



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 17: MPAC PROPERTY ASSESSMENT SUMMARY FOR CASE STUDY MAIN STREETS**



## CONTEXT ANALYSIS

- There is a desire by landlords and tenants to have their properties increase in value to reflect potential higher sales productivity for the retail commercial spaces. This includes owner occupiers. Higher assessments should reflect the positive attributes of the location and the ability for retail businesses to generate sales. However, there appear to be areas where this may not be the case.
- Property tax, as determined through assessments, is a major expense associated with operating a business and many retail tenant businesses have these expenses passed down to them from the landlord.
- The current MPAC valuation of highest and best use (beyond permitted zoning) has created tensions within the retail commercial industry (see the appendix section on property tax).

## DEFINITION

- The City geocoded the file, using the road network centreline file available to the City through their GeoSpatial Competency Centre (GCC). The City was able to geocode 98% of the file. Of the remaining 693 records, 679 records were manually geocoded using the postal codes, leaving 14 non-geocoded (all of which were coded with Realty Tax Codes (RTC) – Utility Transmission and Distribution Corridor rate).
- The City also provided valuation data at the RTC level for the City of Toronto level to be used as a base for comparison.
- The MPAC property assessments records that were located within the case study areas and surround 400m and 800m buffer rings were extracted.
- Analysis of the MPAC data by RTC was. The following RTC Groups (and types) were selected as relevant for the Main Street Retail Project:
  - Commercial (CT- Commercial, XT – Commercial New Construction, ST – Shopping Centre, and ZT – Shopping New Construction)
  - Residential (RT – Residential)
  - Multi-Residential (MT – Multi-Residential and NT – Multi-Residential New Construction)
  - Office (DT – Office and YT – Office New Construction)
- Using the basic CT (Commercial) and RT (Residential) codes provided the most consistent comparison of the 11 case study areas against the City.
- Current Value Assessment data was provided for two time periods: 2012 and 2016.



## **CAVEATS**

- Due to small sample sizes, the analysis was limited to higher level RTC codes (by Group and Type), i.e., analysis at the RTC subdivided by Property Code level was not feasible.
- Combining RTC codes creates issues concerning homogeneity within the groups.
- More up-to-date information would have been useful, however, for consistency purposes the last two years of re-assessment were used (2012 and 2016).

## **OUTCOMES**

- Wide variation in current value assessment across the 11 case study main street areas. Five case study main street areas experienced annual appreciation higher than the City average and four experienced annual appreciation lower than the City average.
- Yonge North of Carlton, Queen East of Victoria, Yonge North of Lawrence, Lakeshore/Islington and Yonge North of Finch all experienced significant increases in commercial valuations (all doubling the City's average increase).
- Albion/Islington had the lowest increase in commercial valuation, increasing annually by only 1.8% between 2012 and 2016, compared to 8.2% for the City as a whole.
- Median percentage change in commercial valuations indicates widespread increases in commercial valuation within Yonge North of Carlton and Yonge North of Lawrence.

