



STAFF REPORT ACTION REQUIRED

Program to Promote Economic Revitalization in Distressed Retail Areas

Date:	September 28, 2015
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture and Executive Director, Social Development, Finance, and Administration
Wards:	All Wards
Reference Number:	

SUMMARY

This report provides details on a program to promote economic revitalization in distressed retail areas and proposes a pilot of the project in two Neighbourhood Improvement Areas (NIAs). The purpose of the program is to build community and organizational capacity within the local business community in economically distressed commercial areas so that they are better positioned to address the economic challenges particular to the neighbourhood.

One of the more successful models for local economic revitalization is a Business Improvement Area (BIA). However, a significant impediment for creating a successful BIA in distressed commercial areas is the lack of organizational and funding capacity of the local business community to ensure on-going success. The pilot seeks to build local capacity and partnerships within these areas and, by providing additional, early assistance, the establishment of high-functioning BIAs with the stable funding and organizational capacity needed to implement sustainable economic revitalization strategies.

The pilot would leverage Social Development and Economic Development knowledge to drive systemic change to reduce local poverty by supporting the creation of effective BIAs in low income areas. The program focuses on the six (6) stages of growth required to develop a sustainable BIA in economically distressed areas:

- A Business and Community Engagement Phase where existing Community Development Officers (CDOs) in SDFAs, with assistance from Economic Development and Culture Division, would build networks and partnerships in the

area and conduct a preliminary analysis of the economic and social challenges and opportunities in the area.

- A Business Improvement Area Start-up Phase where the BIA Office would follow the normal BIA start-up process but with assistance provided to the local business Steering Committee through the use of a participant in Toronto Employment and Social Services' (TESS) Job Incentive Program.
- A BIA Capacity Building Phase where the City, working in partnership with TABIA and/or an educational institution, would provide accredited training to BIA Board members and staff in areas such as Board development and governance, financial management, and strategic planning.
- A "Stepping Stone to Success" grant where financial assistance would be provided to assist the newly established BIA to implement a key economic revitalization initiative in the area and to provide early administrative support to the BIA.
- An Equitable Development Phase where the City, with other partners, would provide assistance to address the unique challenges particular to NIAs including strategic planning, neighbourhood retail retention and recruitment, immigrant and entrepreneurial leadership training, and public realm improvements for social change.
- A Maintenance Phase where the City would assist the BIA in cyclical program evaluation, stable financial partnerships, and youth and senior engagement.

The report also examines the feasibility of applying the Danforth East Community Association pop-up shop program approach as part of the proposed pilot project summarized above.

RECOMMENDATIONS

The General Manager, Economic Development and Culture and the Executive Director, Social Development, Finance, and Administration, recommend that:

1. City Council direct the General Manager of Economic Development and Culture and the Executive Director of Social Development, Finance and Administration to pilot the Capacity Building Program (CBP) in two Neighbourhood Improvement Areas.
2. City Council direct the General Manager of Economic Development and the Executive Director of Social Development, Finance and Administration to report back to the Economic Development Committee in the second quarter of 2016 on the results of the early phases of the program and the feasibility and financial implications of implementing the final stages of the program in the pilot areas.

3. The General Manager of Economic Development and Culture and the Executive Director of Social Development, Finance and Administration report back in 2017 on the final results of the pilot and the feasibility and financial requirements for continuing with the program.

Financial Impact

Implementation of Phase 1 and Phase 2 for two pilot locations in 2016 will be supported with current base budget staffing levels as included in the 2016 operating budget submissions for Economic Development and Culture and Social Development, Finance, and Administration. These phases will make use of existing staff resources (Community Development Officers in SDFA and Economic Partnership Advisors in EDC) who will focus their efforts in two pilot areas on building long term organizational and funding capacity within the local business community.

Phase 3 will require \$0.025 million of one-time new funding to provide accredited training to BIA Board members and staff on effective BIA governance and management at the pilot locations. A potential cost sharing opportunity with the Toronto Association of BIAs (TABIA) will be explored.

Phase 4 will require one-time new funding for implementation of the "Ideas Competition" which will provide an estimated \$0.050 million grant to each BIA in the pilot areas to implement an innovative project proposing a creative solution to an economic development issue in each pilot area.

