

MANAGEMENT REPORT

Date: January 26, 2023
To: Planning and Heritage Sub-committee
From: Jeff Bannon, MCIP, RPP, Planner
Report #: PLA23-001
Attachments: Heritage Conservation District Community Improvement Plan

Title: Heritage Conservation District (HCD) Incentive Program Applications – 56-62 Wellington Street

Objective: To recommend approval for a Heritage Conservation District Façade Improvement Loan, a Building Code Upgrade Loan and Rehabilitation Grant for lands municipally known as 56-62 Wellington Street and owned by Rebecca and Geoffrey Cheney.

Background: Section 28 of the Ontario Planning Act allows municipalities, where there are provisions in its Official Plan relating to community improvement, to designate by By-law, a “Community Improvement Project Area”, and subsequently provide for the preparation of a “Community Improvement Plan”. For the purposes of carrying out the community improvement plan, a municipality may offer grants or loans to owners of land or buildings to pay for the whole or part of any cost of rehabilitating such lands or buildings.

In May 2004, the Ministry of Municipal Affairs and Housing gave final approval to the City of Stratford Heritage Conservation District (HCD) Community Improvement Plan (CIP) attached to this report for reference.

The HCD CIP provides three types of programs:

1. Façade Improvement Loans,
 2. Building Code Upgrade Loans, and
 3. Rehabilitation Grants
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1. The Façade Improvement loan program covers 50% of the cost of the improvements to a maximum of \$25,000. This loan is granted to property owners upon receipt of invoices for all completed work and City inspection of all completed improvements. Loans are secured through the registration of a lien on title for the total loan amount. Interest-free loan payments begin six months

after the advancement of funds. Repayment of the loan based on monthly repayments over a 10-year amortization period.

2. The Building Code Upgrade loan program covers 50% of the cost of improvements to a maximum of \$50,000. Loans are granted to property owners upon receipt of invoices for all completed work and City inspection of all completed improvements. Loans are secured through the registration of a lien on title for the total loan amount. Interest-free loan payments begin six months after the advancement of funds. Repayment of the loan is based on monthly repayments over a 10-year amortization period.
3. Under the Rehabilitation Grant program, the City has committed to granting back to the owner the difference in the municipal portion of the increased taxes that result from a reassessment from the improvements under the HCD Façade Improvement Loan and/or the Building Code Improvement Loan. The amount of the grant is 100% of the increase in municipal taxes that are attributed to the work completed under the program only and is applied to the outstanding balance of the Façade Improvement Loan. This grant applies in the first year of the loan and will be reduced by 10% every year for a period of ten years. The amount of grants provided for a property over the life of this program will not exceed the value of the work done that resulted in the increased level of municipal tax assessment.

In all cases, funding will not be advanced until all the work has been completed and inspected by City staff.

In August of 2022, the owner made application to the City for all three components of the Heritage District programs for 56-62 Wellington Street.

Location

The subject property is located on the west side of Wellington Street between Downie Street and St. Patrick Street and are legally known as Plan 20 Pt Lot 301.

Analysis: The owner of the property is proposing to replace windows and complete masonry work.

In accordance with the requirements of the Façade Improvement Loan Program, two quotes have been received. The lowest of the two quotes is applicable and was calculated at \$60,208.91. The loan program would cover 50% of the cost of the improvements to a maximum of \$25,000. The maximum loan amount of \$25,000 would be applicable once receipts of all invoices have been provided for the completed work.

The owner is also proposing to complete roof repairs, install plumbing, electrical, and improve ventilation. In accordance with the requirements of the Building Code Upgrade Loan Program, two quotes have been received, both in excess of \$100,000. The lowest of the two quotes is applicable with a calculated value of \$124,306.00. The maximum

loan amount of \$50,000 would be applicable once receipts of invoices have been provided for the completed work.

Under the Rehabilitation Grant Program, a subset of the Heritage Conservation Façade Improvement Loan, the applicant is eligible for a grant in the amount of the increase in the municipal portion of the taxes resulting from a reassessment of the property due to the renovations, provided that the applicant remains the owner of the property during the grant period.

The works are in keeping with the Building Code Upgrade and HCD Façade Improvement Programs and the loan applications are complete. Planning staff and building staff have reviewed the applications and are in support of the requests.

A Heritage Permit has been issued and the applicant has started work on the building.

This is the first application under the CIP in 2023. Other applications have been granted in previous years, but not funded as outlined in the CIP. These were funded by default from general operating funds. As a result of this application, it has been determined that the City had not previously established a fund or funding source for any of these programs as was outlined in the Community Improvement Plan and original By-law 173-97 passed in 1997. All of the CIP programs were intended to be funded by 'an interest bearing revolving fund, which will receive loan repayments and accumulate interest' and applications for assistance were to be capped at \$150,000 annually, but was never established.

In order to give this application consideration despite recognition that the funding was not established, staff are recommending that these applications be approved with the funding for these loans as follows:

1. Façade Improvement Loan in the amount of \$25,000 from the tax stabilization reserve (G-R11-TAXS)
2. Building Code Upgrade Loans in the amount of \$50,000 from the tax stabilization reserve (G-R11-TAXS)
3. Rehabilitation Grant in the amount of 10% of increased taxes from the City's write-off account in operations (G-139-1240-5050)

Further, that upon repayment of the loans, payments are returned to a newly established Heritage Conservation District CIP Reserve Fund for this purpose in the future.

When preparing the 2024 budget, staff will assess applications received in the current and previous years to determine an appropriate amount to start up the Reserve Fund. Once established, any loans or grants under the CIP program would flow through this reserve fund, and not impact general operations.

It should be noted that these by-laws do indicate that applications are considered insofar as funding is available, so staff are also recommending that no further applications would be considered and if any applicants are received, they be advised that funding has been utilized for the 2023 year.

Given the time that has elapsed since the Plan was implemented, and the many changes to the Planning Act, planning staff intend to undertake a review of the CIP to determine whether it requires any further revisions. This may be a multi-year review, but is recognized as required nonetheless.

Financial impact to current year operating budget:

Because the recommendation is to fund these applications from an existing reserve, there is no impact to the current year operating budget.

Financial impact on future year operating budget:

There will be a future year budget impact to be determined but estimated at this time to be between \$50,000 and \$150,000.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Developing our Resources

Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment.

Alignment with One Planet Principles:

Health and Happiness

Encouraging active, social, meaningful lives to promote good health and wellbeing.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Culture and Community

Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living.

Land and Nature

Protecting and restoring land for the benefit of people and wildlife.

Zero Carbon Energy

Making buildings and manufacturing energy efficient and supplying all energy with renewables.

Staff Recommendation: THAT Council approve the Building Code Upgrade Loan application submitted by Rebecca and Geoffrey Cheney for 56-62 Wellington Street in the amount of \$50,000 to assist with physical repair of the roof system, plumbing, electrical and ventilation systems;

THAT Council approve the Façade Improvement Loan application submitted by Rebecca and Geoffrey Cheney for 56-62 Wellington Street in the amount of \$25,000 to assist with physical repair and replacement of masonry and windows;

AND THAT Council approve the Rehabilitation Grant to Rebecca and Geoffrey Cheney for 56-62 Wellington Street in the amount of 10% of increased taxes.

Prepared by:	Jeff Bannon, MCIP, RPP, Planner
Recommended by:	Andrea Hächler, Manager of Planning
	Joan Thomson, Chief Administrative Officer