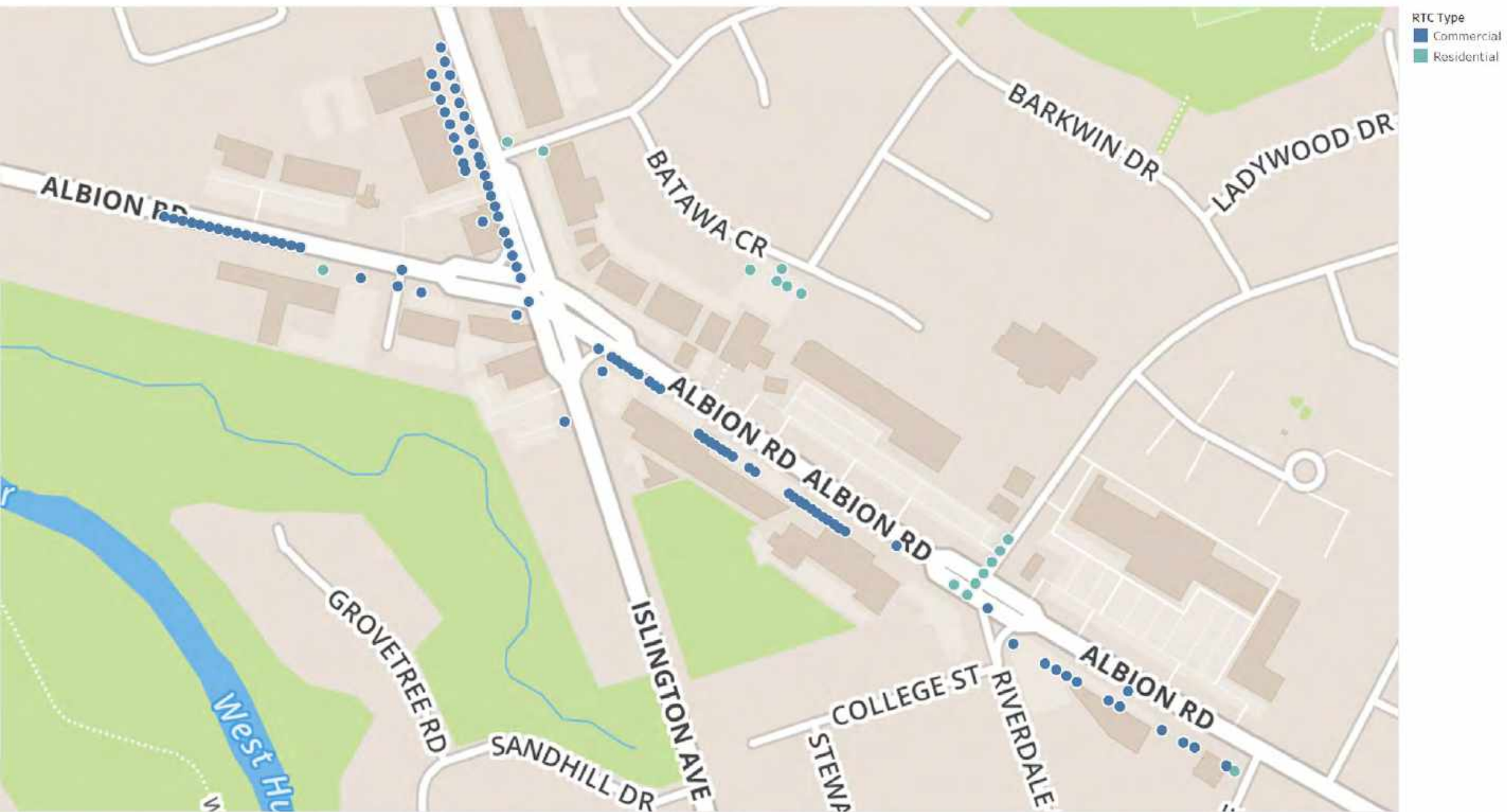
## **DATA SOURCE:**

Geography: City of Toronto

Time: 2012 and 2016 for the same properties

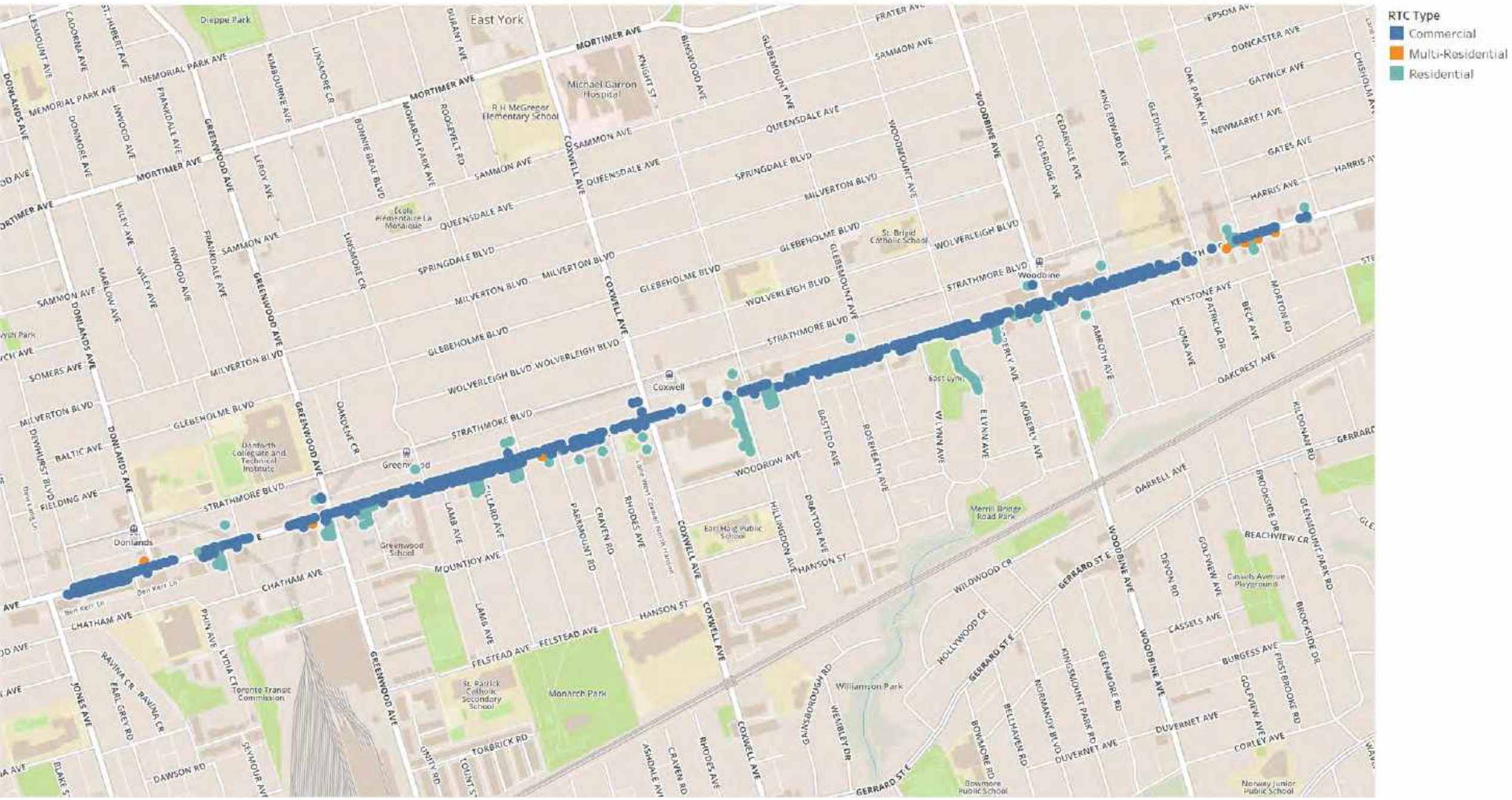
Reference: MPAC

# Albion/Islington



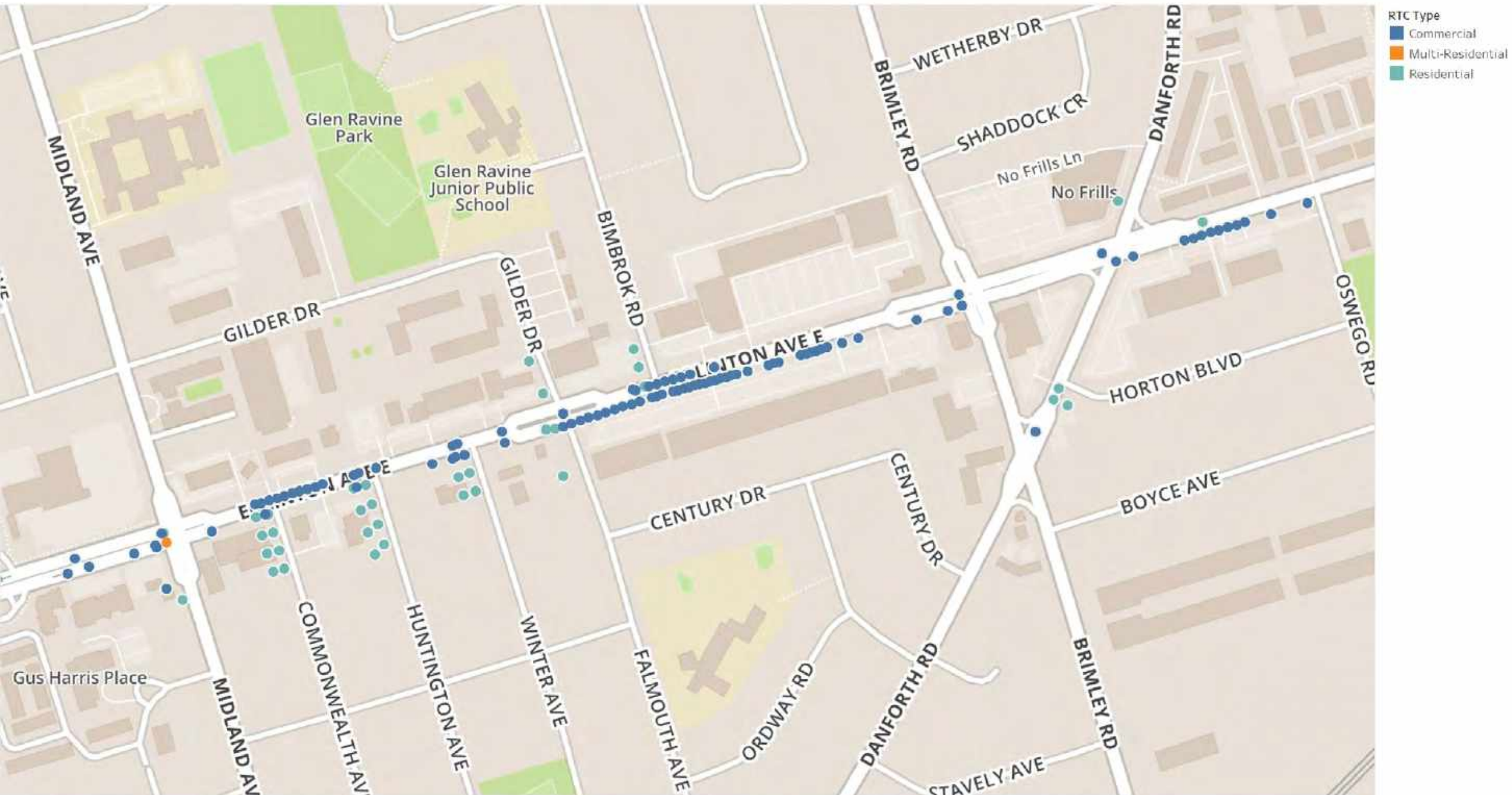


# Danforth East of Jones

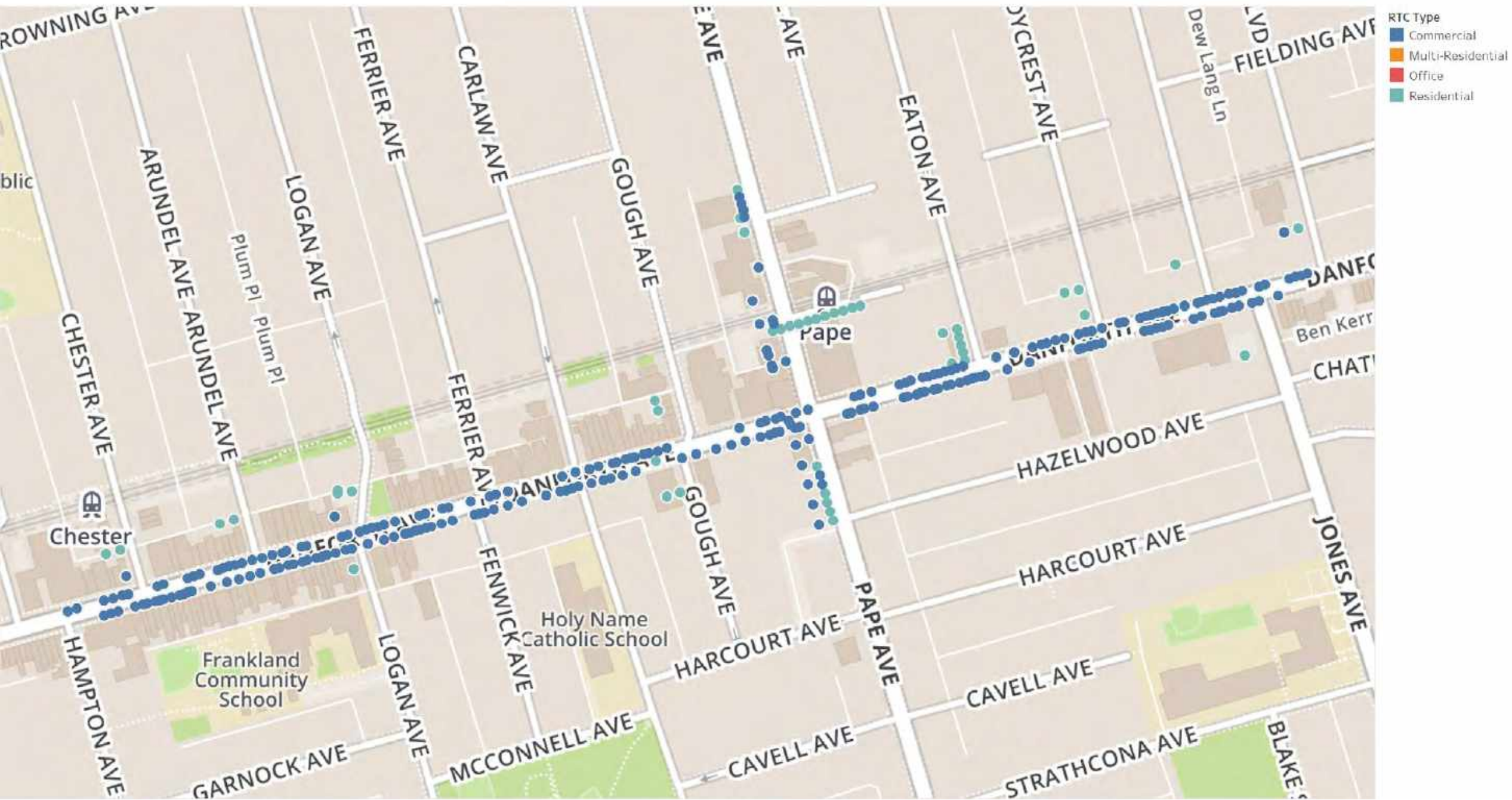