Proceeding with Phase 4 in the two pilot areas will also require funding for the Administrative Support grant to encourage each BIA in the pilot area to hire a coordinator that would assist in managing the day to day activities of the newly formed BIA and oversee the implementation of the strategic plan of the BIA. Cost shared on a declining scale this grant is estimated to require total funding of \$0.040 million in 2017, \$0.030M in 2018, \$0.020M in 2019, and \$0.010M in 2020. Funding for Phases 3 and 4 will be submitted for consideration as part of the 2017 Operating Budget

Implementation of Phases 5 and 6 will not require City funding as the BIA will be expected to carry out these activities as part of their normal budgeting process, likely with support from other community based non-profit organizations.

Summary of Capacity Building Program future funding requests (one time):

Pilot Areas (2)	2017	2018	2019	2020
Phase 3 - Accredited Training	\$0.025M			
Phase 4 - Ideas Competition	\$0.100M			
Phase 4 - Administrative Grant	\$0.040M	\$0.030M	\$0.020M	\$0.010M
Total	\$0.165M	\$0.030M	\$0.020M	\$0.010M

Implementing this program beyond the two pilot projects will require longer term funding and will be subject to consideration of the results of the pilot.

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

DECISION HISTORY

City Council on February 10 and 11, 2015, adopted the following:

1. City Council direct the General Manager, Economic Development and Culture to examine policies and programs to promote economic revitalization in significantly distressed retail areas and to report to the Economic Development Committee by the fourth quarter of 2015 on possible strategies to promote economic revitalization in these areas, such report to include:
 - a. Information and a response to previous direction regarding commercial tax rebate on vacant properties; and
 - b. The feasibility of expanding the Pop-Up Shop model, developed by the Danforth East Community Association, to revitalize vacant storefront space in other areas of the City.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.MM3.9>

A separate report is currently being prepared on the Vacant Commercial and Industrial Tax Relief Program.

ISSUE BACKGROUND

In February 2015, Council approved a motion to examine policies and programs that promote economic revitalization in significantly distressed retail areas. In response to Council's motion, the BIA Office began developing criteria on how to define a 'distressed' retail area. Central to these criteria is the condition of disinvestment, as indicated by high storefront turnover and high vacancies. Beyond the retail make-up of these areas, another significant characteristic is that of mid-20th century land uses, such as commercial strip malls, apartment towers, large industrial areas, and brownfields. From a socio-economic and political standpoint, these areas are often stigmatized by the public due to perceptions of concentrated crime and lack of community safety, which contribute to further disinvestment and a lack of trust among neighbouring businesses.

There is no one policy or program response to address all the issues facing these areas. There are also limited City resources available to provide the sustained level of human and financial resources required to effect long term change. For these reasons the proposed program is based on the following principles:

Program to Promote Economic Revitalization in Distressed Retail Areas

- Focussed on distressed retail areas that coincide with Neighbourhood Improvement Areas identified in the Toronto Strong Neighbourhoods Strategy
- An integrated strategy that addresses both the social and economic development challenges;
- Building upon existing programs and resources being offered by the Economic Development and Culture, Social Development, Finance and Administration, and Toronto Employment and Social Services Divisions to build capacity within the local community to address the economic challenges;
- Developing a sustainable model of support for long term economic development; and
- Building Partnerships with non-City agencies such as the Metcalf Foundation and TABIA.

The Business Improvement Area (BIA) model provides the most sustainable foundation for enhancing locally-focused economic development. The model was first envisioned in 1967, when a small group of business owners along Toronto's Bloor Street West lobbied the municipality to act as trustee for a mandatory, localized levy that the merchants would pay to combat the economic decline of their main street due to suburban development. Toronto now boasts 81 BIAs across the City, and maintains the largest number of BIAs of any urban centre in the world.

While the model continues to expand across the City, there are many distressed retail areas where forming a BIA has proven difficult. These areas generally coincide with the City's Neighbourhood Improvement Areas where the economic challenges are particularly daunting and beyond the capacity of the local business community to address without additional support from the City (see Map in Attachment No. 1). Building capacity within the local business community is therefore critical to implementing long-term economic strategies.

