



## Potential Policies and Programs to Support Toronto Retail Areas

**Date:** November 6, 2017  
**To:** Economic Development Committee  
**From:** General Manager, Economic Development and Culture  
**Wards:** All

### SUMMARY

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This report responds to several Council directions relating to economic hardships faced by small, independent businesses on Toronto's main streets. The economic viability of small independent businesses is under threat from a number of sources including high property assessment growth and double-digit rent increases imposed on retail, high vacancy rates, increased competition from on-line shopping and chain-stores, and business closures, lost sales and retail area decline triggered by disruptions associated with construction of major infrastructure projects. As a result, the ability of our main streets to perform their primary economic commercial function is also threatened.

Economically, culturally and socially, the City's retail main streets are where new entrepreneurs start their first business; where well-seasoned entrepreneurs experiment with new business models; and where residents of and visitors to the City shop, dine, celebrate, congregate and recreate. Thriving, vital retail main streets are centres of employment, economic activity, cultural expression and social diversity, and are integral to the economic, social, and physical well-being of the local neighbourhoods they serve. Small independent retail businesses are critical to the on-going vibrancy and economic viability of the City's retail main streets.

The recommended strategy to address these challenges and others has three components:

1. An investigation of options to expand the range of economic and other supports for businesses that are negatively impacted by major construction projects. The objective of the construction mitigation program will be to establish a pre-determined, or "ready-to-go" menu of divisional and agency initiatives, many of which are already in practice and can be augmented by other initiatives that can be applied to areas disrupted by major infrastructure improvement activities in a timely fashion to help minimize the negative economic impacts of construction.

2. Continuation of the "Program to Promote Economic Revitalization through Local Capacity Building", which was piloted over the past two years and is part of the City's Poverty Reduction Strategy.

3. A study on the current state and future of the City's retail main streets in order to more fully understand the threats to small, independent businesses and to explore program and policy responses that can assist them.

## **RECOMMENDATIONS**

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The General Manager of Economic Development and Culture recommends that:

1. City Council direct the General Manager of Economic Development and Culture, in consultation with the Chief Engineer & Executive Director of Engineering & Construction Services, Acting Chief Financial Officer and the City Solicitor to report to Executive Committee in the second quarter of 2018 on a construction mitigation program to support small businesses on retail main streets affected by major infrastructure projects.

2. City Council direct the continuation of the Program to Promote Economic Revitalization through Local Capacity Building.

3. City Council direct the General Manager of Economic Development and Culture, in consultation with the Acting Chief Financial Officer and the Acting Chief Planner and Executive Director City Planning to conduct a study of the current state and future of Toronto's retail main streets and potential policies and programs to support small retail businesses in these areas and report back in the second quarter of 2018 on the results of the retail study and policies and programs that could support small, independent businesses in Toronto.

4. City Council direct the General Manager of Economic Development and Culture to consult with small, independent retailers and the Toronto Association of Business Improvement Areas (TABIA) on the initiatives described in this report.

## **FINANCIAL IMPACT**

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This report brings forward some immediate 2018 actions to support Toronto's retail areas and presents plans for 2 studies to direct future actions.

Funding for a 2018 construction mitigation study and a review of options, totalling \$0.200 million is requested and, if approved, staff will bring forward the costs associated with a broader program and other supports for small business for consideration in 2018. Immediately, \$0.100 million is requested in 2018 for construction mitigation on Eglinton Avenue.

Funding of \$0.200 million is also requested for a study on the current state and future of the city's retail main streets, to be completed in 2018 to direct future economic revitalization efforts. Immediately \$0.262 million is requested in 2018 to support local capacity building efforts in distressed retail areas. Additional future requests for capacity building support are expected to result from the retail main street study.

Retail areas support program costs which have been submitted for consideration as part of the 2018 Operating Budget process totalling \$0.762 million are summarized below.