# Eglinton/Danforth Road

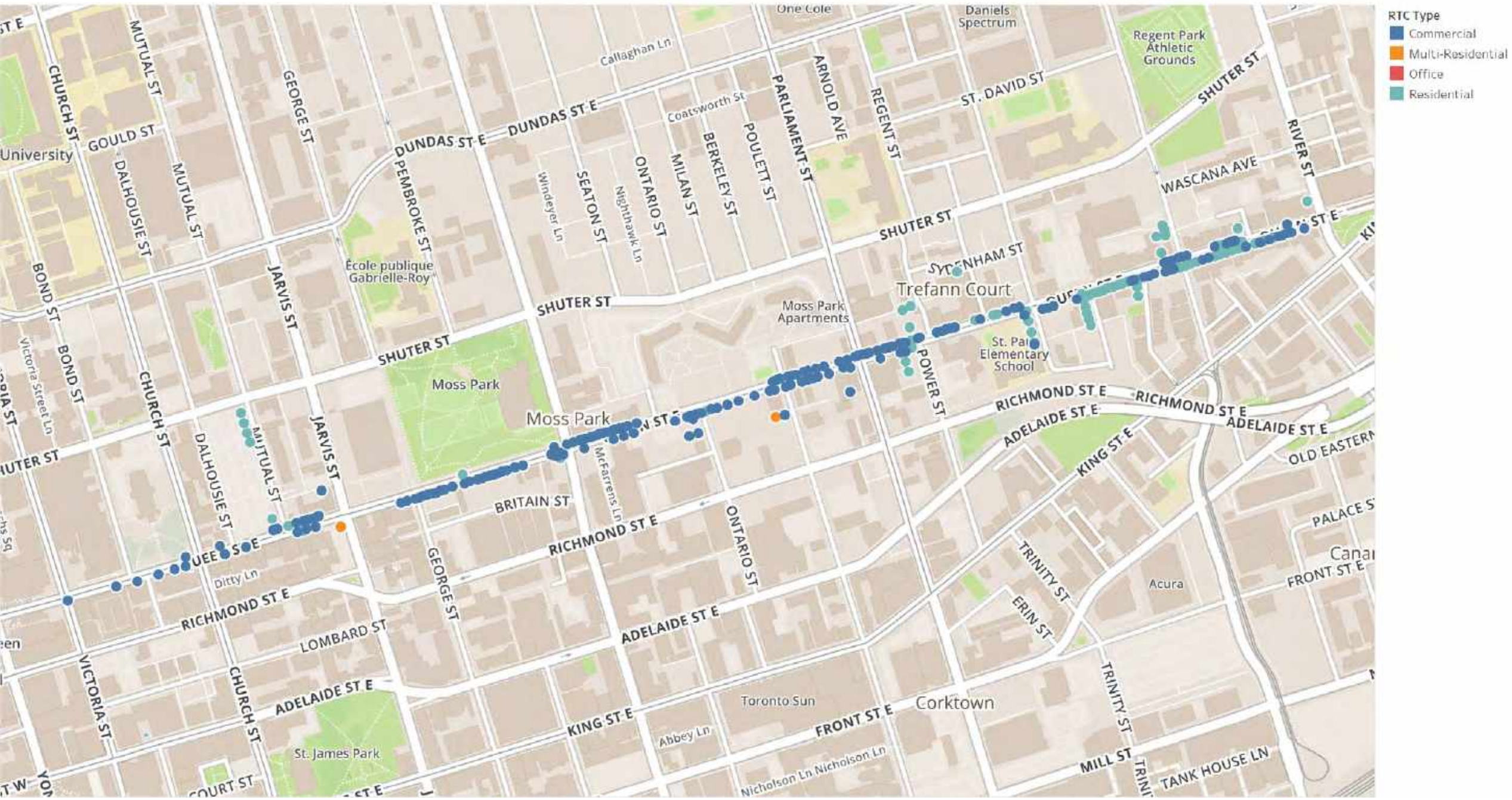


Danforth/Pape



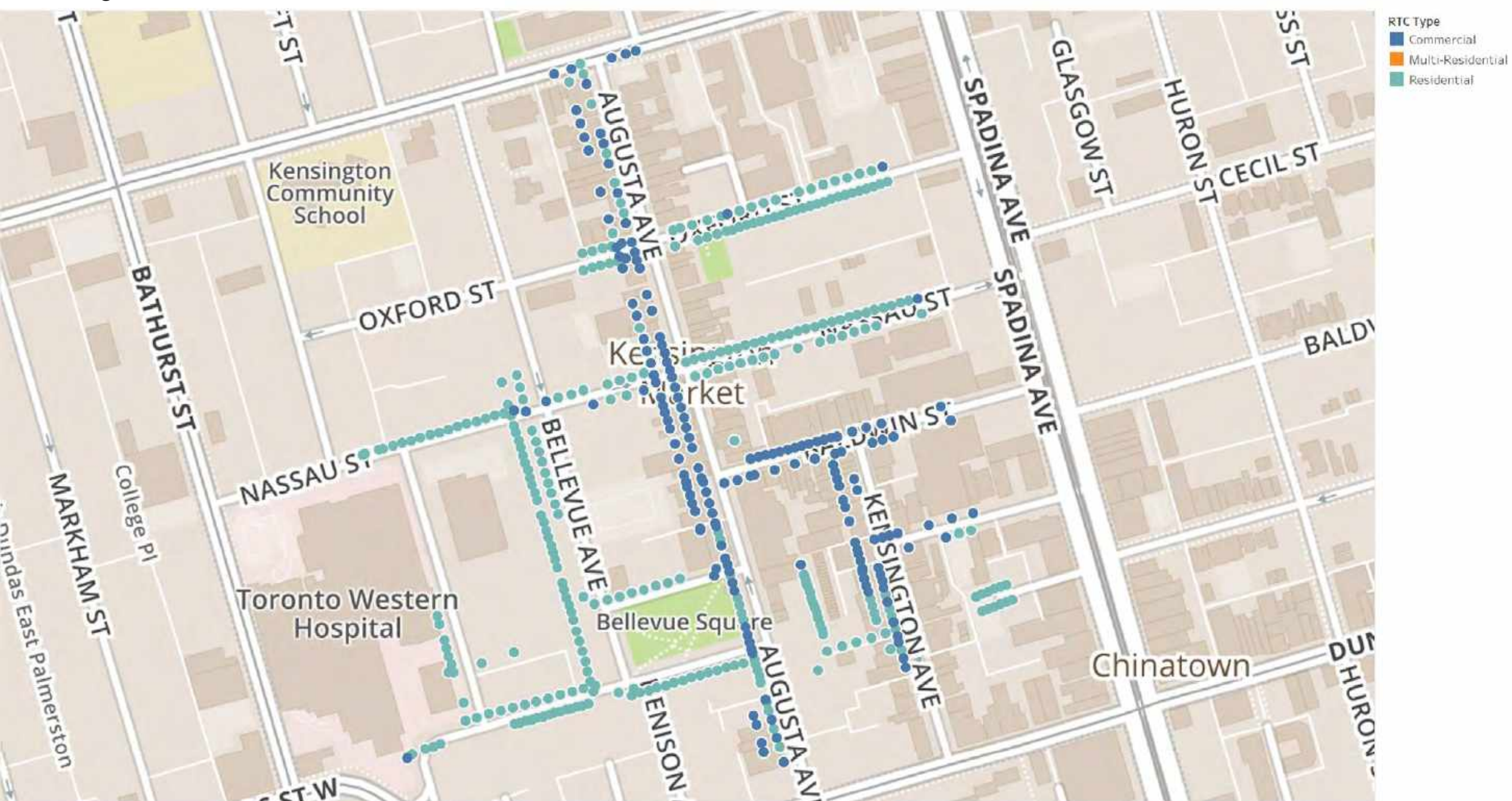


# Queen East of Victoria



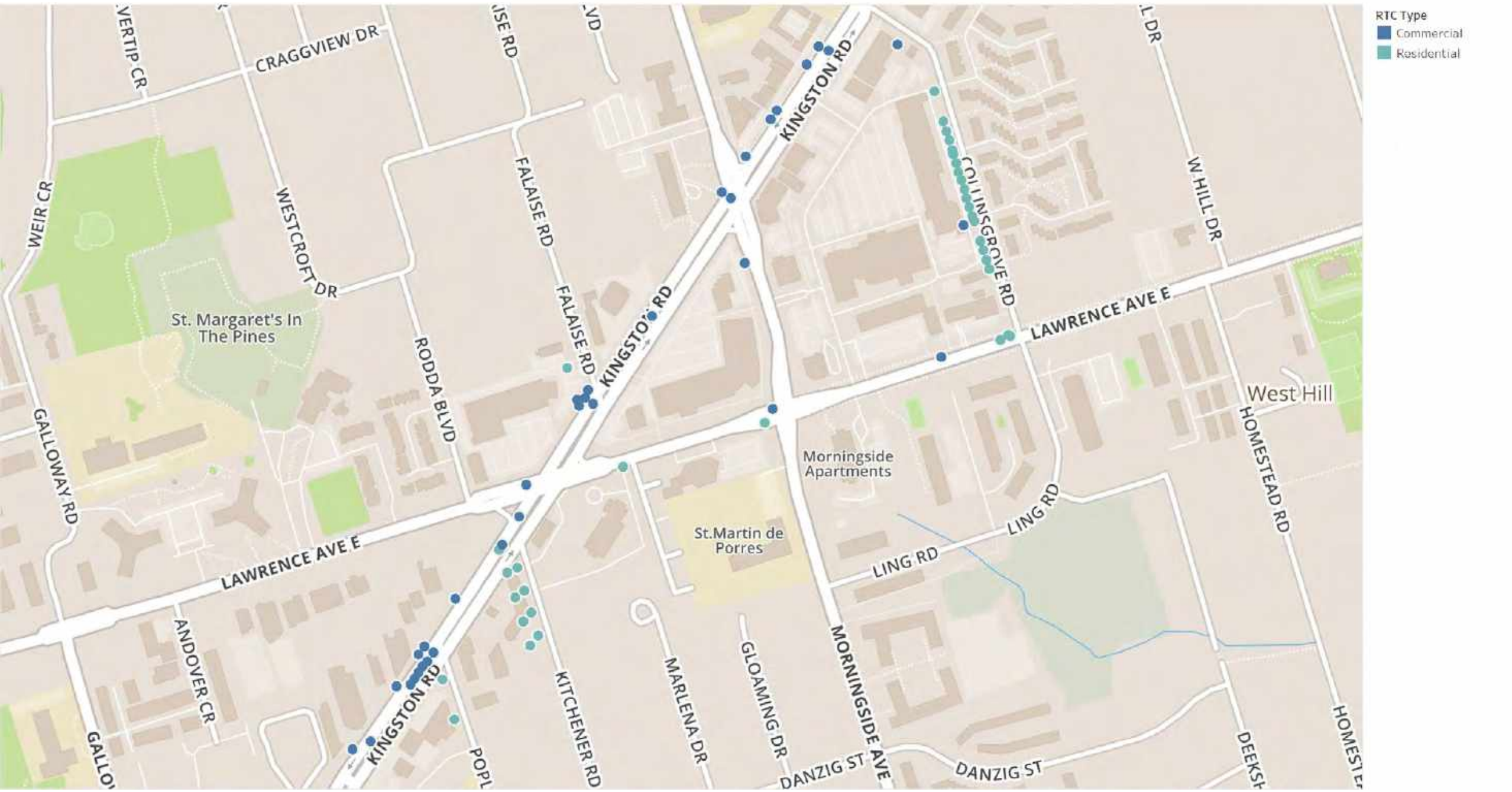


Kensington Market



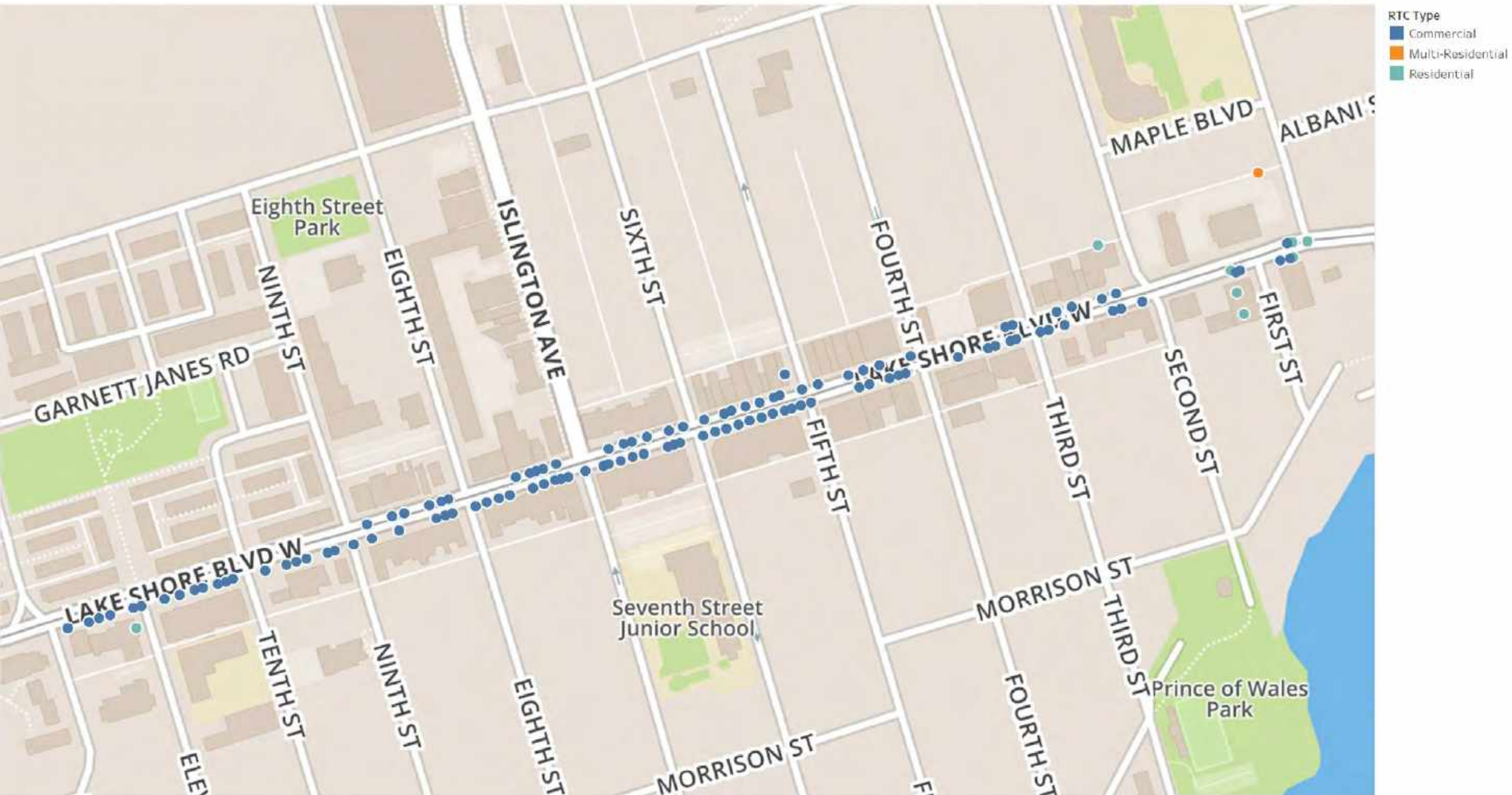


Kingston/Lawrence



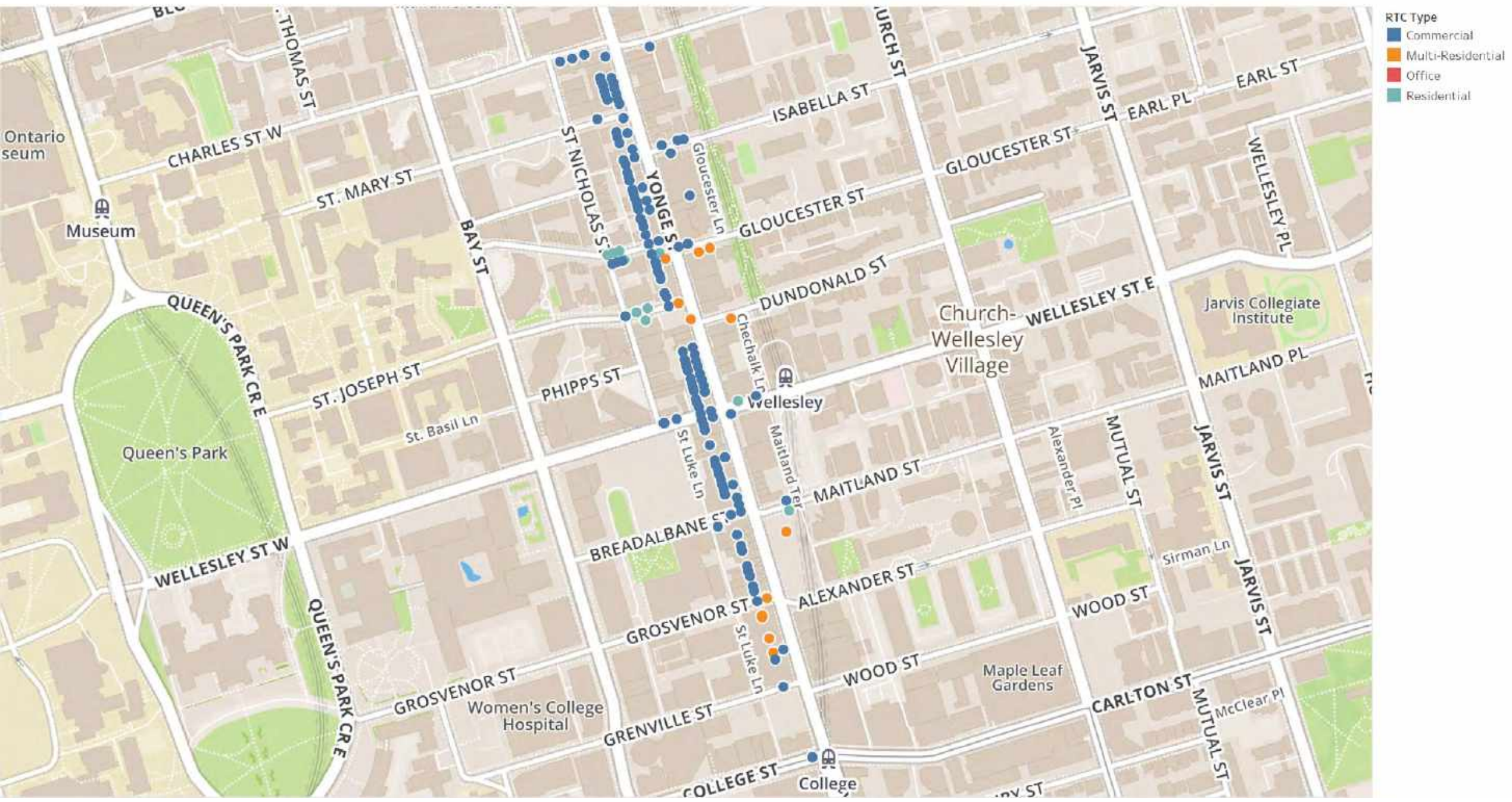


Lakeshore/Islington