PROGRAM RATIONALE

Based on a review of past experience, many of the BIAs that have either been unsuccessful in their start-up phase or struggle to maintain an effective Board are located within the City's 31 NIAs. The geographical overlap of disinvested BIAs and NIAs illuminates the need to look beyond retail areas in isolation, and consider the broader socioeconomic context within which they operate. Staff believe a collaborative effort between EDC and SDFA would be most effective developing and implementing a targeted administrative and operational strategy for business improvement within NIAs.

Equally, the collaboration significantly assists SDFA in meeting social development objectives dependant on increasing economic opportunities at the neighbourhood level. This would involve aligning BIAs within NIAs with the Toronto Strong Neighbourhoods Strategy (TSNS) 2020 to assist in alleviating the everyday and structural inequities that residents and businesses face in the realms of economic opportunities, social development, decision making capacities, physical surroundings, and health. The collaboration would therefore focus on developing innovative, context-specific business solutions to foster resilient neighbourhood economies.

Overcoming high storefront turnover and vacancy rates, along with creating a diverse retail mix, is vital for assisting commercial corridors in NIAs. To ensure that development does not provoke displacement pressure on retail that serves lower-income neighbourhoods, business recruitment strategies must be accompanied by business retention strategies. EDC currently supports business retention and expansion among local medium and large-sized businesses, yet does not provide these services to smaller, independently-owned businesses. The proposed collaboration would fill this gap by adhering to the economic principles of quality jobs and living wages under the City's Interim Poverty Reduction Strategy. The recently approved strategy outlines the need to support BIAs in low-income areas in order to enhance local business and drive systemic change through inclusive economic development.

In addition to a targeted and collaborative strategy, a number of new services are required to support effective BIAs in NIAs. In principle, the proposed BIA Capacity Building Program (CBP) would alter the current focus of BIA operations from *capital* improvement to *capacity* improvement in distressed neighbourhoods. Streetscape beautification may be an effective means of enhancing the vitality of areas where there is a healthy level of investment. However, disinvested areas require context-specific, capacity-oriented solutions. Capital and capacity improvements need not be mutually exclusive, yet a targeted effort should be developed to support the social conditions of disinvested retail areas and promote equitable economic activity. The proposed CBP addresses this need by drawing on best practices from non-profits in the City of Toronto and BIAs in other jurisdictions to understand how different organizations have addressed planning for disinvested areas.

For instance, located in the West Hill Neighbourhood Improvement Area, the East Scarborough Storefront has piloted a capacity building initiative by hiring a Local Economic Opportunities Specialist to undertake community asset mapping, facilitating connections between businesses, and identifying common interests and opportunities. The position is fulfilled by a recent graduate who fosters resilient and trusting networks among businesses in the area formerly known as the Kingston-Galloway/Orton Park Priority Neighbourhood. The specialist creates a foundation that is similar to a BIA, yet aims to develop organizational capacity without committing to the financial obligations of a levy. This provides a critical interim phase for assessing whether or not a BIA would be a feasible support system for a disinvested retail area.

In New York City, the Small Business Services' Neighbourhood Development Division (NDD) offers a number of innovative programs to Business Improvement Districts (BIDs), specifically aimed at capacity building. The Neighbourhood Leadership Program provides training and mentorship to help individuals from neighbourhoods across the City to develop the skills to lead change in their communities. The Neighbourhood Challenge competition offers grants to BIDs and Community-Based Development Organizations (CBDOs) that develop innovative and catalytic solutions for commercial corridor issues. Integrated into these programs are the principles of sharing best practices, cross-disciplinary approaches to problem solving and generating innovative ideas and approaches that can then be replicated or adapted elsewhere.

An initial consultation with various stakeholders suggests a number of potential partnerships to implement a program for capacity building in the Toronto context. The Metcalf Foundation's Local Inclusive Economies Program has expressed interest in exploring a partnership to foster an ideas competition for disinvested retail areas. The Toronto Association of Business Improvement Areas (TABIA) has also expressed interest in partnering to develop a training program for BIA Board members and staff.

The intersection of NIA and BIA interests creates unique opportunities to partner with other units, such as the Toronto Youth Cabinet, Toronto Employment and Social Services, and Enterprise Toronto, to collaborate on an interdivisional strategy for creating economic opportunities in Toronto's equity-seeking neighbourhoods.

