

Policy Amendments for the Facade Improvement Program

And Development Incentive Program

Recommendation

That Executive Committee recommend to City Council:

1. That the revised Development Incentive Program Policy C553C, as set out in Attachment 2 of the May 23, 2019, Urban Form and Corporate Strategic Development report CR_6414, be approved.
2. That the revised Storefront Improvement Policy C216C, as set out in Attachment 4 of the May 23, 2019, Urban Form and Corporate Strategic Development report CR_6414, be approved.

Previous Council/Committee Action

At the September 10, 2018, Executive Committee meeting, the following motion was passed:

That Administration provide a report in the first Quarter 2019 with policy amendments for the Facade Improvement Program and Development Incentive Program that reflect the future directions for these programs as outlined in the September 10, 2018, Regional and Economic Development report CR_5478.

Executive Summary

The Facade Improvement Program and Development Incentive Program support economic reinvestment in Business Improvement Areas. Administration recommends several key policy amendments to each program to better define intended program outcomes and increase the number of buildings and business owners supported per year. These goals can be accomplished by clarifying and reinforcing eligibility criteria and changing maximum grant amounts available through each program.

The policy amendments proposed in this report would be supported with changes to administrative processes and procedures aimed at improving the process for applicants. The policy amendments also align the programs with the Corner Store Program, creating an integrated set of supports for reinvestment in commercial areas within mature and established neighbourhoods.

Report

This report and proposed policy amendments build on the 2017 audit of the grant programs, along with a review of the programs in 2018, City Council direction to advance policy changes and City Council approval of ongoing funding for the Development Incentive Program. The overall intent of the policy amendments is to better align the programs with Business Improvement Area goals, applicant needs, and the Corner Store Program in order to support economic revitalization across the city. This will be achieved by clarifying and reinforcing the eligibility requirements, changing the maximum grant amounts to support more projects per year, and rewriting the policies in plain language.

The Facade Improvement Program and the Development Incentive Program are the City of Edmonton's two financial reinvestment programs aimed at supporting economic revitalization in Business Improvement Areas and two other Council identified target areas: Little Italy and Norwood Boulevard (see Attachment 1 for a map of Business Improvement Areas and other Council approved Target Areas).

1. The Development Incentive Program encourages filling existing commercial vacancies and supports the development of new street-oriented commercial and mixed-use buildings.
2. The Facade Improvement Program (proposed to be renamed as the Storefront Improvement Program) encourages exterior building renovations with an emphasis on supporting attractive, functional and accessible design.

The Corner Store Pilot Program also accessed the grant programs but is now a separately funded and administered program. All three commercial reinvestment programs continue to be aligned in terms of process and criteria (see the cross-referenced report CR_6769 Corner Store Program Policy for more information).

Development Incentive Program Policy Amendments

Administration recommends several policy amendments to the Development Incentive Program Policy to better align the program with City goals and applicant needs. The amended policy is included as Attachment 2 and the full list of policy changes is included as Attachment 3.

The recommended policy amendments are:

1. Clarifying and reinforcing the eligibility criteria.

The first policy amendment clarifies and reinforces the eligibility criteria by adding it to the policy. New criteria clarifies that new commercial and new mixed-use buildings must be street-oriented and contribute to a pedestrian-friendly streetscape.

2. Focusing available grants on mixed-use buildings only, and reducing the grant amount available per project.

The second policy amendment is to the grants available to multi-unit projects. Previously residential-only and conversions of other uses to mixed-use were supported through this grant. Administration proposes supporting mixed-use only, meaning buildings with dwellings located above ground floor commercial storefronts. This will focus support on mixed-use missing middle development (multi-unit housing that falls between single detached homes and tall apartment buildings).

Administration proposes reducing the maximum grant for mixed-use development from \$12,000 per dwelling to maximum of 36 dwellings, to \$10,000 per dwelling to a maximum of 20 dwellings. Reducing the grant amount allows the program to support more projects per year, and aligns with stakeholder advice to create more opportunities for property owners to benefit from grant funding.

3. Increasing the maximum grant amount for new commercial buildings.

The third policy amendment is to increase the maximum grant for new Commercial buildings from \$50,000 to \$100,000. Under the previous policy, a new commercial building received a smaller grant than renovating an existing corner building through the Facade Improvement Program, even though the scope and cost of new construction is significantly higher.

4. Other proposed amendments will clarify the policy intent and simplify the language to support the consistent application of the policy and greater understanding of the program for applicants.

These changes, combined with the newly approved annual budget of \$750,000 per year (as of December 2018), would allow the program to support approximately 12 interior building improvements, one new commercial and two new mixed-use projects per year.

Facade Improvement Program Policy Amendments

Administration recommends two key policy amendments to the Facade Improvement Program Policy to better align the program with City goals and with applicant needs. The amended policy is included as Attachment 4 and the full list of policy changes is included as Attachment 5.

The key recommended policy amendments are:

1. Reducing the maximum grant amount per building.

This policy amendment reduces the maximum grant amount from \$30,000 per facade with a maximum of \$60,000 for a corner building, to \$25,000 per facade with a maximum of \$50,000 per corner building. This change allows the program to support approximately 35 projects per year, as opposed to approximately 30 through the existing policy. Creating opportunities to allow more program participants responds to an increase in program applications and aligns with stakeholder advice.