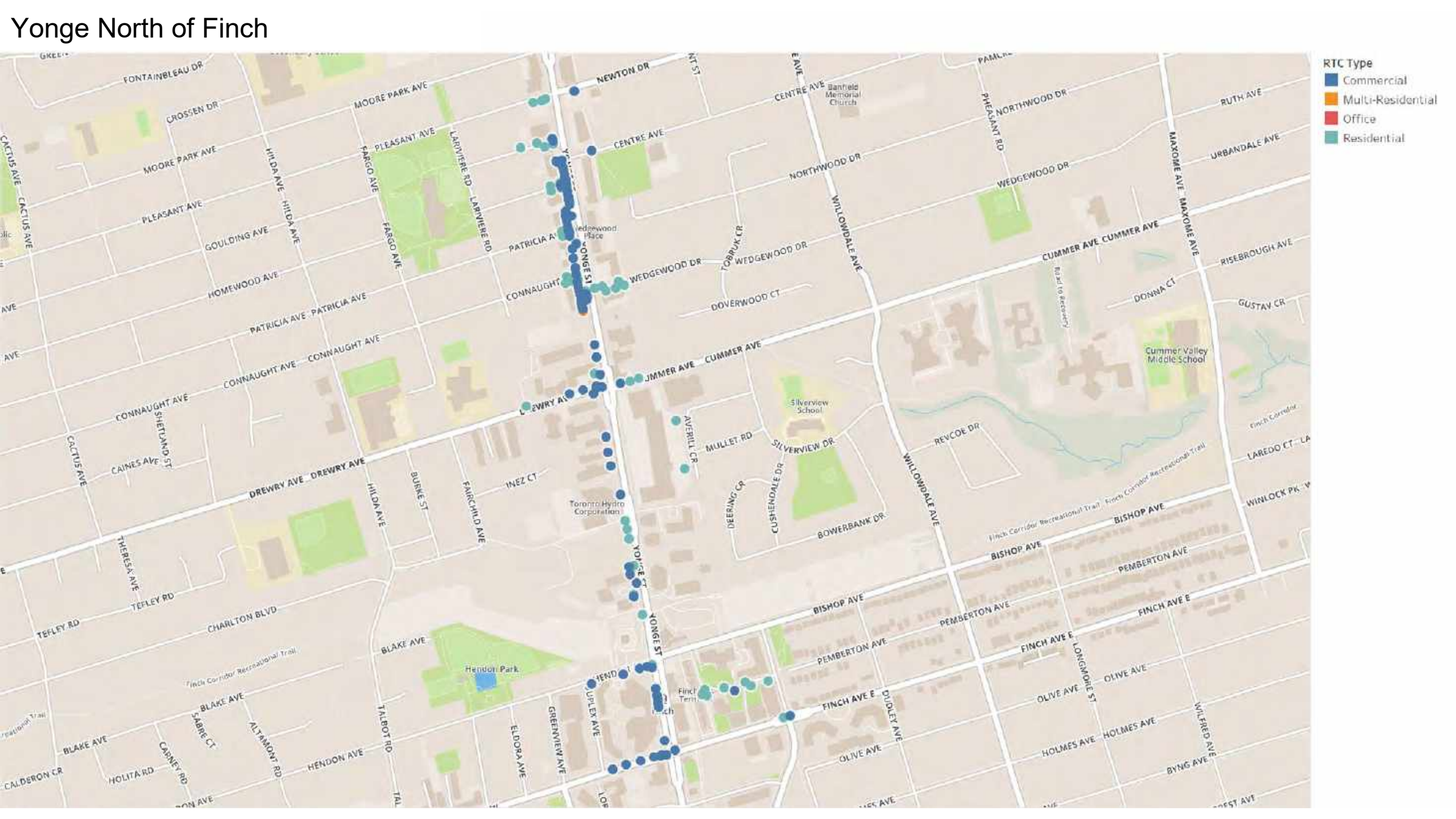
# Yonge North of Carlton





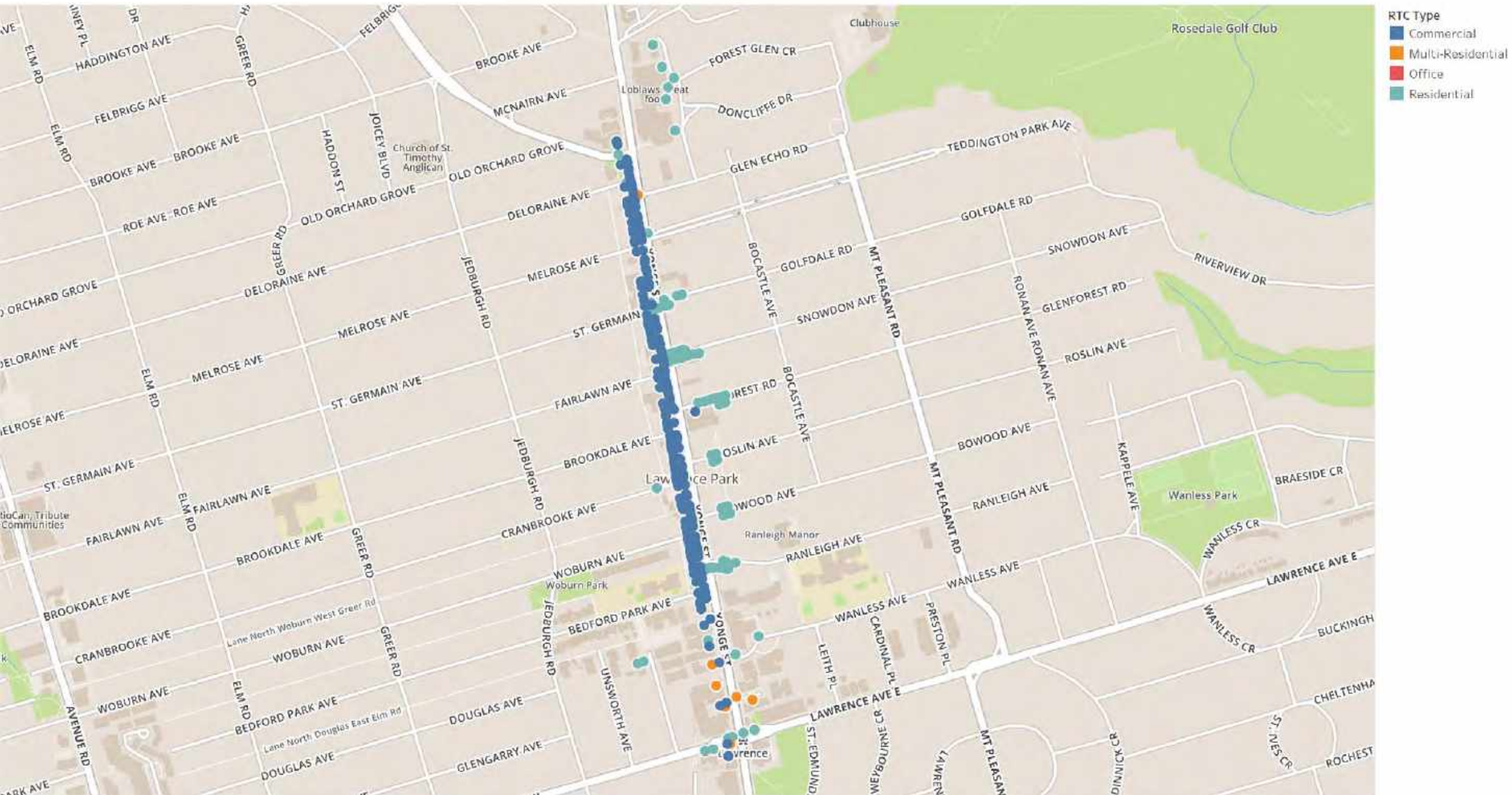
# Yonge North of Finch

This map displays the area north of Finch Avenue along Yonge Street. It features a grid of streets including Moore Park Ave, Pleasant Ave, Connaught Ave, Drewry Ave, and others. A legend in the top right corner identifies the RTC types: Commercial (blue), Multi-Residential (orange), Office (red), and Residential (green). The map shows a high concentration of Commercial and Residential RTCs along Yonge Street, with some Multi-Residential and Office locations scattered throughout the area. Key landmarks like Henderson Park and Silverview School are also visible.