A BIA Capacity Building Program, based on best practices from Toronto and other jurisdictions, would support the common objectives of a number of City divisions and other non-profit organizations to overcome the current obstacles to the success of BIAs in NIAs and to take action in poverty reduction.

COMMENTS

The BIA CBP proposes to support the TSNS2020 and the Interim Poverty Reduction Strategy by enhancing organizational, administrative, and financial capacities among local businesses in NIAs to promote sustainable and resilient economic development without displacement. Unlike traditional BIA structures that focus on capital improvements, the main focus of the CBP would be on capacity building services, along with targeted investments that can activate equitable change in neighbourhood economies. Rather than replicating the main street model of most BIAs, the program proposes to encourage innovative practices that would re-imagine inner-suburban land uses and offer new opportunities to the City's marginalized areas and populations.

The proposed program would be administered in six phases which could be engaged in at any point in the process depending on the needs of the disinvested BIA or retail area.

1. Business and Community Engagement Phase

This phase consists of utilizing existing Community Development Officers (CDOs) in SDFAs, with assistance from existing staff in the Economic Development and Culture Division, working with the local business community to build networks and relationships with and among local businesses and employers in NIAs. Each coordinator would work within an interested retail area to support collaborative approaches to local economic issues; connect and refer businesses to resources and services; build upon local assets; promote strategies for economic resilience and equitable development; and determine the feasibility of establishing a more formalized economic organization through the BIA model.

2. **Business Improvement Area Start-up Phase**

Once the business owners of a retail area in an NIA express interest in formalizing their business network into a BIA, they will be required to follow the normal procedure of establishing a steering committee, determining community interest, holding public meetings, and then passing the poll for the formal BIA request. These functions are part of the normal work plan of staff from EDC. Opportunities to assist the local Steering Committee by utilizing a participant from TESS's Job Incentive Program will also be explored.

3. **BIA Capacity Building Phase**

In partnership with an educational institution, the CBIP could provide accredited training to BIA Board members and staff in NIAs on the following modules:

- Advocacy
- Board Development
- Board Governance
- Community outreach
- Conflict Resolution and Mediation
- Financial Management
- Grant Writing
- Marketing and Communications
- Mission Statement
- Program Design and Evaluation
- Social Media Training
- Strategic Planning

Deliverables for this training could be the establishment of a social media campaign, complete with the steering committee's mission statement. This phase is estimated to cost \$0.025 million and potential could be cost-shared with TABIA.

4. **"Stepping Stone to Success" Grant Phase**

The CBP could provide a grant of approximately \$0.050 million to each pilot to establish a stable and resilient foundation upon which the BIA can be formed and maintained in its initial start-up phase. The Stepping Stone to Success grant would enhance the innovative role that commercial streets play in sustaining the social and economic life of lower income neighbourhoods. To do so, the proposed grant could be administered in two streams, ideally through partnerships with external funding bodies:

- i. **Ideas Competition:** The BIA would be funded to foster innovative projects that propose creative solutions for commercial corridor issues within equity-seeking neighbourhoods, such as affordable retail space initiatives, adaptive reuse of inner-suburban landscapes, and resource sharing networks. The grant is modelled after the Neighbourhood Challenge Innovation Grant offered by the New York NDD in partnership with the Economic Development Corporation and the Business Assistance Corporation.
- ii. **Administrative Support:** The BIA would be funded, on cost shared declining scale over a period of up to 4 years to hire a coordinator that would oversee the creation and implementation of a strategic plan, carry out BIA-sponsored events, and facilitate networking among local businesses to build community assets and

develop a resilient neighbourhood economy. Alternatively, specialized personnel could be hired to address context-specific issues within the BIAs, such as a planning professional, a marketing advisor, or a community organizer. This funding would be cost-shared on a declining scale over a 4-year period to ensure that the BIA is building the financial capacity to independently support the administrative staff member along with BIA's major operational costs.

5. Equitable Development Phase

Strategic Planning: In partnership with a local community organization, the BIA Board would be required to develop a simple strategic plan to provide clear guidelines for the BIA's initiatives. In line with the TSNS2020, the strategic plan could outline the community's development goals through an equity lens by focusing on the ability of the BIA to increase asset ownership, anchor jobs locally, and ensure local economic stability.

