

Storefront Improvement and Development Incentive Programs: Inclusion to Support Commercial Alleys within the Old Strathcona Business Improvement Area

Recommendation

That Executive Committee recommend to City Council:

That exemptions to City Policies C216C Storefront Improvement Program Policy and C553C Development Incentive Program Policy, be approved:

1. allowing for commercial properties that face onto the alleys, as outlined in Attachment 1 of the February 1, 2021 Urban Form and Corporate Strategic Development report CR_7511, to be eligible to receive grants under these programs; and
2. providing a one time exemption from the one grant per building requirements under these programs.

Executive Summary

A growing number of businesses are creating and operating storefronts that face onto back alleys. This change in how commercial buildings are used is gaining the most momentum in the alleys within a two-block stretch of the Edmonton Old Strathcona Business Improvement Area.

The Storefront Improvement and Development Incentive Programs are proven tools to encourage investment in commercial buildings and businesses located within Business Improvement Areas. This report requests exemptions from City Policies - C216C Storefront Improvement Program Policy and C553C Development Incentive Program Policy, to allow commercial properties that face onto the alleys identified in Attachment 1 of this report the ability to apply for and receive a potential grant under these programs, notwithstanding a previously awarded grant, to support storefronts that face onto the alleys identified in Attachment 1 of this report and located within the Edmonton Old Strathcona Business Improvement Area.

Report

The Storefront Improvement and Development Incentive Programs are the City of Edmonton's grant programs supporting commercial reinvestment and revitalization within Business Improvement Areas (BIAs) and Council-identified priority areas.

Policies and procedures for these programs were updated with the May 23, 2019, Urban Form and Corporate Strategic Development report CR_6414, Policy Amendments for the Facade Improvement Program and Development Incentive Program. During consultation for these updates, stakeholders identified the need for program support for storefronts facing onto alleys within the Edmonton Old Strathcona Business Improvement Area. This feedback reflects changes in building configuration and uses primarily seen within a two-block stretch of the Edmonton Old Strathcona Business Improvement Area: from Gateway Boulevard west to 105 Street and 82 Avenue (Whyte Avenue) north to 83 Avenue (see Attachment 1). Benefits of how buildings can support businesses include an increased flexibility of space, more rentable space for businesses and improvements to the aesthetics and function of buildings in these alleys. Other City initiatives supporting changes in building use in this area include:

- Updates to the Strathcona Area Redevelopment Plan, which “Encourage[s] retail frontage within the laneway network to support small business opportunities and help activate this area as a connective space.” (see February 4, 2020, Urban Form and Corporate Strategic Development report CR_7819 for more information)
- Direction 3.3.2.2 from the City Plan, which is to “facilitate the intensification of non-residential areas including commercial and mixed uses along their edges to efficiently use existing infrastructure.”
- Alley infrastructure upgrades through the Strathcona Neighbourhood Renewal.

With the current wording of City Policies C216C Storefront Improvement Program Policy and C553C Development Incentive Program Policy, the programs have only allowed commercial buildings with storefronts facing onto main streets to be eligible to apply for the grants under these programs, and only allowed these buildings to be able to apply for one grant per building.

Administration recommends exemptions to City Policies C216C Storefront Improvement Program Policy and C553C Development Incentive Program Policy, to allow commercial properties, which are located along the eligible alleys (see Attachment 1) and including those properties that have previously received a Storefront Improvement Program and/or an Development Incentive Program grant, to

be eligible to receive a one-time grant under the applicable programs in respect of a storefront facing onto an eligible alley. The eligible alleys, identified in Attachment 1 of this report were identified in collaboration with the Old Strathcona Business Association, are in the heart of the heritage and festival area, and already have alley businesses opening.

These exemptions would allow up to 38 commercial properties to apply for a one-time Storefront Improvement Program and/or Development Incentive Program grant in respect of a storefront that faces onto an eligible alley. If approved, all commercial properties, which are facing onto eligible alleys as identified in Attachment 1 of this report, that have or are creating a commercial ground-floor storefront with a main entrance on an alley would be eligible for a one-time grant of up to \$25,000 in matching reimbursement grant funding for the rear facade and a one-time grant of up to \$20,000 for interior improvements relating to a storefront that faces onto an eligible alley. The proposed project would also be required to meet all other requirements and processes identified in the applicable program's policies and procedures.

Currently, the Storefront Improvement Program can support approximately 35 projects per year across all BIAs with grant maximums ranging from up to \$25,000 for mid-block buildings and up to \$50,000 for corner buildings with two active facades. The Development Incentive Program can support up to 18 Interior Improvement grants, two new commercial grants and one mixed-use grant per year.

Both programs are popular and funding is fully allocated each year. It is not anticipated that allowing the commercial properties along the alleys identified in Attachment 1 to apply for grants to support a storefront that is facing an eligible alley will significantly impact the ability of the programs to support projects in other Business Improvement Areas and Council approved priority areas.

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 and policy changes. The proposed exceptions to policies C216C Storefront Improvement Program and C553C Development Incentive Program outlined in this report are a direct response to the feedback received during stakeholder engagement. This exception has also been discussed with and received the support of the Old Strathcona Business Association Executive Director.

Financial Implications

There are no implications to the budget of this program as the exemptions requested will allow additional businesses to be eligible for funding and will not affect the total budget of the program.

The current budget for the impacted programs are:

- Storefront Improvement Program - \$900,000 annually (\$800,000 for grant funding)
- Development Incentive Program - \$750,000 (2021) / \$750,000 (2022) for Interior Building Improvements, New Commercial Buildings and New Mixed Use Buildings.

Corporate Outcomes and Performance Management

Storefront Improvement Program

Corporate Outcome(s): Edmonton is attractive and compact.			
Outcome(s)	Measure(s)	Result(s)	Target(s)
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
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 (storefront Improvement and Development Incentive)	308 projects (total) 39 projects (2017) 21 projects (2018) 24 projects (2019) 9 (2020)* *drop is due to pause in intake related to 2019 policy updates	Maintain or increase

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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) 3 (2019) Not applicable for 2017 Not applicable for 2018 5 (2019) 1 (2020) 33 (total)	Maintain or increase
	Average retail storefront vacancy rate as measured in Business Improvement Area indicators annually	9.26% (2018)	Maintain or decrease

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
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. 	
Customers/ Citizens	If not approved, some property owners waiting to apply may abandon planned renovations.	3 - Possible	1 - low	3 - low	<ul style="list-style-type: none"> Regular updates to stakeholders and potential applicants. 	

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Public perception	If not approved, potential negative public perception of the City's commitment to policy.	1 - Possible	1 - minor	1 - low	<ul style="list-style-type: none"> Clearly communicate program eligibility requirements, including locational requirements. 	
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Attachment

1. Properties With Alley-Facing Storefronts Eligible for the Storefront Improvement and Development Incentive Programs

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- B. Andriachuk, City Solicitor