	2018
Construction Mitigation Study	\$0.200M
Immediate Construction Mitigation for Eglinton	\$0.100M
Local Capacity Building	\$0.262M
Retail Study	\$0.200M
Total	\$0.762M

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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At its meeting of November 3 and 4, 2015, City Council directed the General Manager, Economic Development and Culture and the Executive Director, Social Development, Finance and Administration to pilot the Capacity Building Program in two Neighbourhood Improvement Areas, and to report back to the Economic Development Committee in the second quarter of 2016 on the results of the early phases of the Program to Promote Economic Revitalization through Local Capacity Building and the feasibility and financial implications of implementing the final stages of the Capacity Building Program in the pilot areas.

City Council also directed the General Manager, Economic Development and Culture and the Executive Director, Social Development, Finance and Administration to report back in 2017 on the final results of the pilot and the feasibility and financial requirements for continuing with the Capacity Building Program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED7.7>

At its meeting of December 9, 2015, City Council directed the General Manager, Economic Development and Culture to further review the recommendations of the Small Business Council Advisory Body and to report back to the Economic Development Committee in 2016.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED8.3>

At its meeting of September 22, 2016, the Executive Committee requested the Deputy City Manager and Chief Financial Officer, in consultation with the General Manager, Economic Development and Culture, to report to the January 19, 2017 Executive Committee meeting on the feasibility of piloting solutions to support the ongoing sustainability of independent main street businesses, specifically raw food vendors/grocers and other small retail businesses, in Kensington Market and other areas of the City undergoing similar challenges, including potential solutions such as a new tax class for these businesses, providing financial relief in the form of tax adjustments or any other such tools they deem viable to ensure that independent main street businesses can continue to be viable in the City.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX17.31>

At its meeting of March 28 and 29, 2017, City Council requested the Chief Planner and Executive Director, City Planning, in consultation with the General Manager, Economic Development and Culture, to report to the Planning and Growth Management Committee in the first quarter of 2018, with a potential retail strategy that: ensures new retail uses better address the goals and objectives of the Official Plan; evaluates similar policies in other cities, including, but not limited to, the 2006 Formula Retail Strategy in San Francisco; and promotes flexibility and incentivizes variation in both the size and type of new retail spaces on commercial main streets.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM27.36>

At its meeting of October 2, 3 and 4, 2017, City Council directed the City Manager to report back to the December Council meeting on various matters pertaining supporting a vibrant Eglinton Avenue during the construction of the Crosstown LRT. The direction includes recommendations for City, Metrolinx and Crosslinks, and Parking Authority actions to assist local businesses and Business Improvement Areas on Eglinton Avenue during the next phases of construction.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM32.44>

## **COMMENTS**

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For the purposes of this report, the term "retail main streets" refers to those areas dominated by local retail stores, offices and restaurants. They include "traditional" built-form main streets such as College Street and Danforth Avenue; those areas that have unique characteristics and histories such as Kensington Market; and those primarily comprised of multi-unit strip plazas typically found in the former municipalities of Etobicoke, Scarborough and North York.

Economically, culturally and socially, the City's retail main streets are incubators. They are where new entrepreneurs start their first business; where well-seasoned entrepreneurs experiment with new business models; where residents of and visitors to the City shop, dine, celebrate, congregate and recreate. Thriving, vital retail main streets are centres of employment, economic activity, cultural expression and social diversity. Small independent retail businesses are critical to the on-going vibrancy and economic viability of the City's retail main streets.

However, as the various Council directives to staff suggest, the current state of the City's retail main streets, and their resiliency, is a matter of considerable and warranted concern. Several recent news articles have depicted the challenges facing retail main streets including increases in vacancies due to high double-digit rent increases; increased competition from on-line shopping; and business closures, lost sales and retail area decline triggered by disruptions associated with major infrastructure project construction.

TABIA has made several submissions and depositions in recent years regarding unfair commercial property value assessments on retail main streets caused by a "highest and best use" approach to valuations; the on-going, albeit improved, discrepancy between commercial and residential tax rates; and the incremental, but negative, impacts of increased City fees, tightening regulations and what TABIA sees as a general lack of regard and understanding by the City for the conditions that allow retail main streets and their small businesses to prosper.

