



## CITY COUNCIL REFERRAL OF MEMBER MOTION

### Supporting Small and Independent Businesses in Kensington Market

<b>Date:</b>	July 25, 2016
<b>To:</b>	Executive Committee
<b>From:</b>	City Council
<b>Wards:</b>	Ward 20

#### City Council Decision

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City Council on July 12, 13, 14 and 15, 2016, referred Motion MM20.16 to the Executive Committee.

#### Recommendations

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Councillor Joe Cressy, seconded by Councillor Michael Thompson, recommends that:

1. City Council direct the Deputy City Manager and Chief Financial Officer, in consultation with the General Manager, Economic Development and Culture, to report to the October 26, 2016 Executive Committee 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 Kensington Market trade area.

#### Summary

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Independent community retail and main street businesses across the City are key to the fabric and vibrancy of our neighborhoods. However, they continue to struggle with their economic recovery due to a number of factors including dated and un-functional commercial real estate stock, consumer focus/preferences to shopping in malls, power centers and big box retail, and increasing competition from e-commerce. Compound that with an assessment system that pegs

assessed commercial value of properties at highest and best use versus a more realistic and reflective assessment at current use values and you end up with commercial property taxes that are un-manageable by many main street businesses in areas that are seeing an increasing amount of development in their areas.

All of these challenges are present in Kensington Market, whether it be the changing nature of retail or the impact of increasing assessments making the area unaffordable for independent businesses. These impacts are resulting in a change in the mix of main street businesses in the area, moving from independent retail and grocery stores, to more corporate stores, restaurants and bars. This transition is changing the nature of Kensington Market and its traditional mix of independent retailers.

In 2014, City Council directed City Planning staff to undertake an analysis of bar and restaurant uses in Kensington Market, in an effort to understand the growth of these businesses in the neighbourhood and the impact on independent retail stores and local residents. The Bar and Restaurant study identified the need for additional analysis, that would include Economic Development staff, on possible initiatives to support independent retail business in Kensington Market in order to sustain their vital presence in the neighbourhood. City Planning and Economic Development staff have been working for the past number of months on possible solutions, and have suggested the following review be conducted.

In order to sustain and grow Kensington Market's traditional mix of independent retailers and fill vacancies, a pilot project is proposed that explores how property tax adjustments could assist in maintaining and growing the mix of independent retailers. This pilot could explore any number of options, including a new and lower tax bracket for main street businesses, a change in the way main street businesses are assessed, providing financial relief in the form of tax adjustments, or any other such tools that are deemed viable to ensure that independent main street businesses can continue to be viable in Kensington Market trade area.

The goal of this pilot would be to develop a solution that could apply to other main street trade areas across the city that face similar challenges.