



COUNCIL REPORT

June 27, 2016

TO: Mayor Christian Provenzano and Members of City Council

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Downtown Development Initiative**

DEPARTMENT: Engineering and Planning Department

RE: Downtown Development Initiative Evaluation and Next Steps

PURPOSE

This report identifies momentum and evaluates successes and enduring challenges of downtown revitalization over the past ten years. It also sets out an approach to develop a new downtown strategy including potential policy directions and major projects and describes a community engagement program. The report recommends Council authorize funding to facilitate community outreach.

BACKGROUND

Significance of the downtown

People judge the health of a community by the health of its downtown. Over the past forty years, Downtown Sault Ste. Marie has experienced similar challenges to other midsize city downtowns across North America: expansion of the city outwards, increased reliance on the automobile, and the emergence of shopping malls and big box stores. These factors have precipitated a decline in the health and vibrancy of downtown Sault Ste. Marie.

Downtown Sault Ste. Marie is symbolically, culturally, economically, and socially significant to our city. It is the city's first neighbourhood, and its iconic landmarks define the Sault Ste. Marie's identity. It also contains the highest concentration of jobs and office space in the city and contains valuable social services and resources for community residents. Furthermore, the downtown possesses valuable community spaces including the waterfront walkway, Clergue Park, and the Essar Centre.

The downtown is of critical importance to the financial well-being of the City. As a result of its compact urban form, the downtown occupies 1% of the city's overall

land area but contributed 9% of the city's overall tax revenue in 2013 – contributing approximately \$10.5 million of the city's overall tax revenue. In particular, the downtown represents approximately 23% of the municipality's commercial tax revenue.

Past revitalization initiatives

In 2005, the City and Downtown Association developed the following vision for the downtown:

- More than a main street – a 'true' neighbourhood
- An authentic place
- A '24/7' neighbourhood
- Entertainment and cultural centre of the city
- Marketplace shopping experience
- Well-connected place
- Safe place

This vision served as a foundation for the Downtown Development Initiative's revitalization efforts over the past ten years, with the following objectives:

- Stimulate revitalization through private sector investment
- Enhance the public realm through promoting high quality urban design and capital works projects
- Encourage residential, commercial, and office intensification in the downtown core

The Downtown Development Plan, prepared in 2006, led to the creation of the City's first Downtown Community Improvement Plan (DCIP), which was implemented from 2007 to 2009. This plan also included the development of the Downtown Urban Design Guidelines. Through this strategy, over 100 grants were awarded to 68 properties for building and façade improvement, while 4 properties were approved for tax rebates with projects valued over \$500,000. It also facilitated the development of major projects including John Rowswell and Clergue Parks, the John Rowswell Hub Trail Bay Street extension, March Street Stage, and Queen Street laneway improvements.

The second Downtown Community Improvement Plan was implemented in 2014, and is nearing completion. This Plan facilitated streetscape improvements on Gore Street, Queen Street, and Huron Street and the development of a Downtown Streetscape Design Manual. In addition, 69 improvement grants were awarded to 49 properties, and two properties obtained tax rebates.

City Council also endorsed the Canal District Neighbourhood Plan in 2014. This provided a unified development framework for the neighbourhood and identified the following priority projects: Gore Street Streetscape Improvements, Huron

Street Welcome Parkette, Gateway Signature Park, Bay Street Streetscape Improvements, and additional Hub Trail spokes.

ANALYSIS

Downtown Momentum

Assessing past revitalization efforts reveals considerable progress over the past ten years, based on the identified objectives. Substantive private sector investment over this time is especially noteworthy. The attached Downtown Momentum map shows major private and public sector projects that have occurred over the past two years and are currently underway.

The financial incentive programs have played a critical role in attracting private sector investment into the downtown. Most private large-scale projects that have occurred downtown in the past ten years have benefited from the financial incentive programs included in the DCIPs.

The DCIPs included a total of \$1.2 million for matching grant programs. This funding leveraged approximately \$4.8 million in new investment into existing commercial buildings. This investment is critical for maintaining the downtown as a viable commercial core.

The Municipal Tax Increment Rebate has yielded the most significant private investment. The 6 projects that qualified for the program represent an overall sum of \$35 million. Combined with the Rental Housing CIP, these tax rebate programs have increased residential development: a critical component of developing a resilient downtown neighbourhood. The following buildings are examples of buildings benefiting from tax rebates.



719 Bay Street



Riverwalk Condominium Phase I, 969 Queen Street



River Park Manor Apartments, 676 Bay Street



723 Bay Street

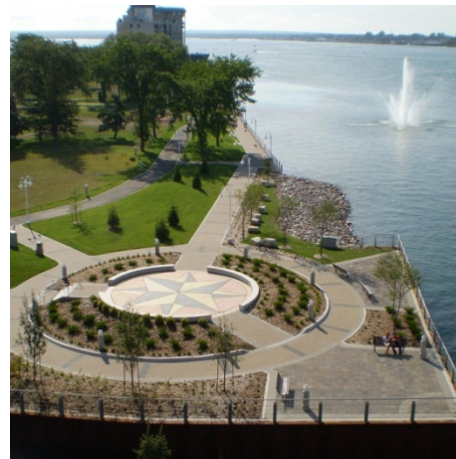
Momentum continues to build in downtown Sault Ste. Marie. Despite commercial development in the Great Northern Road area, the downtown remains the city's predominant commercial hub, containing approximately 600 businesses. This is highlighted by the overall increase for downtown commercial building permits from 2014-2015. During this same period, the rest of the city experienced a slight decline in commercial building permits.