The recommended strategy to address these challenges has three components: a construction mitigation program; implementation and expansion of the Program to Promote Economic Revitalization through Local Capacity Building; and a study of the current state and future of the City's retail main streets including policies and programs to support small, independent businesses.

### **Construction Mitigation and Small Business Support**

Investments in new or enhanced infrastructure are essential to accommodate and facilitate the continued growth and prosperity of the City, providing benefits to a broad cross-section of the City's residents, businesses and visitors. However, the construction of major infrastructure projects that occur over an extended period of time creates disruptions that often include the closing of sidewalks and introduction of temporary pedestrian walkways; traffic lane reconfigurations, closures and detours; loss of on-street parking; transit stop relocations; and temporary loss of utilities. Such projects also result in nuisance impacts such as noise, vibration, dust and visual intrusions.

When such disruptions occur within retail main streets, it affects the residents who live nearby and commuters who pass through the area on their way to work, but the most consequential negative impacts fall disproportionately on the small businesses that depend on direct and convenient access for their clients and customers. Those same small businesses often rely on walk-by and drive-by traffic to generate sales - two sources of business that likely diminish during construction as both pedestrians and motorists avoid the area, or at least spend less time and money in the area due to the unwelcoming nature of the physical and visual environment. The extent to which these disruptions affect the revenues of small businesses can be considerable. Further, small businesses most often do not have adequate flexibility in their business model nor financial reserves capable of sustaining operation during lengthy disruptions.

### **Current Mitigation and Communication Practices**

The City and other infrastructure builders such as Metrolinx employ a variety of approaches to communicate pertinent information regarding major infrastructure

projects and mitigate negative impacts of construction. Communication with the local business and resident communities, and the broader public, includes pre-construction and construction start-up notifications; on-line weekly updates on construction activities, road closures, traffic conditions and access to reference materials; social media updates; and press releases.

The City utilizes best practice guidelines and standard communication tools designed to help make certain that information is disseminated in an appropriate and timely fashion. In addition, "Open for Business" signage on construction hoarding or fencing is often provided by the contractor, or at times by the local business improvement area (BIA). The signage is often customized to reflect the name of the BIA, and sometimes individual businesses.

Stakeholder committees are often struck pre-construction for information purposes and to seek input from the public on design decisions and potential construction impact mitigation measures. Once construction has commenced, liaison committees can be established to provide a structured forum for residents, businesses and other interests to discuss and manage issues related to construction as they arise.

The City's Digital Mainstreets (Digital Service Squad) program has also been targeted to areas where there is significant construction disruption and this program could continue with additional funding.

Recently, additional measures have been included in recent construction tenders to reduce the impact on businesses. Extended work hours and weekend work have been used to decrease construction duration. Shortening the limits of a work zone, and staging work in phases has been used to keep lanes of the traffic open.

### **Overview of Construction Mitigation Approaches in Other Jurisdictions**

A scan of the construction mitigation strategies of other North American cities reveals commonalities in practices related to enhanced communication and public engagement; construction-related stakeholder committees; media, digital, signage and direct marketing communications to promote an "open for business" message; and non-financial business support programs.

In some cities, more direct interventions are undertaken. In cities such as Los Angeles and Dallas, vacant lots in the vicinity of construction zones may be leased (if available) and used for off-street parking, and free public transport into the construction area may be provided.

Minneapolis & St. Paul and Portland establish 24-hour hotlines and extend the hours of community relations staff in order to provide after-hours service. Phoenix and Salt Lake City offer contractor incentives or bonuses for effective construction practices, sometimes within the control of the impacted business or residential community, thereby placing the onus on the contractor to be responsive to local concerns.

With respect to non-financial support for businesses, cities such as Portland and San Francisco offer workshops on business management and partnerships with mentors and institutions; provide educational support services to assist small businesses cope with revenue losses; and establish community development groups to focus specifically on merchant engagement and organization.

Direct financial assistance to business, offered by cities like San Jose, Phoenix, Los Angeles and Seattle, has included low interest loan funds to compensate for revenue losses; grants for businesses that can document a loss in net revenues during the construction period, in some cases administered by community development financial institutions; and commercial façade improvement grants. In some instances, steering committees of area stakeholders are established to develop priorities on how business support funds are to be employed.

