with a 5-year payback period to the CFDC. First payment to the CFDC will be due in 2019.

The City will match these loan funds by committing \$500,000 of the contingency reserve to this program. All loan funds will be managed through the City's Contingency Reserve, and replenished with interest as improvement loans are paid back.

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

Attachments:

Appendix A - Staff Report CAO2018-001 – Proposed CKL Local Improvement Loan Program



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Department Head: Ron Taylor, CAO

Department File: