

# Facade Improvement Program and Development Incentive Program

Inclusion to Support Community Economic Development Initiatives

## Recommendation:

That Executive Committee recommend to City Council:

1. That the properties located within the Community Economic Development pilot areas of Corner Stores, Petrolia, and Norwood Boulevard, as outlined in Attachments 3-5 of the March 24, 2015, Sustainable Development report CR\_2087, be eligible to receive funding as Council supported initiative areas under City Policy 216B - Façade Improvement Program Policy and City Policy C553B - Development Incentive Program Policy.
2. That \$700,000 from the Facade Improvement Program Reserve be transferred to the Development Incentive Program Reserve.

## Report Summary

**This report provides rationale to provide Administration with authority to offer the Facade Improvement Program and Development Incentive Programs in the following Community Economic Development pilot projects: Corner Stores, Petrolia Mall and Norwood Boulevard. A transfer from the reserves of the Facade Improvement Program to the Development Incentive Program is required to ensure the benefits of these programs are maximized in the Business Revitalization Zones and in these Community Economic Development initiative areas.**

## Report Background:

The Façade Improvement Program and the Development Incentive Program function as catalysts for revitalizing commercial areas in Edmonton. This is achieved by providing a matching grant for construction to small businesses, property owners, and developers in Business Revitalization Zones and City Council supported initiatives.

The Façade Improvement program provides grants to property owners / businesses to upgrade the physical appearance of storefronts as follows:

- Up to 50 percent of eligible construction costs to a maximum amount of \$30,000 per building façade.
- Up to 50 percent of eligible construction costs to a maximum amount of \$60,000 on a corner building.

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Eligible construction costs must be incurred on the first three stories of a building and include labour and materials of storefront features such as lighting, doors, exterior walls, or awnings.

The Façade Improvement Program began in 2003 and operated as a pilot in the Downtown Business Revitalization Zone. The program was provided with ongoing funding and expanded to all Business Revitalization Zones in 2006, based on the demonstrated success of the pilot and demand from other Business Revitalization Zones. In August 2014, City Council approved a policy amendment to expand the program beyond Business Revitalization Zones to include other City Council supported initiatives areas.

The Development Incentive Program provides support in renovating vacant commercial space and creating new commercial and residential spaces. There are three types of grant incentives specific to the following types of investment:

- New Commercial Business Interior Improvement Program - Eligible for up to \$20,000 on improvements if commercial space has been vacant more than six months.
- Commercial Development Reinvestment Grant Program - Eligible for up to \$50,000 on new two storey commercial building with a minimum construction value of \$250,000.
- Multi-unit Residential Development Reinvestment Grant Program - Eligible for up to \$7,000 per new dwelling to a maximum of 36 new dwellings on a building that has more than ten dwellings, or eligible up to \$12,000 per new dwelling to a maximum of 36 units if dwellings are created above ground floor commercial-use storefronts.

The Development Incentive Program was a reserve funded pilot program originally intended to end in November 2012. City Council passed a motion to increase the 2013 Operating Budget on a one-time basis based on the demonstrated success of the pilot program and provided an additional \$750,000 to fund the Development Incentive Program. In April 2014, City Council approved policy amendments to continue delivering the program and to expand it to be available to all Business Revitalization Zones and other City Council supported initiative areas.

### **Opportunity To Expand Programs:**

Residents have shown a growing interest in neighbourhoods that allow them access the necessities of daily life within a short distance from home. Administration has recognized Edmonton's small commercial corridors and strip malls as an opportunity to support the diversification of the city's economy and improve the livability of mature neighbourhoods. Administration supports Community Economic Development by working with residents, businesses, and property owners to support viable commercial endeavours in mature neighborhoods.

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Administration is seeking the authority to offer the Façade Improvement Program and Development Incentive Program in the following Community Economic Development pilot project areas where local businesses and property owners have expressed interest in accessing the programs.

1. Corner Stores

The Corner Store program focuses on retention and attraction of neighbourhood commercial small businesses through marketing support and public space enhancement. Administration carried out a review of 110 potential sites and selected three Corner Store sites (Attachment 3) to demonstrate the positive impact of local economic growth on community vibrancy.

2. Petrolia Mall

The Petrolia Mall site located at the intersection of 114 Street and 40 Avenue (Attachment 4) is a strip mall that has experienced high vacancy rates and declining perceived viability as a commercial centre over the past decade. Its decline is emblematic of many large strip mall locations through North America. Administration in partnership with engaged local citizens is supporting re-development plans to transform the mall location into a viable community commercial hub.