### **Possible Approaches to Address the Economic Impacts of Major Construction on Local Small Business**

In the Toronto context, experience with major multi-year construction projects on Eglinton Avenue and St. Clair Avenue West has shown that the impacts on local retailers are significant. Many businesses are simply not able to sustain the resulting lost revenue over an extended period of time while significant expenses such as rent and property taxes remain unchanged.

The General Manager of Economic Development and Culture, in consultation with the Chief Engineer & Executive Director of Engineering & Construction Services, Acting Chief Financial Officer, and Legal Services will investigate expanding the range of economic development supports available prior to, during and after major construction, including a financial incentive to small businesses within a defined catchment area to help them to endure the impacts of construction. The objective is the development of a pre-approved, or "ready-to-go," set of support initiatives that are offered in a timely fashion before the negative economic impacts of construction become acute.

The development of an expanded construction mitigation strategy will involve establishment of City Staff Advisory Panel, including Economic Development and Culture, Engineering and Construction Services, Toronto Water, Strategic Communications, Transportation Services, Financial Services, Legal Services, and other City divisions and agencies such as TTC and Toronto Hydro.

Public consultation in the form of stakeholder interviews, focus sessions and surveys will be required to document impacts of construction and determine which mitigation strategies would be most effective. Although it is often difficult to quantify the impacts of construction on individual businesses, aggregate data, where available, will be collected and assessed as part of the strategy development.

The costs associated with a study of the range of construction mitigation strategies practical for Toronto and the financial impacts of each will be approximately \$0.200

million and will be included for consideration as part of the Economic Development and Culture Division's 2018 budget submission.

### **Eglinton Crosstown LRT Construction Impacts**

Metrolinx/Crosslinx has initiated a number of business supports with businesses and BIAs impacted by construction along Eglinton Avenue including marketing and promotion initiatives, event support, and "Open for Business" communications. However, many businesses have indicated that these supports are inadequate to address the magnitude of the impacts.

The recommendations of the report noted above will explore options for a more robust construction mitigation program that are intended to address the October Council directions regarding "Supporting a Vibrant Eglinton Avenue During Crosstown Construction".

More immediately, the City will move forward with the following initiatives:

- The City and Metrolinx will establish a working group to coordinate efforts to further mitigate construction impacts to businesses and residents during the construction of the Eglinton Crosstown LRT. The working group will include representation from the Eglinton Crosstown Project Team, Economic Development, TTC and other parties as required. The Working Group will develop a strategy in response to the various City Council motions.
- Conducting economic scans for the BIAs located within the Eglinton Crosstown LRT construction zone;
- Expanding the Digital Main Street initiative to assist businesses in embracing digital solutions to sustain and grow their businesses including helping restaurants onboard to delivery applications;
- Ensuring BIA streetscape plans are included as part of the station and ROW design process;
- Exploring improvements to customer parking opportunities with the Toronto Parking Authority
- Put forward a proposal to Metrolinx/Crosslinx to install community Wi-Fi networks in the 7 BIAs along the Eglinton Corridor for the duration of the construction. The Wi-Fi networks would be used to attract shoppers to the area, as well as to collect customer data that will be used to help the BIAs market themselves, communicate construction updates, and ensure local residents know that local businesses are open.

The costs associated with these more immediate supports to assist businesses along Eglinton Avenue are estimated at \$0.100 million and will be included for consideration as part of the Economic Development and Culture Division's 2018 budget submission. However, opportunities to cost-share these and other initiatives with Metrolinx and Infrastructure Ontario will be explored.



## **Program to Promote Economic Revitalization through Local Capacity Building**

On November 3, 2015, Council approved the report "Program to Promote Revitalization in Distressed Retail Areas", which established a BIA Capacity Building Program to revitalize distressed retail areas, particularly those within Neighbourhood Improvement Areas (NIAs), through use of the Business Improvement Area (BIA) model. Council also directed that a pilot of the program be undertaken in two NIAs. A summary of the progress and findings for Phase I of the two pilot areas, Oakwood-Vaughan and Rogers Road, can be found in Attachments 1 and 2.