# Yonge North of Lawrence





MPAC Property Assessment  
*Commercial Properties  
by Case Study Area*

# Commercial Properties by Case Study Area

Commercial - CT											
Zone	Name	CVA 2012 (\$m)	CVA 2016 (\$m)	Change #	Annualized Change %	Change % Indexed to City	Number of Records	Average Value 2012	Average 2012 Indexed to City	Average Value 2016	Average 2016 Indexed to City
AREA	Albion/Islington	56.7	60.8	4.1	1.8	22	99	572,669	46	614,583	36
	Danforth East of Jones	302.5	426.4	123.9	9.0	110	602	502,414	40	708,301	41
	Danforth/Pape	413.0	577.7	164.8	8.8	107	434	951,559	76	1,331,210	77
	Eglinton/Danforth Road	88.2	116.7	28.5	7.3	89	97	909,548	72	1,203,061	70
	Kensington Market	158.8	204.8	46.0	6.6	80	188	844,705	67	1,089,289	63
	Kingston/Lawrence	56.2	69.2	13.1	5.3	65	34	1,652,068	131	2,036,040	118
	Lakeshore/Islington	68.0	98.0	30.0	9.6	117	125	543,984	43	784,000	45
	Queen East of Victoria	159.1	280.2	121.1	15.2	185	170	935,992	74	1,648,296	95
	Yonge North of Carlton	312.5	645.5	333.0	19.9	243	152	2,055,914	163	4,246,942	246
	Yonge North of Finch	183.6	263.8	80.2	9.5	116	90	2,040,177	162	2,931,552	170
	Yonge North of Lawrence	245.1	368.4	123.3	10.7	130	177	1,384,505	110	2,081,234	120
CITY	City of Toronto	41,679.2	57,212.0	15,532.7	8.2	100	33,117	1,258,545	100	1,727,571	100





**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX18: INTERNATIONAL TRENDS AND CHANGE DRIVERS**



## DRIVERS OF RETAIL CHANGE

Retailing is subject to constant change and transformation. We identify a number of drivers of change that are impacting the industry and highlight their implications for retail operations and development for Toronto's retail main streets and small and independent retailers.

The drivers are grouped into three themes: (a) changing consumer shopping behaviours and technology; (b) new retail experiences; and, (c) retail and community building. It is important to note that these selected drivers are all interrelated and there is no one single driver that will define the future of retail. The drivers may impact retail businesses and main streets in different ways, over different time frames and to varying degrees. As a result, successful retail operations and main street initiatives and development need to be both flexible and adaptable to meet the needs of a broad spectrum of retailers to create vibrant and viable retail spaces for the community over the long-term.







## **A. CHANGING CONSUMER SHOPPING BEHAVIOURS AND TECHNOLOGY**

### **Customer Journeys in an Omni-Channel Environment**

Customer Journeys as the New Norm

Retail as Distribution – Getting the Product to the Consumer

### **Technologically-Immersed and Empowered Consumers**

Mobile Retail as Key to Customer Journeys

Retail Sensors & Surveillance, Big Data and Artificial Intelligence (AI)

### **Demographics is Destiny**

Generation Z in the Retail and Workforce Economy

## **B. NEW RETAIL EXPERIENCES**

### **Experiential Retail, Personalization and Curation**

From Transactional to Experiential Retail Space

### **Animating Urban Spaces with Pop-Up and Modular Retail**

Temporary Retail as a Permanent Retail Model

### **Food Experience and Hyper Local Food Concepts**

From Food Trucks to Grocerants

## **C. RETAIL AND COMMUNITY BUILDING**

### **Integrating Retail Diversity**

Localization and Space Needs

### **The Importance of Convenience and the 24/7 Economy**

Convenience, Open All Hours and Walkable Density

### **Sustainability, Sharing and the Circular Economy**

Ownership meets Sustainability



## A. CHANGING CONSUMER SHOPPING BEHAVIOURS AND TECHNOLOGY

### CUSTOMER JOURNEYS IN AN OMNI-CHANNEL ENVIRONMENT

#### Trend Description: *Customer Journeys as the New Norm*

- Consumption is now just part of the integration of life – work, live, play, shop, learn and experience. We are constantly exposed to consumption opportunities – in both physical and virtual spaces.
- Purchase behaviour is increasingly being viewed as an interconnected circular journey as opposed to the traditional linear purchasing funnel/path.
- These journeys are defined by a series of purchase ‘moments’: from considering and evaluating, deciding and buying, and post-purchase activities.
- Technological innovation and omni-channel retailing provide the vehicle for the journey.
- Mobile technology may be used throughout the customer journey (e.g., showrooming, webrooming, checking consumer reviews, price comparison, checking inventory, delivery options and status, etc.).
- Customer journeys can be used to understand our retail and service behaviours.

#### Why it is Relevant?

- The key to successful retail spaces and main streets will be to add value throughout the journey, enriching moments and providing the right mix and level of customer experience.
- It is interesting to note in the Business Survey that giving back to the community was the second most important reason independent retailers opened their business.
- It is the unique combination of retail viability and community building that leads to a differentiated retail environment that is competitive.
- Retail main streets can both influence the journey and act as key ‘physical’ community building and experiential stopping points.

#### Implications for Retail Main Streets and Small and Independent Retail

- Retail and retail main streets’ functions are being blurred between all aspects of life as all our lives become increasingly integrated between work, shop, play, learn and experience.



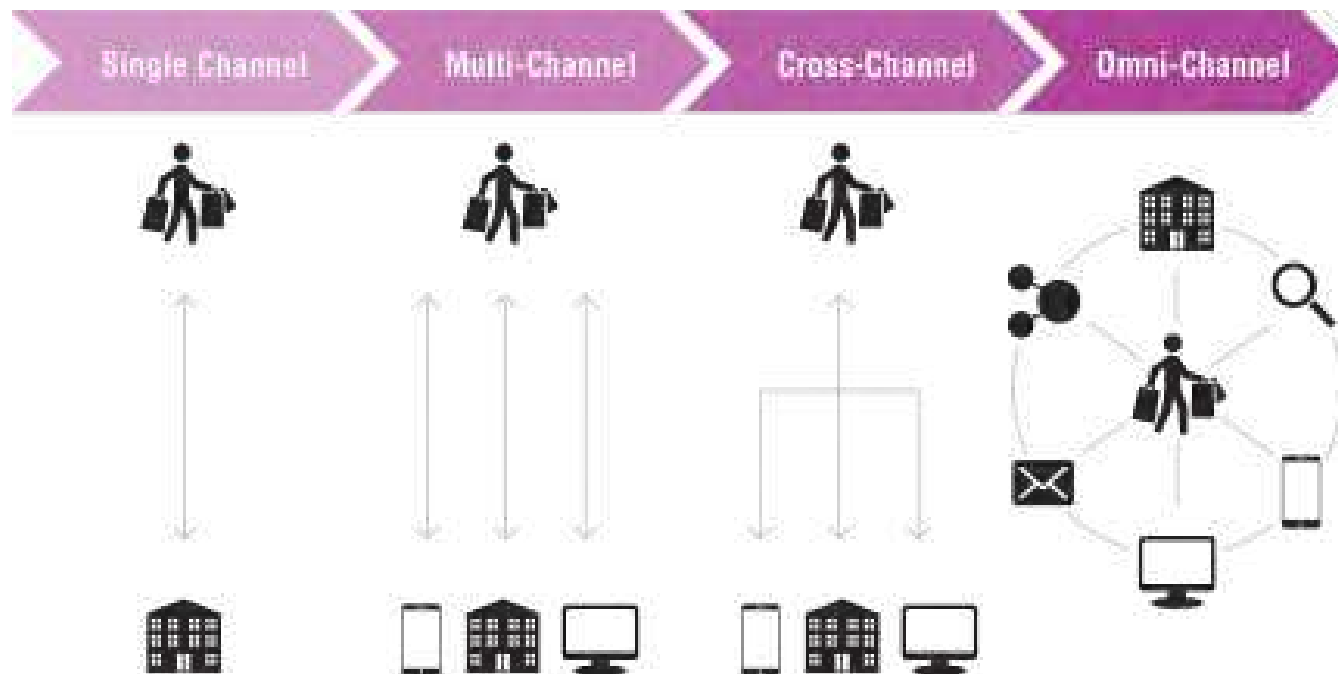


- Retail and retail main streets have to amp up the experiential needs.
- Investment in retail and retail main streets should be used to frame, enhance and reinforce customer experience and create positive moments.
- Despite technological immersion, there is an increased importance on shopping as a social function and form of community.
- People attract people – what are the characteristics of plazas and public areas that attract people and what lessons can developers, designers, city planning use or understand to include in their development.
- There is a need to 'best' position the retail main street to provide meaningful and memorable moments. The positioning is executed in part through how the retail interfaces with the public realm (e.g., community, neighbourhood, street/block, property).



### Trend Description: *Retail as Distribution – Getting the Product to the Consumer*

- A range of new concepts that bring goods and services to the consumer.
- Evolving delivery options and business models (e.g., Amazon Prime, UberEats, Foodora, Canada Post pick-up points, retailers offering multiple collection points beyond their store networks).
- Pick-up in-store (click-and-collect), custom online fulfilment delivery and storage concepts.
- The importance of the last mile as it is a major point of friction and consumer frustration (from missed deliveries and re-scheduling inefficiencies to porch piracy (i.e., the theft of products left at the doorstep).
- Reduced delivery time expectations, from weeks, to days, to same day, to within hours.
- Automation of delivery on the near horizon, driverless vehicles, drones.
- Growth of online retail is the key driver increasing the volume of deliveries.
- Important to note the delivery is not a one-way activity. The return of products ordered online adds significantly to the volume of deliveries.
- This may lead to negative environmental impacts of deliveries, returns, and packaging.