The private sector is becoming more confident in the downtown, demonstrated by a number of new private redevelopment projects including the Machine Shop, Mill Market, and The Tech.

The DCIP priority projects have precipitated significant public realm enhancements throughout the downtown. The following pictures are examples of the significant transformation downtown to establish a more attractive pedestrian environment and enhanced linkages and linkages throughout the downtown.



Bay Street Hub Trail Link



John Rowswell Park

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Queen Street Tree Replacement



March Street Stage

The following pictures demonstrate how the Façade Improvement Program has precipitated significant transformations to downtown streets beyond the sidewalk. Participating businesses act as leaders, setting a new standard for downtown urban design.



Savoy's Jewellers Transformation



Arturo Ristorante Transformation



Foch Cleaners Transformation

Enduring Challenges

Though the downtown has experienced several significant gains and momentum continues to build, the following systemic challenges continue to impede the revitalization process.

Establishing a resilient and diverse neighbourhood

Sustainable and vibrant neighbourhoods possess a diverse population and contain services and amenities to meet the needs of all residents. Mixed neighbourhoods feature a mix of ages, income levels, family types, and housing types and tenures. The benefits of mixed neighbourhoods include more local commerce and jobs, higher rates of social mobility, increased social capital, and enhanced feelings of safety.

Currently, the downtown's population demographics contrast the rest of the city. In 2011, the National Household Survey revealed 43% of downtown residents were classified as low-income, compared to 14% in the city overall. 50% of children living in the downtown live below the low-income cut-off. The downtown population is also significantly older than the rest of the city; approximately 33% of residents are over the age of 65, while only 12% were under the age of 19. In addition, the proportion of families living downtown is significantly less than the rest of the city and nearly half of the downtown population identified as living alone.

This demographic profile demonstrates a demand for aligning community infrastructure to support and provide increased opportunities for the existing population. In addition, a more balanced population – representative of the rest of the city – including children and youth, families with intentions to stay long-term in the neighbourhood, and a broader income spectrum would help to foster a more resilient downtown neighbourhood.

Combatting commercial and office vacancies and encouraging non-office uses

The downtown has always been, and will remain, the city's commercial, employment, government, and entertainment core. However, over the past few decades commercial expansion in other areas of the city has yielded higher vacancy rates and an imbalanced office to retail ratio. These conditions contribute to the downtown's reputation as a '9-5' neighbourhood. Currently, the Queenstown BIA contains approximately 230 businesses in their directory. Of this, approximately 150 are service professionals, 54 are retail, and 11 are hospitality.

Successful downtowns have achieved a more balanced ratio among commercial uses, supporting extended activity and traffic and diverse populations in the downtown beyond traditional office uses and work hours.

Cultivating a 'sense of place' and downtown identity

Sense of place encapsulates the combination of characteristics that makes a place feel special and unique. This includes the intrinsic character of a place as well as the meaning people give to it. It also references the symbolic significance of a particular area. We associate our downtown's distinctive features (e.g., Roberta Bondar Pavilion, Waterfront Walkway, Museum) as representative of the city overall. Currently the downtown could gain from implementing planning strategies that further enhances a sense of place.

Beautification projects, streetscape improvements, and the DCIP Façade Program have significantly enhanced the quality of the public realm. However, the removal of Emerald Ash Borer-inflicted street trees has compromised the overall aesthetics of Queen Street. In addition, many grants were approved for structural and functional building repairs (e.g., new HVAC, roof replacement) that increase the assessed value of the buildings but do not significantly enhance their visual appearance. Furthermore, downtown streets remain designed predominantly for vehicles rather than pedestrians; street life and pedestrian activity remains relatively low.

Moving Forward

The current DCIP is nearing completion. Therefore, it is important to initiate the development of a new downtown strategy, which will require a public engagement campaign. This strategy must be comprehensive and include both a strong policy framework and capital projects, representing a collaborative vision across city departments and downtown stakeholders.