3. Norwood Boulevard

Norwood Boulevard (Attachment 5) is an established commercial corridor located along 111 Avenue between 99 Street and 90 Street that services the local community and is a key connection point between Downtown Edmonton and Commonwealth Stadium. Administration is working with business and property owners to encourage investment in business infrastructure and product enhancement.

Expanding the Façade Improvement Program and Development Incentive Program into the above Community Economic Development pilot project has the ability to:

- stimulate investment in these areas of need
- support the growth efforts of small businesses in these areas
- beautify and improve the pedestrian element of each area's streetscape
- enhance the revitalization efforts of our community partners

### **Program Monitoring:**

If these Community Economic Development priority areas are approved as Council supported initiative areas, the effectiveness of the Façade Improvement Program and Development Incentive Program in these priority areas will be evaluated annually.

### **Program Funding:**

The Development Incentive Program is funded by one-time contributions to its reserve

and the Facade Improvement Program has received ongoing funding since 2006.

Increased awareness of the Development Incentive Program through targeted marketing has resulted in significant growth in applications to the Program. The Development Incentive Program is currently oversubscribed with all funding dollars either paid out, under contract to projects in construction, or allocated to projects in contract negotiation. The Program reserve will be depleted by 2017, and no further applications can be approved without a new contribution to the Development Incentive Program budget. To continue to service new applicants in the Development Incentive Program a contribution to its reserve is required.

Thanks to policy revisions and a concentrated marketing campaign, the Façade Improvement Program has enjoyed unprecedented success in 2013 and 2014 with program grants under contract and paid out at nearly three times 2012 levels. Currently the program is operating at peak performance providing grants at the same measure in which it receives annual funding; however, between 2010 and 2012, in part due to staffing constraints and low awareness levels the program did not annually pay out grant dollars at the same level as the program was funded. The funding not paid out each year was transferred into a reserve fund. This reserve fund sits at \$939,147 after accounting for projects under contract and in construction (it is assumed that contracts under negotiation would be paid through 2015 or subsequent years funding allocations).

Administration is requesting that \$700,000 of the Façade Improvement Program reserve be transferred to the reserves of the Development Incentive Program. As both programs are complementary catalyst revitalization tools this transfer will allow greater opportunity to affect positive change in the Business Revitalization Zones and Community Economic Development pilot projects.

### **Policy**

- City Policy C216B - Façade Improvement Program Policy
- City Policy C553B - Development Incentive Program Policy

### **Corporate Outcomes**

This report contributes to the corporate outcomes "Edmonton is attractive and compact", "Edmonton has a globally competitive and entrepreneurial business climate," and "Edmonton Region is a catalyst for industry and business growth" as it provides support for investment that positively impacts commercial areas physical form and contributes to sustainable business growth. This report also contributes to the corporate outcome "Edmontonians are connected to the city in which they live, work and play" as these programs support the attractiveness and vitality of local community shops and businesses.

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### Budget/Financial Implications

There are no explicit financial implications as the funds are being transferred from one reserve to another. The transfer of reserves will not affect ongoing operations of the Facade Improvement Program and will not be replenished. The effect of the transfer on current reserve balance is as follows:

	Facade Improvement Reserve	Development Incentive Reserve
Beginning 2015 Balance <sup>1</sup>	\$1,700,978	\$1,715,940
Transfer	(\$700,000)	\$700,000
After Recommended Transfer	\$1,000,978	\$2,415,940

Note 1 - Includes program grants under contract that have not been paid out.

### Justification of Recommendation

1. City Council approval is required to approve grant funding as Council supported initiative areas in the Community Economic Development pilot areas of Corner Stores, Petrolia Mall, and Norwood Boulevard under the Facade Improvement Program and Development Incentive Policy requirements.
2. The Facade Improvement Program and Development Incentive Programs are complementary catalyst revitalization tools. The transfer between reserves will allow the Development Incentive Program to service new applicants and will have a greater opportunity to affect positive change in Business Revitalization Zones and Council Initiative areas.

### Attachments

1. Facade Improvement Program - Funding Summary and Forecast
2. Development Incentive Program - Funding Summary and Forecast
3. Corner Store Site Maps
4. Petrolia Mall Site Map
5. Norwood Boulevard Map

### Others Reviewing this Report

- T. Burge, Acting Chief Financial Officer and Treasurer