

What We Heard

Reinstatement of the Development Incentive Program

ADVISE

City of Edmonton
Urban Planning & Environment, Economic
Investment Services
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Edmonton.ca/dip

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SHAPE OUR CITY

Edmonton

Table of Contents

Table of Contents	2
Acknowledgements.....	3
At A Glance / Executive Summary.....	3
Project Overview.....	3
Public Engagement Approach.....	4
What We Asked.....	5
What We Did.....	6
Next Steps.....	7

Acknowledgements

The City of Edmonton acknowledges the traditional land on which we reside is in Treaty Six Territory. We would like to thank the diverse Indigenous Peoples whose ancestors' footsteps have marked this territory for centuries, such as nêhiyaw (Cree), Dené, Anishinaabe (Saulteaux), Nakota Isga (Nakota Sioux), and Niitsitapi (Blackfoot) peoples. We also acknowledge this as the Métis' homeland and the home of one of the largest communities of Inuit south of the 60th parallel. It is a welcoming place for all peoples who come from around the world to share Edmonton as a home. Together we call upon all of our collective, honoured traditions and spirits to work in building a great city for today and future generations.

At A Glance / Executive Summary

This project was undertaken in 2024 to better align the Development Incentive Program (DIP) with the City Plan, and included community consultation between August and September of that year. Participant feedback was used to identify potential program changes so that the program could better meet user needs as well as City goals. We heard from:

- 11 Business Improvement Area Executive Directors
- 7 City departments whose work impacts or influences the program
- 2 past New Development Grant participants with projects that benefitted from the program
- 2 Development organizations (NAIOP, BILD Edmonton)
- 3 Business organizations: AKSIS, Edmonton Chamber of Commerce, and the Newcomer Centre
- 7 past Interior Building Improvement Grant recipients

Participants expressed an overall support for the grant program streams and highlighted them as valuable economic development initiatives that provided tangible help for small business owners trying to open a brick-and-mortar business, as well as a way to de-risk larger redevelopment projects. Their feedback was used to identify potential program changes for approval by City Council, including grant amounts, advice on program boundaries and advice on evaluation criteria.

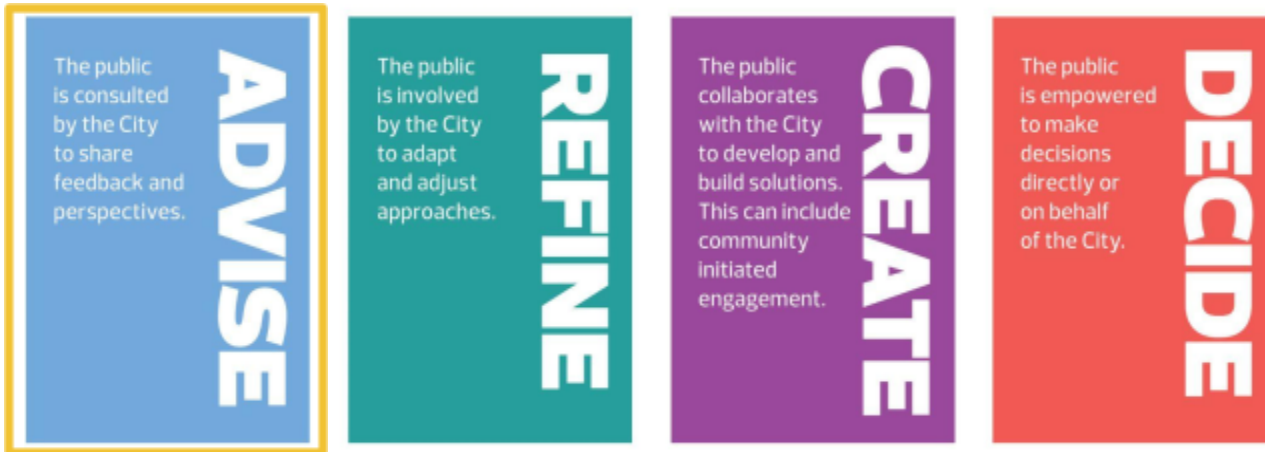
Project Overview

The Development Incentive Program was created in 2008 to encourage commercial and residential density within Business Improvement Areas (BIAs) as well as two other specially designated Council-approved areas: Little Italy and Norwood Boulevard. During the 2023 Fall Supplemental Budget Adjustment, the program was ended, and Administration was asked to provide a report with suggestions for how DIP could better contribute to the implementation of the City Plan.

A reinstated DIP must meet the goals outlined in the City Plan, City financial realities, and grant user needs in order to be successful. To this end, Administration engaged with interested and affected groups in the community about what an updated version of DIP should look like. This What We Heard report documents the approach, and the results of engagement along with the feedback gathered is what will be proposed to Council.

Public Engagement Approach

The project team identified people and organizations who were previous grant recipients and had participated in DIP, business organizations that represented businesses and property owners who were eligible to participate in DIP, and City staff members whose work impacted or was impacted by the grants as the key participants in community engagement. The engagement level of influence, as described by the [City's Public Engagement Spectrum](#), was identified as Advise. The visual below illustrates the City's Public Engagement Spectrum:



Personalized invitations to engage were sent out by email, with follow up requests if there was no response. In total, we heard from:

- 11 Business Improvement Area Executive Directors
- 7 City departments whose work impacts or influences the program
- 2 New Development Grant participants with projects that benefitted from the program
- 2 Development organizations (NAIOP, BILD Edmonton)
- 3 Business organizations: AKSIS, Edmonton Chamber of Commerce, and the Newcomer Centre

In August and September 2024, 23 one-on-one conversations or small group conversations about DIP's future were held. Participants met with the project team one-on-one or, in two cases, in small groups at the participants' requests.