### **Why it is Relevant?**

- Many chain retailers are investing in improving delivery capacity and efficiencies, along with the growth of specialist delivery companies and small and independent retailers need to be aware and keep up with changing demand forces.
- Delivery options continue to evolve embracing technology including robots, self-driving vehicles, drones, pick-up stations.
- Changes the function of bricks and mortar retail spaces to concept stores, showrooms, logistics and warehousing centres and in limited situations manufacturing centres.
- Distribution requires space. Not viewed as traditional transactional space.
- The broad nature of Toronto's main streets means that a high proportion of consumers are located within short distances of an accessible main street location.

### **Implications for Retail Main Streets and Small and Independent Retailers**

- Location, location, location is still a key determinant in retail decision making and clustering of retailers and retail main streets viable in the future.
- This means the required element of increased density of residential, office, and students within 400 m and 800 m of the retail district that much more important.
- While these new models of delivery are disrupting some traditional retail sales, they still tend to be the exception. The bulk of sales and delivery is still in store.



**Examples: *Retail as Distribution – Getting the Product to the Consumer***



For goods and services, the retailer will now go to the customers 24/7.









The concept of click and collect and other storage type pick-up facilities offers convenience. To combat the lack of impulse buying with these concepts retailers often provide discounts if they pick-up in store.



There are many hurdles before drone delivery becomes common but it is definitely on the horizon.





		
<p>Robots used for delivery are similar to drones.</p>	<p>Using fleets of self-driving vehicles combined with delivery robots roaming the neighbourhood makes the logistics of delivery efficient.</p>	<p>The “last mile” of moving the product to the customer can be the mostly costly and fragmented part of the purchase. Allowing the stores to be distribution centres reduces costs and increases in-store experience.</p>
		
<p>Canada Post concept store in Richmond Hill: 24 hour self-serve shipping, with fitting rooms for ease-of-return.</p>	<p>Canada Post concept store in Richmond Hill: drive through parcel pick-up providing added convenience to omni-channel parcel collection.</p>	<p>Penguin Pick-Up at Queens Quay. Specialist collection point meeting needs of consumers in high density urban environment.</p>



## TECHNOLOGICALLY-IMMERSED AND EMPOWERED CONSUMERS

### Trend Description: *Mobile Retail as Key to Customer Journeys*

- An increasing share of time is spent on mobile devices, and mobile payment has been growing rapidly, further embedding mobile technology within our daily consumption habits.
- As such, mobile retail is a leading priority for major retailers.
- Small and independent retailers have slowly been gaining acceptance.
- 'Empowered' consumers (also known as 'hyper-shoppers' and 'super-consumers') types are the most immersed in mobile retail technology. These consumer types are seen as the current innovators that will become the norm in the near future.

### Why it is Relevant?

- Mobile technologies provide consumers with access to many 'choice' options on their customer journeys that impact when, where and how they shop.
- They also are a major source of data and insight on consumption habits and location preferences for retailers, shopping centre owners and major tech firms.
- Consumers can easily access reviews of retailers and retail main streets and find alternative locations to shop through mobile internet search engines.

### Implications for Retail Main Streets and Small and Independent Retailers

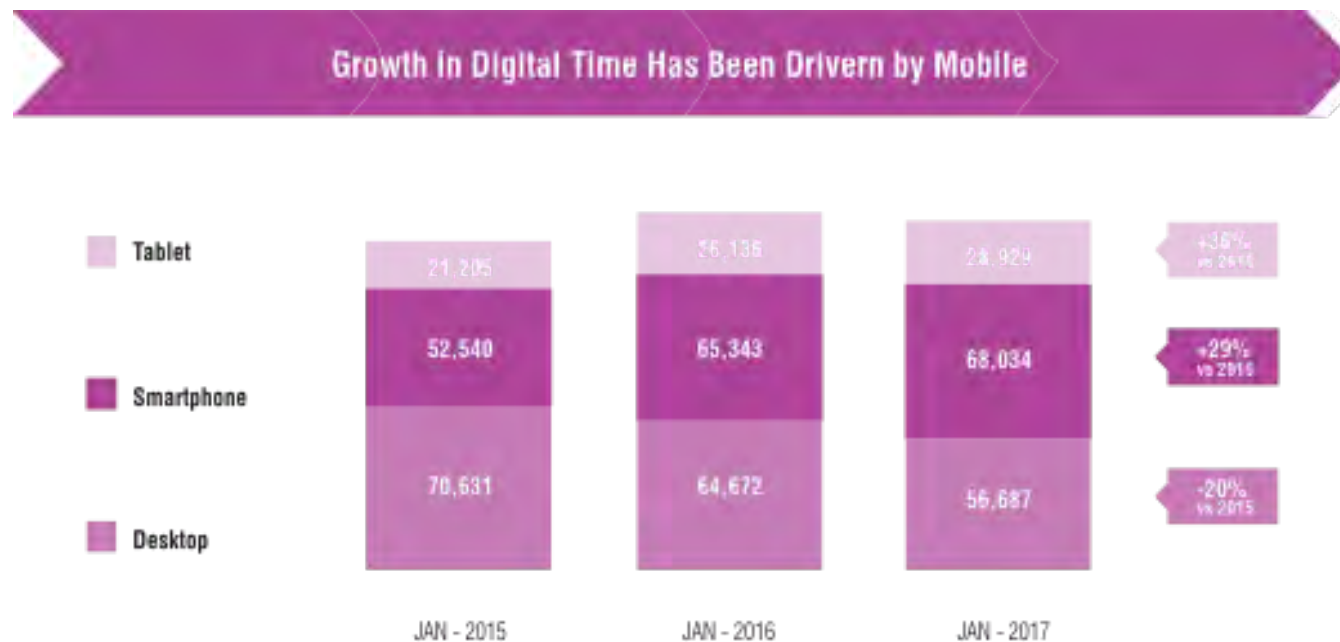
- Mediocre retail businesses and undefined retail main streets will find it increasingly difficult to survive in an environment of empowered consumers.
- The importance of programs such as Digital Main Streets that purposely goes out to the small and independent businesses and retail main streets and works collaboratively with them to see digital and technological improvements is positive.
- Even as the cost of technology comes down, the large price tag associated with some technology solutions makes them prohibitive to many small and independent businesses.





### Examples: *Mobile Retail as Key to Customer Journeys*

Mobile technology is used throughout the day, on various mobile platforms, with more consumers using mobile as a key retail touch point.



Source: ComScore, 2017 (Trending Now - Retail)



### **Trend Description: *Retail Sensors & Surveillance, Big Data and AI***

- The use of sensors and beacons can and will be used by retailers and is becoming prolific.
- The range of data on consumers gathered through Google, Facebook, Linked In, Twitter, Instagram, etc. provides key insights into consumers and allows businesses to curate products and experiences specifically for them.
- Similarly, retail main streets are able to harness consumer data as they track consumer patterns and relate it to their program investments.
- Able to anticipate the wants and needs of consumers even before they know they want it.
- Other technology platforms such as Artificial Intelligence, cashier-less check out, auto fulfillment, cryptocurrency (Bitcoin), and Blockchain have impacted retailers including store design and development.
- Increased use of technology in retail related to supply and logistics, customer experience, payment, safety/security, tracking, etc. under the caveat that personal privacy issues are a key concern.

### **Why it is Relevant?**







- Has spawned a whole range of connectivity through the Internet of Things (IoT) .
- To remain competitive, there will be a growing need for smart city infrastructures that securely serve the connectivity needs of residents, workers and visitors.
- Includes companies such as Uber, Lyft, Airbnb, Amazon, and Honk that have disrupted the traditional industry and created a new industries and ways of living.
- Extends beyond ecommerce to encapsulate all parts of our lives.

### **Implications for Retail Main Streets and Small and Independent Retailers**

- As sales productivity no longer is the best means to assess success of retailers, it allows for other metrics to be analyzed related to dwell time, number of transactions, basket size, return frequency, customer journey which can impact retail layout, merchandising, design and retail main street block planning.
- Large amounts of data that helps build customer profiles, segmentation analysis, and product offering customized to them that impacts retail operations and experiences.









## Examples: Retail Sensors & Surveillance, Big Data and AI




		
<p>Sensor technology has enabled self-driving vehicles reducing the need for parking lots/garages but also enabling increased delivery options.</p>	<p>Products such as refrigerators that can monitor usage and inform you know when you are low on items or will also order them directly from the online store (fulfillment) e.g., Alexa from Amazon.</p>	<p>Amazon pervades all aspects of our lives from shopping to home assistance.</p>
		
<p>Using sensors lets you know when you are approaching a retailer and allows you to pre-order items that will be ready for you to pick up in just a few moments.</p>	<p>City building is embracing sensor technology for sidewalk condition monitoring including melting snow, temperature, watering plants, garbage/waste, energy usage, and a whole host of other initiatives.</p>	<p>Retailers can use sensor to monitor inventory in real time, shrinkage, and other functions. For retail districts you can monitor customer journey and cross shopping.</p>





		
<p>Social media platforms monitor behaviour and create profiles of consumers.</p>	<p>Main Streets, Downtown, and shopping centres have embraced providing free Wi-Fi and other Apps (e.g., weather channel) as a way to collect data and understand customer visitation, customer journey, dwell time, and response to promotions related to social gathering and community building.</p>	<p>Programs such as Mastercard and Moneris Analytics provide insight into transactions, basket size, and conversion rates.</p>
		
<p>Loyalty cards monitor shopping behaviour in exchange for rewards.</p>	<p>Consumer demand online and blue tooth connectivity in in their shopping locations, at retailers, and on main streets as part of the integrated living concept.</p>	<p>The largest accommodation company does not own any real estate. You can have Airbnb inspired and designed spaces by retail companies such as West Elm.</p>



		
<p>Bluetooth connectivity technology is being used instead of Wi-Fi – here it is used at gateways to a central business district</p>	<p>Artificial intelligence has many uses but at first they are being used by large format chain retailers as part of customer engagement, payment, ordering, etc. Other initiatives such as virtual reality, augmented reality, and others are attempting to transform the shopping experience.</p>	<p>Blockchain is a permanent ledger of transactions and can be part of secured payment transaction and helps to eliminate counterfeit products. Cryptocurrencies such as Bitcoin are gaining acceptance as a way to avoid high transaction costs. Others such as WeChat, and AliPay are gaining prevalence.</p>



## DEMOGRAPHICS IS DESTINY

### Impact of Gen Z (Centennials) on Retail and Workforce

- Millennials will still have a significant impact on retail and workforce for the foreseeable future.
- However, for the next 15 years from 2019 onwards, Gen Z will begin to impact retail spending and workforce structures.