The BIA model provides the most sustainable foundation for enhancing locally-focused economic development. A BIA provides the financial, organizational, and administrative resources required to provide the sustained level of human and financial support required to effect long term change.

However, the pilot program has demonstrated that a significant impediment to creating successful BIAs in distressed retail areas is a lack of organizational and funding capacity in the local business community. The proposed Program to Promote Economic Revitalization through Local Capacity Building seeks to establish highly effective BIAs, with the means to develop and implement sustainable economic revitalization strategies, by providing additional assistance prior to and after formation of the BIA to build local capacity and partnerships.

The proposed Program consists of three phases: Development of an Economic Revitalization Plan; Establishment of a BIA and BIA Board of Management as per Municipal Code Chapter 19; and funding support for BIA Capacity Building and economic revitalization initiatives.

Each phase is described below, where appropriate in the context of the Rogers Road and Oakwood-Vaughan pilot areas.

### **Phase 1 - Economic Revitalization Plans**

Preparation of an Economic Revitalization Plan can provide a solid starting point to engage the local business community and a rationale for the formation of a BIA. It can become the basis for the BIAs first work program. For example:

**Rogers Road:** In order to increase the area's level of competitiveness, members identified additional parking, streetscape improvements and diversifying the business mix as key priorities. However, in the short term, resources will be focused on establishing a BIA as a tool to achieve these and other area medium and long term goals.

**Oakwood-Vaughan:** Priorities identified by the Steering Committee include streetscape improvements, animating vacant storefronts, business recruitment, promotion of the area as an arts district, increasing the number of events, and local park improvements. The Steering Committee also identified increasing capacity within the inactive Oakwood-Vaughan BIA as a key tool to revitalization.

Funding for the preparation of economic scans and strategic directions are recommended as an important component of capacity building within the local business. The total annual cost of the economic revitalization plans is estimated at \$0.015 million.

## **Phase 2 - Establishment of a BIA and BIA Board of Management**

The BIA model provides the most sustainable foundation for enhancing locally-focused economic development.

Once there is a commitment to proceed with a BIA the normal start-up process applies. A steering committee will be formed to determine the level of community interest and host public meetings. Provided there is sufficient support, a report will be brought forward to City Council requesting that the City Clerk conduct a poll with regard to establishing a BIA.

There is no additional funding recommended as part of this phase of the program and proceeding to Phase 3 (BIA Capacity Building) is conditional upon movement toward the establishment of a BIA and BIA Board of Management.

## **Phase 3 - BIA Capacity Building**

Subject to formation of BIAs within the two pilot areas, accredited training will be required to building the organizational capacity of incoming BIA boards and staff. Training would focus on matters such as advocacy, board development, board governance, community outreach, conflict resolution, financial management, grant writing, marketing and communication, mission statement, program design and evaluation, social media training and strategic planning.

## **Local Leadership Program**

BIAs in distressed retail areas require dedicated and informed staff to lead their local BIA revitalization efforts as well as day-to-day operations. Similar to the Neighbourhood Leadership Program offered by New York City Small Business Services, the program could provide funding for tuition to approximately 8 qualified individuals to the Certificate in Local Economic Development Program provided by Ryerson University. The program was developed with input from Economic Development and Culture. Participants to the program would represent staff and coordinators of the 13 BIAs in Neighbourhood Improvement Areas as well as the two pilot areas.

The Local Leadership Program could also involve a mentorship component whereby participants are matched-up with Board members and staff from other BIAs as well as volunteer community organizations focused on business/neighbourhood revitalization and local economies.

To expand the number of connections between mentees and mentors, the mentorship component may use a social network platform for communication between program participants. The digital aspect of the mentorship component would allow mentors and mentees who would like to reach out to additional persons beyond their initial pairing to do so.

As with all BIAs, the Toronto BIA Office will provide Board governance training through annual sessions as well as on-line modules available on the BIA Office web site. Additional training may be made available to Board members through individual courses and focused sessions with outside experts in the field.

The total annual cost of the Local Leadership Program is estimated at \$0.047 million annually, including tuition reimbursements, governance training, consultant sessions and communications.