An online survey was also sent to 30 businesses that participated in the Interior Building Improvement Program between 2018 and 2024 with seven responses.

Secondary research shows that the equity-seeking group facing the most barriers to opening a new brick-and-mortar business are new Canadians. There are barriers to financing new businesses, including navigating foreign systems, unconscious biases, reluctance to deal with government agencies and language barriers. The project team therefore prioritized conversations with business organizations representing these entrepreneurs (specifically, AKSIS and the Newcomer Centre) as well as with BIA Executive Directors for BIAs with a higher representation of business owners who are new Canadians (i.e. Chinatown, North Edge, Alberta Avenue).

What We Asked

Participants were asked what was working with the program and responded to a list of potential changes identified as a starting point for further conversation and consideration. A Conversation Guide was used to ensure that participants were asked similar questions; however, the conversations were tailored to meet the interests of the people and groups spoken with.

Examples of the questions asked include the following:

- What do you think of the proposed changes [*to the Interior Building Improvement Program/the New Construction Program*]? Is there anything that sticks out to you as particularly good or that needs more thought?
- How do you feel that the proposed changes will be received by business owners/your members?
- [*Interior Improvement Grant only*] Is a financial grant the best way to reduce chronic commercial vacancies?
- Did we overlook anything? Is there anything else you'd like to add or anything else you'd like to see the program do or support?

What We Heard

Feedback from participants were organized and categorized based on which grant stream they referred to. Comments were marked by where they had come from and topics that came up more than once were grouped together. If a topic or comment came up multiple times it was highlighted, however given the size of the engagement group targeted all feedback was read and considered by the program team to see if it could be addressed in the program revisions, even if it was mentioned only once. The seven responses to the online survey were analyzed using the same methodology.

Below are lists of the topics or themes heard more than once for each stream of the existing grant program. The comments have been summarized to ensure participant anonymity. Please see Attachment 2 for the full list of proposed program changes.

Interior Building Improvement Program

- The biggest challenge to opening a brick-and-mortar storefront for business owners is financing. This can be even more difficult for new business owners and equity-seeking entrepreneurs.
- Overall there was support expressed for excluding some business types (cannabis, liquor store, body rub) with caveats to allow for more unique or positive retail experiences. The sentiment is that any business supported should contribute to a Business Improvement Area's street vibrancy.
 - There was also support for allowing auto-oriented businesses to be funded in context-specific BIAs like Kingsway or Northwest Industrial.
- Overall there was support to keep the Interior Improvement Program's area of applicability within BIAs versus expanding to Priority Growth Areas (PGAs)
 - Support for offering a larger grant for areas where BIAs and PGAs overlap was mixed.
- Overall there was support for relaxing rules around one grant per building, expanding what can be reimbursed, and allowing one grant per 10 years per commercial retail space.

- There was support for requiring a business licence/lease at the end of the project to get the grant. This ensures that the program meets its goal, which is to reduce commercial vacancies by ensuring that a renovated space has a committed business.
- There was support for increasing the grant amount for larger projects (i.e. over a certain threshold). Some groups also shared that the City's portion of the funding should be higher than 50 per cent of the total project cost.
- Several questions were raised as well, such as:
 - How can this grant better support equity-seeking groups or those who might not have upfront access to funds?
 - Is there a way to prevent vacancies to begin with and help existing businesses with funding for remodelling? There is an issue with deferred maintenance in some areas.

New Construction Grant

- There was some concern expressed by other City departments that this grant would overlap with other City funding initiatives to encourage larger scale infill.
- The criteria to apply to the program could be simplified, specifically the design-oriented language in the application. There was overall support for adding evaluation criteria that better aligns with City goals.
- There is a higher demand for smaller commercial units (less than 2,000 square feet).
- High vacancy is an issue, and high vacancies make it hard to move new units with higher leases in new buildings. Tenant improvements requested by businesses are expensive.
- There is lots of development interest at the edges of the city and less interest for infill.
- The grant amount can make or break a proforma, but it's still very small and is unlikely to influence the location of an investment/new building. This is one small factor out of many considerations.
- Big projects are a better return on investment for the City. "Missing middle" mixed-use infill is hardest to build, and small commercial infill is where the City has the most design influence.

Throughout the discussions regarding both the existing program streams and ideas for changes, several future opportunities were identified to promote the grant(s) in the future to equity-seeking entrepreneurs as well as invitations to continue conversations on these topics to move toward a more inclusive grant and application process.

What We Did

Based on the support expressed by participants for many of the changes proposed, these changes were (for the most part) included in the list of proposed changes that are being brought to City Council for approval (see Attachment 2 for the full list of changes).

However, some key changes that are a direct result of the engagement include:

- Increasing the reimbursement grant amount for the proposed Commercial Vacancy Reduction Program from \$20,000 to \$30,000.

- 7 City of Edmonton Urban Planning & Environment, Economic Investment Services,
Reinstatement of the Development Incentive Program, 2025
- Keeping the boundaries of the proposed Commercial Vacancy Reduction Program to Business Improvement Areas. Responses to changing the grant boundaries were mixed. With some groups in favour and some not, the decision was made to keep the grant boundaries as-is.
 - Expanding the proposed evaluation criteria for a New Construction Grant to include the potential increase in assessed land value, the relative priority of a Priority Growth Area, commercial square footage created and community context. Adding this criteria can help address the grant's perceived effectiveness for communities.

Next Steps

In March 2025, a report outlining proposed changes to the Development Incentive Program will be presented to Executive Committee, and engagement participants will be invited to share their opinions with the Committee.

If directed, Administration will submit an unfunded service package for consideration during a future budget for each program. Opening the new programs to applications would depend on if and when a budget is approved.

Updates will be shared on our website at edmonton.ca/dip.