

Incentive Programs Supporting Commercial Reinvestment - (B. Henderson)

Recommendation

That the November 7, 2017, Regional and Economic Development report CR_5179, be received for information.

Previous Council/Committee Action

At the September 12/13, 2017, City Council meeting, Councillor B. Henderson made the following inquiry:

What is the status of current incentive programs that support commercial reinvestment on Main Streets as well as in established and mature neighbourhoods?

Executive Summary

The Facade Improvement Program and the Development Incentive Program are the City's two financial incentive programs that support commercial reinvestment on Main Streets, and in established and mature neighbourhoods. Both have been effective tools to support economic revitalization efforts. The Development Incentive Program has not received funding since 2015 and all funding that was available has been fully allocated. The Facade Improvement Program is funded on an ongoing annual basis and is fully allocated each year.

Report Body

The Development Incentive and Facade Improvement programs are applicable within Edmonton's 13 Business Improvement Areas. Both the City and Business Improvement Areas use these programs as tools to encourage and support the economic health of these areas. Additionally, with City Council's approval, these incentives have been made available to other commercial areas including those within the Corner Store Program, Petrolia Mall, Little Italy and Norwood Boulevard where they have helped to attract commercial reinvestment.

The programs share a common goal of encouraging economic revitalization but achieve this goal in different ways. Grants available through the Facade Improvement Program encourage property and business owners to upgrade the exterior of their building with the intention of improving first impressions, attracting and retaining quality businesses, and improving the pedestrian experience and aesthetics of the street. The Development Incentive Program differs in that the grants that it provides encourage investment in higher density residential and/or commercial development to expand the retail and customer base of a commercial area, and also assist in filling chronically vacant commercial spaces.

Each program sends a clear message to private commercial landowners, the local business community, builders and developers about City priorities to support commercial reinvestment. While both incentive programs have proven to be effective tools in economic revitalization efforts, the Development Incentive Program is no longer active due to lack of funding.

Development Incentive Program Status

The Development Incentive Program offers grants to eligible property owners who invest in new development, redevelopment, and/or conversion of their properties for mixed-use, multi-unit residential, and/or eligible storefront retail and commercial uses. (For details see Attachment 1). The program complements City efforts to support revitalization of mature and established communities.

The program was initiated in 2009, and was funded between 2009 and 2015 by three lump sum budget injections. All available funding has been committed or paid out. Though the program is currently unfunded, private sector interest continues, with a waiting list for eligible projects and continuing inquiries. To date it has paid out \$2 million in grants and leveraged over \$35 million in private investment. An additional \$1 million is committed to projects that are currently under construction. The program has supported 36 projects across numerous areas. These projects include 24 interior renovations of chronically vacant commercial spaces, one new commercial building, nine new mixed-use buildings and two new residential buildings (totalling 316 new residential units).

The Development Incentive Program has the potential to advance continued transformational impact; by aligning to multiple City goals and focusing on the program's most effective elements, it could be strengthened to further support advancement of priorities and initiatives related to residential infill, transit oriented development, priority commercial corridors, core communities and other strategic areas that might not otherwise be the focus of private sector interest.

Facade Improvement Program Status

The Facade Improvement Program provides matching grants for eligible improvements that enhance the interface between commercial buildings and public pedestrian space, improve the marketability of existing commercial spaces, and have a positive aesthetic impact on the streetscape. (For details about the grants see Attachment 1). The program supports City efforts to revitalize Main Streets and commercial nodes in established and mature neighbourhoods.

The program began in 2003. It receives ongoing/annual operating funding (\$900,000) and is fully utilized year over year. To date it has paid out over \$7 million dollars in grants, for a grant

multiplier of 5:1 private:public dollars over the last five years. Two hundred and fifteen storefronts - across 24 commercial areas and neighbourhoods - have been renovated with the support of this program. The majority of these are concentrated in business improvement areas at and near the core (for example, Downtown and Alberta Avenue, where respectively to date, there have been 45 and 31 buildings renovated through the program). Many participating properties can be easily identified in these and other areas by their upgraded and attractively designed exteriors, and by the many successful and recognizable businesses operating within them.

The Facade Improvement Program continues to be a popular economic revitalization tool for Business Improvement Areas and the Corner Store Program in particular, and helps to make Main Streets and commercial spaces more marketable and attractive. It also complements other City activities such as neighbourhood revitalization and renewal.

Corporate Outcomes and Performance Management

Development Incentive Program

Corporate Outcome: Edmonton is attractive and compact			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Advance a thriving, resilient, sustainable economy and environment	Increase in new residential units in proximity to commercial in established and mature areas (supported by the program)	125 (2016) 316 (total)	Annual upward trend
	Growth in new mixed use buildings in established and mature areas (supported by the program)	4 (2016) 9 (total)	To be developed

Corporate Outcome: Edmonton has a globally competitive and entrepreneurial business climate			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton has reduced barriers to business growth and better	Increase in filled commercial vacancies in established and mature areas	4 (2016) 24 (total)	To be developed

meets the needs of business and industry	(supported by the program)		
	Increase in new commercial units in established and mature areas (supported by the program)	6 (2016)	To be developed

Facade Improvement Program

Corporate Outcome: Edmonton is attractive and compact			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Encouraging well designed buildings and spaces	Increase in patrons/businesses reporting the area is aesthetically pleasing	To be developed	To be developed

Corporate Outcome: Edmonton has a globally competitive and entrepreneurial business climate			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton increases the reach and effectiveness of supports for entrepreneurship and business innovation	Number of Facades renovated (supported by the program)	215 (total) 36 (2016)	Maintain or increase

Attachments

1. Incentive Program Details

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Campbell, Deputy City Manager, Communications and Engagement
- L. McCarthy, Deputy City Manager, Urban Form and Corporate Strategic Development