### **Innovation Grant**

The purpose of the proposed Innovation Grant is to encourage innovation in the BIA movement by piloting new and creative solutions to revitalizing retail main streets. Neighbourhoods experiencing economic challenges may require different approaches to revitalization which have not been broadly used by BIAs in the past. The program could support re-envisioning the mandate of BIAs from 'capital' improvements to 'capacity' improvements.

The Innovation Grant may seek to identify innovative projects, provide funding to pilot these projects within specific BIAs, and use social media to document, measure and share the results of the project amongst all BIAs.

Three Innovation Grant projects have been identified through the Economic Revitalization Plans of Oakwood-Vaughan and Rogers Road and earlier work on the Danforth and elsewhere:

- **Pop-Up Shop Program** - The issue of high vacancy rates and their resulting negative impacts were a common concern identified in the two pilot areas. Innovation Grant funding could be used to pilot a pop-up shop program in the Oakwood-Vaughan and Rogers Road areas, in partnership with the Downtown Yonge BIA and Ryerson University. The purpose of the proposed program would be to develop the terms of a program that could be continued by BIAs in the two pilot areas and replicated by BIAs elsewhere.
- **Asset Monitoring System** - The condition of streetscape assets was another common issue between the pilot areas. Several of the City's larger BIAs, such as Financial District and Downtown Yonge have implemented asset monitoring systems which use GIS to identify, report and track maintenance issues concerning the public realm. Ideas Competition funds could be used in the pilot areas to establish asset monitoring which could be continued by the BIAs and used as a template for other small- to mid-sized BIAs.

- Business Recruitment through Crowdsourcing - Steering Committees in the two pilot areas both identified business recruitment strategies as a major priority. New and innovative platforms have emerged using on-line crowdsourcing to identify the types of businesses local residents would support in their neighbourhoods and connect entrepreneurs with these spaces. Ideas Competition funding could be used to pilot an on-line crowdsourcing initiative with an existing BIA and share the results with other BIAs.

The application process may provide the opportunity to revisit the list of projects that have been identified for the pilot areas and support additional initiatives should funds allow. The total cost of the proposed program is estimated at \$0.160 million annually.

### **Administrative Grant**

BIAs in areas experiencing economic challenges often lack the organizational capacity to be effective. The purpose of the proposed Administrative Grant would be to ensure that adequate staffing or professional services essential to operating an effective BIA are in place from the beginning. Funding would be provided on a cost shared declining scale over a period of up to 4 years to hire a coordinator or other professional services to support the implementation of the Economic Revitalization Plan.

The cost of this proposed administrative support could be gradually transitioned to the BIA as the work plan of the organization is fully operationalized and the value of BIA initiatives can be clearly demonstrated to all BIA members. The budget impact could be \$0.040 million in 2018, \$0.070 million in 2019, \$0.090 million in 2020 and \$0.100 million in 2021 and beyond.

### **The Future of the Program to Promote Economic Revitalization through Local Capacity Building**

Based upon the success of the two pilot areas, it is recommended that a program be initiated in 2018, from the reduction in rebate expenditures under the Vacant Unit Rebate program that implements the BIA Program to Promote Economic Revitalization through Local Capacity Building (CBP) as described in this report.

It is further recommended that the General Manager of Economic Development and Culture and Executive Director of Social Development, Finance and Administration identify two additional project areas to be implemented commencing in 2018 with support provided within the existing staff complement of the two Divisions.

Retail areas within Neighbourhood Improvement Areas or other areas that have 7 or more of the following characteristics will be eligible for the program:

#### Business Characteristics:

- large number of month-to-month tenants
- higher retail vacancy rates than city average
- without functioning business association or network (BIA)
- undersupply of essential goods and services
- lack of anchor businesses
- higher business turnover rate than city average

#### Residential Characteristics:

- perception of concentrated crime or vandalism
- unemployment rates above city average
- household income levels below city average

#### Physical Characteristics:

- high presence of deteriorating properties/buildings
- lack of street furniture and other streetscape enhancements
- high frequency of graffiti instances
- poor pedestrian environment
- number of proposed or in-construction developments below City average

### **A Study of the Current State and Future of the City's Retail Main Streets**

As noted above, thriving, vital retail main streets are centres of employment, economic activity, cultural expression and social diversity. Small independent retail businesses are vital to the on-going vibrancy and economic viability of the City's retail main streets. The City's last comprehensive, City-wide survey of shopping behaviours and attitudes and the impact of local retail strips was carried out in 1983.