Policy Directions

The following general policy directions target the systemic challenges facing the downtown. Community input is required to refine these directions to develop planning strategies and tangible projects and initiatives.

i) *Establish a downtown taskforce*

The creation of a downtown taskforce is a common tool utilized by municipalities in downtown revitalization strategies. A taskforce demonstrates strong leadership and continual activity and focus towards downtown issues. Comprised of City staff and downtown leaders, a taskforce encourages the development of a coordinated and collaborative strategic approach to revitalization with buy-in from all stakeholders. A taskforce would also cultivate a sense of shared community responsibility for downtown health and vibrancy and pass on a sense of duty for organizations beyond the City to prioritize downtown revitalization in their organizational plans.

ii) *Pursue tools for intensifying residential development, encouraging residential upgrading, and increasing affordable housing*

Downtown residential development and reinvestment is the foundation of a healthy downtown community with residents across ages, household types, and income levels. Many Canadian municipalities offer financial incentives including grants, loans, and waiving building permit fees for downtown residential development. Incentives can be targeted to encourage new development, upgrading existing properties, or encourage the conversion of second floor commercial space to residential. Furthermore, the development of affordable housing downtown should be prioritized, where amenities and most social and health services are concentrated and easily accessible.

iii) *Promote a high-quality public realm*

The downtown benefits from the distinct character of its buildings and open spaces, which should be enhanced and preserved. A high standard of design should be encouraged for both public and private developments which contribute to the public realm. A high quality public realm encourages private sector investment.

iv) *Encourage downtown programming*

Programming must be considered as part of a holistic strategy in two ways: the downtown must contain both physical infrastructure and street design that encourages activity such as sidewalk patios and flexible plaza spaces as well as 'soft' infrastructure – the development of continual programming to attract people downtown. Procedures should be reviewed, improved, and developed to

increase the capacity for organizations to facilitate downtown events. Furthermore, the municipality's role in programming should be identified and expanded.

- v) *Strongly encourage all public sector buildings to locate downtown*

The City should demonstrate leadership by prioritizing downtown as the administrative centre of the community.

Capital Projects

The following capital projects are recommended by Planning staff as opportunities to meet the aforementioned objectives of the Downtown Development Initiative:

- i) *Queen Street Tree Replacement*

Over the next two years, all of the ash trees will need to be replaced. Replacing the trees with diverse species would be a significant public realm transformation and positively impact property owners and businesses along our main street.

- ii) *Signature park on Gateway Property*

Development of a signature park on the east side of the Gateway site would establish an important linkage between the downtown waterfront walkway, Canal District, Casino Sault Ste. Marie, the John Rowswell Hub Trail, and the Gore Street Commercial area. It could also serve as a catalyst for further development on the remainder of the Gateway site.

- iii) *Bay Street Lane Reduction*

Currently, Bay Street acts as a physical barrier between the waterfront and the rest of the downtown. Proceeding with this project will cultivate a more pedestrian-friendly environment by providing road space for active transportation. Furthermore, this project will significantly enhance the appearance of this area.

- iv) *Two-way conversion study*

Sault Ste. Marie converted its downtown streets to a one-way couplet system approximately 60 years ago to expedite traffic flow. Recently, cities across North America have begun to convert their downtown streets back to a two-way system. Studies suggest two way streets can help to reduce traffic speeds, improve feelings of pedestrian safety, and are easier for people to navigate.

- v) *Complete Streets Analysis*

Downtown streets should be designed as places, rather than thoroughfares. A Complete Streets study would identify opportunities to make downtown streets more inclusive to alternative forms of transportation including cycling as well as make the public realm more comfortable and welcoming to encourage walking.

vi) New Affordable Housing

Similar to other communities, Sault Ste. Marie lacks affordable, secure housing. Increasing the downtown's residential population is critical to achieving a resilient, complete neighbourhood.

vii) Hub Trail Extension to James Street

This project will connect the James street neighbourhood to the downtown and the rest of the Hub Trail network. This linkage is important as it will re-establish a pedestrian connection to this neighbourhood that was severed with the building of Carmen's Way.

viii) Waterfront Park on Suncor Property

Development on this site would establish a fully-linked downtown waterfront park system and facilitate the productive reuse of a former industrial site.

SUMMARY

This report has evaluated previous downtown development initiatives, identified growing development momentum, and described enduring barriers to downtown prosperity. The report concludes with a suite of policy directions and capital projects that will serve as the starting point of the development of a new downtown strategy.

A community outreach program is required to obtain comments and develop concrete planning strategies to comprise the next stage of the Downtown Development Initiative. This program will engage downtown stakeholders and community members through outreach opportunities, social media and online input opportunities, and open house events.

IMPACT

The Commissioner of Finance and Treasurer has identified \$5,400 from the 2009 Economic Diversification Fund that may be used for this project. These funds represent the remaining balance from a previous Downtown Development Initiative. Staff is recommending that these funds be redirected to the cost of the community outreach initiative.

STRATEGIC PLAN

The Downtown Development Initiative is identified in Strategic Direction 1: Development Solid Infrastructure; Objective 1C – Property Management and Development.

RECOMMENDATION

It is therefore recommended that Council take the following action:

Resolved that the report of the Project Coordinator, Downtown Development Initiative be accepted as information and that Council;

- 1) Authorize a downtown community outreach initiative as described in this report, and
- 2) Approve the reallocation of the remaining \$5,400 from the Downtown Development Initiative in the 2009 Economic Diversification Fund to the project.

Respectfully submitted,



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Recommended for approval,



Donald B. McConnell, RPP
Planner

Recommended for approval



Jerry Dolcetti, RPP
Commissioner Engineering & Planning

VP:ps