2. Changing the program name from Facade Improvement Program to Storefront Improvement Program.

This change would reduce jargon to better communicate and market the intent of the program. It also responds to stakeholder advice.

Other proposed policy amendments are aimed at clarifying the policy intent and simplifying the language.

As an additional improvement to the Storefront Improvement Program, Administration proposes testing a small beautification grant by allocating \$25,000 of the total program budget for twenty-five \$1,000 matching grants. These smaller grants would lower financial barriers to improving buildings by reducing the scope of work required to qualify. They would support small incremental improvements in Business Improvement Areas that can positively impact overall perceptions as much as a single, larger change can. No policy amendments are required to implement this smaller beautification grant.

Additional Program Improvements

In addition to policy updates, Administration is improving the overall process for both the Development Incentive Program and Facade Improvement Program.

These concurrent administrative program changes include:

- improvements to program communications and process to better support applicants as they make decisions about how to invest;
- a reduction in the number of quotes required to enter into a Facade Improvement Program Reimbursement Agreement and an Interior Building Improvement Reimbursement Agreement;
- more clarity around the design guidelines and process timelines; and
- changes to how projects are approved for participation in the program.

These changes, combined with the policy amendments, will result in a more efficient process, better support for applicants, and higher quality projects. This will in turn support program outcomes including more projects supported per year and support better perceptions of Business Improvement Areas as measured through the Business Improvement Area Economic Indicators.

Program Impact and Next Steps

The proposed policy amendments will allow Administration to fully leverage the potential of the programs to support revitalization in Business Improvement Areas, and, when combined with the proposed Corner Store Program Policy, provide a holistic set of tools to support revitalization in commercial areas and communities across the city. The programs also support City Council's strategic goal of Urban Places, as identified in ConnectEdmonton: Edmonton's Strategic Plan.

Should the proposed policy amendments be supported by Executive Committee and City Council, Administration would open an application period before fall 2019. Administration will return to City Council with the results of the programs prior to deliberations in 2022 for the next four-year operating budget.

Public Engagement

Between September 2018 and March 2019, Administration engaged with program stakeholders including Business Improvement Area Executive Directors, past and potential applicants to the program, and City staff involved in the administration of the program to solicit advice on potential program changes. Tactics included three workshops, a drop-in session, interviews, and an online survey to gather feedback on potential program changes. A summary of this engagement is included in Attachment 6: Summary of Stakeholder Engagement. Stakeholder feedback helped inform potential changes to the policies, as well as changes to the supporting procedures and processes that administer the programs.

Corporate Outcomes and Performance Management

Facade (Storefront) Improvement Program

Corporate Outcome(s): Edmonton is attractive and compact.			
Outcome(s)	Measure(s)	Result(s)	Target(s)

Policy Amendments for the Facade Improvement Program - And Development Incentive Program

Encourage well-designed buildings and spaces.	Patrons report the area is aesthetically pleasing (as measured in Business Improvement Area indicators annually).	40.3% (2018)	Maintain or increase.
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Corporate Outcome(s): 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 projects reimbursed per year.	251 projects (total) 30 projects (2017) 20 projects (2018)	Maintain or increase.

Development Incentive Program

Corporate Outcome(s): Edmonton has a globally competitive and entrepreneurial business climate.

Outcome(s)	Measure(s)	Result(s)	Target(s)
Edmonton reduces barriers to business growth and better meets the needs of business and industry.	Filled commercial vacancies supported by the program per year.	4 (2016) 24 (total) Not applicable for 2017 Not applicable for 2018	Maintain or increase.
	Average retail storefront vacancy rate as measured in Business Improvement Area indicators annually.	9.26% (2018)	Maintain or decrease.
Advance a thriving, resilient, sustainable economy and environment.	New mixed-use buildings supported by the program.	8 (total, mixed-use and multi-unit)	Increase.

Policy Amendments for the Facade Improvement Program - And Development Incentive Program

	Number of new commercial buildings supported by the program.	1 (total)	Increase.
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Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Customers/ Citizens	If not approved, some property owners waiting to apply may abandon renovations.	4 - Likely	1 - low	4 - low	<ul style="list-style-type: none"> Regular updates to stakeholders and potential applicants. 	
Customers/ Citizens	If approved, the programs may be quickly oversubscribed due to pent up demand.	3 - Possible	1 - minor	3 - low	<ul style="list-style-type: none"> Clearly communicated application periods. Regular updates to stakeholders and potential applicants. 	
Public Perception	Potential negative public/ stakeholder perception of program changes.	2 - Unlikely	1 - minor	2 - low	<ul style="list-style-type: none"> Monitor outcomes and return to Council if added policy changes are needed. 	
Public Perception	Potential negative public perception of public dollars going to private investment.	1 - Possible	1 - minor	1 - low	<ul style="list-style-type: none"> Regular updates to stakeholders and potential applicants. 	

Attachments

1. Map of Storefront Improvement and Development Incentive Program Target Areas
2. Revised Development Incentive Program Policy C553
3. Summary of Changes to C553B Development Incentive Program (C553C Development Incentive Program)
4. Revised Storefront Improvement Program Policy C216C

5. Summary of Changes to C216B Facade Improvement Program (C216C Storefront Improvement Program)
6. Summary of Stakeholder Engagement

Others Reviewing this Report

- R. Kits, Acting Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- B. Andriachuk, City Solicitor
- R. Smyth, Deputy City Manager, Citizen Services