The Executive Committee has requested a report on the feasibility of piloting solutions to support the on-going sustainability of independent retail main street businesses so that they can continue to be viable in the City. The request specifically identifies Kensington Market as an area of concern regarding the future of independent retail, but also directs that the report take into consideration other retail areas that may be subject to similar challenges.

It is a safe assumption that the environment in which small, independent retail businesses operate is considerably more challenging and competitive now than in the past. To that point, the Government of Canada report "Retail Trade: Ontario 2015-2017," prepared by the Labour Market and Socio-economic Information Directorate (LMSID), Service Canada makes the general observation that the retail sector is being "tempered by competition, e-commerce and economic conditions," and that "recent employment growth in retail trade is slower compared to historical rates."

Further, the report suggests that consumer spending is being "dampened by lower consumer confidence and demographic changes." However, on a positive note, the report goes on to predict that Toronto's "relatively young and fast-growing population and robust economy will likely contribute further to employment growth in the local retail sector for the 2015-2017 forecast period."

If the City is to actively engage in efforts to help ensure the on-going sustainability of independent retail main street businesses and areas, it must first have a firm understanding of the current policy and regulatory environment in which they operate, the key issues they are facing, and the types of supports that would be most helpful to them.

Therefore, staff propose a study on the current state and future of Toronto's retail main streets, including recommendations on policies and programs to support such streets and their resident small, independent retail businesses, be undertaken in consultation with the Acting Chief Financial Officer and the Chief Planner.

The terms of reference for the study will focus largely on the identification and assessment of the factors, trends and threats which impact the City's main street retail areas and small independent retail businesses now and into the future, and to recommend City policies, practices and pilot programs to support retail main streets and small independent retail businesses. In addition, the study will inform City positions on "external" factors impacting small independent main street retail businesses, such as the current commercial property assessment methods.

The terms of reference for the study will include, for example, the following tasks:

- a review of overall trends in retail, including the impacts of on-line shopping and growth of larger retail chains
- development of a definition for "small independent main street retail business"
- collection and analysis of data on small independent main street retail businesses (e.g. rental rates, taxation, employment)
- mapping of the distribution of small independent main street retail businesses
- scan of the small retail business regulatory environment
- analysis of whether/how small independent main street retail businesses survive in a sustained high assessment/high-rent environment
- analysis of the impact of increases in the number of bars and restaurants on retail main streets;
- assessment of the impact of mixed use redevelopment projects and the businesses typically recruited for the ground floor;
- development of a program, in concert with Business Improvement Areas, to encourage pop-up shops
- development of potential policy and program initiatives from the City to support small independent retail businesses and their local retail main streets and areas

The recommendations of the report noted above will speak to many of the issues faced by Kensington Market and other retail areas. Until completion of the study referenced above, Economic Development and Culture staff will continue to work with the Kensington Market BIA to promote its local food vendors through increased marketing and promotion and utilizing its highly successful "Pedestrian Sunday's" as a way to showcase local food vendors in the area. Economic Development will also cost-share funding for a Streetscape Master Plan Study under the program recently adopted by Council which may help address some of the physical limitations of local food vendors.

The costs associated with the Study of the Current State and Future of the City's Retail Main Streets will be approximately \$0.200 million and will be included for consideration as part of the Economic Development and Culture Division's 2018 budget submission.

## **CONTACT**

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## **SIGNATURE**

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Mike Williams  
General Manager  
Economic Development and Culture

## **ATTACHMENTS**

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Attachment No. 1 - Oakwood-Vaughan Economic Revitalization Plan  
Attachment No. 2 - Rogers Road Economic Revitalization Plan