Neighbourhood Retail Retention and Recruitment Workshop: In partnership with an educational institution, consulting services would be provided for in-depth market and demographic analyses, and training on how to sustain local business and recruit appropriate retail to fill vacancies and promote a healthy retail mix. This program would be modelled after the Neighborhood Retail Recruitment Program offered by the New York NDD.

Immigrant Entrepreneurial Leadership Training Workshop: In partnership with an educational institution, a six-month leadership training program would be provided for recent immigrants in NIAs to develop leadership skills, adapt commercial expertise to the Canadian context, and exchange ideas on new ways to lead change in their business areas and their communities. The program would be modelled after the Immigrant Women's Integration Program offered by the TD Centre of Learning in Regent Park, as well as the Neighbourhood Leadership Program offered in New York City by the NDD in partnership with the Coro New York Leadership Centre.

Public Realm for Social Change Workshop: A partnership would be developed with an art and design institution to create community-driven design solutions for pressing social problems. BIA members and affiliated community groups would be encouraged to partner with design students to create innovative public realm improvements that promote social justice and healthy communities. Rather than engaging in traditional creative place making initiatives, the designs would focus on place making practices that hinge on the aesthetic of belonging. The program would be modelled after the Impact! Design for Social Change partnership between the New York NDD and the New York School of Visual Arts. The City's Culture staff can provide assistance.

6. Maintenance Phase

Cyclical Program Evaluation: Program Evaluation would be required to assess whether the program is reaching its goals of equitable economic development and to review any problems that could be resolved.

Stable Financial Partnerships: BIA Boards would be connected to the NIA Community Planning Boards in order to network with funding bodies and anchor institutions. The aim is to catalyze innovative strategies that will build economic resilience and organizational capacity within the business network and the community of the pilot area.

Youth and Senior Engagement: BIAs could maximize the potential for local assets to circulate within the neighbourhood by connecting youth to local jobs and engaging local seniors in BIA activities and volunteer positions.

POP-UP SHOPS

As per Council's direction, staff has considered the feasibility of expanding the pop-up shop model developed by the Danforth East Community Association (DECA) to revitalize vacant storefront space in other areas of the City. DECA's initiative, undertaken in partnership with Woodgreen Community Services, takes a grass-roots approach to pop-up shops whereby a community group promotes the concept in the neighbourhood, recruits landlords with vacant retail space to participate, and then matches landlords with pop-up shop tenants identified through an application process targeted to local entrepreneurs.

The program administering body (in this case DECA) enters into a temporary license agreement with the landlord, engages community volunteer assistance in preparing the retail space for use at little or no cost (e.g. cleaning, painting) and executes a participant agreement with the pop-up shop tenant. The landlord can opt out of the arrangement with 30 days notice. A pop-up shop toolkit document has been prepared based upon the DECA/Woodgreen approach to assist other community groups start their own program.

With respect to the proposed program to promote economic revitalization in distressed retail areas, staff believe there may be opportunity to apply the same approach within NIAs, provided a community group like DECA, or local community development agency, exists or can be established to take on the organizational and promotional responsibilities. City Legal has commented that BIAs are not eligible to implement a pop-up shop program as such an initiative would pertain entirely to the leasing and improvement of privately-owned space, and therefore does not fall within the responsibilities of BIA as set out in Municipal Code Chapter 19, which allow BIAs to improve municipally-owned lands and buildings only.

However, the Community Development Officer (CDO) or the BIA, once established, could assist the community group implement the program by providing relevant property owner information and promoting the program to local businesses.

CONCLUSION

The proposed Capacity Building Program responds to the need to provide a specific economic development program for distressed retail areas in Neighbourhood Improvement Areas. The program seeks to align the objectives and resources of

Economic Development and Culture, Social Development, Finance and Administration, Toronto Employment and Social Services, as well as, other community-based organizations to address the social and economic development challenges unique to these areas. It also seeks to build upon the City's highly successful BIA model by developing programs specific to economically distressed areas that can be implemented by BIAs in these areas and to help build the organizational and financial capacity within the local business community so that they are better positioned to address the economic challenges.

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ATTACHMENTS

Attachment No. 1: BIA-NIA Overlap Map

Attachment No. 1 BIA-NIA Overlap Map



81 BUSINESS IMPROVEMENT AREAS