### Why it is Relevant?

- Important to understand differences between these two generations as it impacts retail development opportunities.
- Demographics:
  - More diverse demographics.
  - Less emphasis on differences between gender, ethnicity, orientation, etc.
- Personality:
  - Embrace diversity, inclusiveness, grew up with it.
  - Interpersonal learners, love learning.
  - Also known as digital natives – influenced by technology.
  - Worry about money, most stressed and worried.
  - Overloaded and stressed.
  - Have and have not, growing issues of income inequality.
  - Want less visually cluttered spaces.
  - They want to make visual connections.
  - Value wellness aspects and outdoor space – places they are able to retreat from (not necessarily introverted).
- Shopping:
  - More likely to shop at bricks and mortar stores than Millennials.
  - Value saving for the future.
  - Anti-packaging.
- Workforce Related:
  - Less collaboration and desire more quiet zones.





- Heavily influenced by 2008 recession and the idea that having a job is not a guarantee of success.
- Want to have a workplace to work alone.
- Workplaces that are thoughtful, support diversity.
- Value a workplace that supports continued and constant education.
- There is a balancing between offering spaces that are productive by their design but also need to have amenities they value.

### **Implications for Retail Main Streets and Small and Independent Retailers**

- Retail will be more challenged as their work prospects are diminished and this generation is less focused on luxury type retail.
- While they value shopping local and tend to prefer shopping at bricks and mortar stores, they are savers and more frugal with their money.



## **B. NEW RETAIL EXPERIENCES AND CHANGING SPACE NEEDS**

### **EXPERIENTIAL RETAIL, PERSONALIZATION AND CURATION**

#### **Trend Description: *From Transactional to Experiential Spaces***

- Move away from purely transactional stores to hybrid transactional-experiential stores.
- In particular, shift to the "concept" store format that has a curated selection and is more experiential.
- Omni-channel has been a key aspect of this shift, with retailers allocating store space to service the needs of their online customers (online kiosks, collection areas, showrooming, etc.).
- Product offerings that not only connect with consumers but also define the retailer.
- Curated retail has been a trend for a number of years and looks set to continue. What has changed is the consumer's ability to access goods and services from a much broader (and global) variety of providers.

#### **Why it is Relevant?**

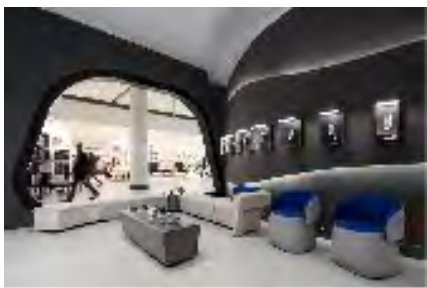





- Retailers are increasingly looking to add more experiential elements to their retail offer.

#### **Implications for Retail Main Streets and Small and Independent Retailers**

- Retail should be flexible and adaptable to embrace these and future trends in retail development, design, layouts, merchandising, window displays, etc.
- Landlords and property managers should not be so rigid in retail leasing and exclusivity clauses that precludes new ideas. Similarly, municipalities should not be so rigid in retail use and function zoning that precludes new ideas.



## Examples: *From Transactional to Experiential Spaces*

		
<p>Samsung store offers a place to experience different products with no inventory.</p>	<p>Vans, active clothing retailer, concept store in London built around BMX skate park concept.</p>	<p>Men's suit designer, Indochino store has no inventory. Everything is made to measure and customized for a one-of-a-kind experience.</p>
		
<p>2<sup>nd</sup> Home, in Germany, with a store designed with a home setting.</p>	<p>Nike Live concept store in Los Angeles, features products that are most popular amongst local shoppers, fast changing inventory.</p>	<p>Bilder &amp; de Clercq, Netherlands, grocery store concept arranged by meal rather than food category.</p>





## ANIMATING URBAN SPACES WITH POP-UP AND MODULAR RETAIL

### Trend Description: *Temporary Retail as a Permanent Retail Model*

- Pop-up retail is widespread and can be defined in many different ways.
- Types of pop-up include: communicational, experiential, transactional, testing, institutional.
- Role varies and includes combinations of the following: product showcase/anthology, brand pantheon, tribal gathering, market tester.

### Why it is Relevant?

- Retailer perspective: Low-risk business launch, experimentation and testing, transition from e-commerce to bricks-and-mortar, awareness, advertising, word-of-mouth, publicity, face-to-face interaction with the brand, excitement due to temporary nature - “perception of scarcity”.
- Landlord and retail main street perspective: occupy unleased space, active problem vacancy, differentiation, increase traffic, marketing for current tenants, add experiential aspects to shopping, variety & excitement, entice potential new tenants.

### Implications for Retail Main Streets and Small and Independent Retailers

- Pop-ups and temporary retail can be used animate streetscapes.
- Curation of pop-up, e.g. clusters/zones, seasonality, interaction with public space.
- They are a form of temporary tenancy and subject to fluid design elements.
- Include modular retail designs.
- Embraces the true meaning of experience which is ephemeral (temporary) through a constantly changing roster of businesses entices consumers for repeat visitation.



### Examples: *Temporary Retail as a Permanent Retail Model*

		
<p>IKEA play café.</p>	<p>Indulge Food pop-up concept at Yorkdale.</p>	<p>STACKT shipping container market on Bathurst St. Temporary modular retailer units and Market 707 at Dundas/Bathurst.</p>



## FOOD EXPERIENCE AND HYPER LOCAL FOOD CONCEPTS

### Trend Description: *From Food Trucks to Grocerants*

- A growing number of eating establishment concepts that are unique to their local neighbourhood and retail main street.
- Food is an important aspect of successful retail, being seen as key point of differentiation within the retail industry
- Broad range of food options, from mobile food trucks, pop-up food kiosks, food hall vendors to food integrated within retail (e.g., bar and restaurant in Nordstrom or restaurants within grocery stores).

### Why it is Relevant?

- Following the growth of culinary education facilities growth across Canada, new graduates are eschewing traditional hospitality jobs and are partnering with small food producers to drive to eating establishment concepts.
- New eating establishments want to be customized to each neighbourhood by unique differentiators.
- A note of caution related to the growth of food services and the potential oversaturation in some markets as developers and landlords seek out food service concepts as a way to insulate themselves from the impacts of e-commerce.

### Implications for Retail Main Streets and Small and Independent Retailers

- The trend is towards smaller spaces to test innovative ideas such as at food trucks, food halls, and concession areas within other retailers.
- Locally sourced eating establishments and other concepts such as organic will have more frequent small truck deliveries, refrigerated delivery space, more waste, increased need for refrigerated waste storage that impact store design and increase the costs for the retailer and landlord.
- Design may include places to grow produce on site (e.g., roof top gardens, apiaries).
- The integration of the public realm with the food service concept is important as part of the overall experience economy and the need to “see and be seen”.











- From a marketing perspective, small and independent retail businesses must use social media to communicate with their loyal followers similar to a farmers' market vendor (a farmer will tweet in the early hours what fresh product they have packed on the truck and are headed to the market – this provides a sense of excitement and urgency with the consumer to get the best and freshest products before everyone else).



## Examples: *From Food Trucks to Grocerants*

		
<p>More eating establishments are sourcing local products more and growing produce on their premises. Restaurant de Kas Netherlands, is a restaurant in a greenhouse.</p>	<p>New food hall venues, food trucks, and shipping container pop ups allow new eating establishments to incubate with less start-up costs.</p>	<p>Branded estates are communicating to patrons about where their locally sourced food is coming from is key. Local producers are communicating to their followers about what they are delivering on their trucks in the early hours to the different businesses (e.g., today I have fresh blueberry muffins that were picked yesterday).</p>
		
<p>Culinary schools provide great pool for recruiting the next top food concept.</p>	<p>40k sq. ft. Market &amp; Co. Food Hall located within Upper Canada Mall in Newmarket.</p>	<p>Eataly 'grocerant' store concept in Boston includes learning with experiential elements.</p>



## C. RETAIL AND COMMUNITY BUILDING

### INTEGRATING RETAIL DIVERSITY

#### Trend Description: *Localization in Retail and Service in Community Building*

- In retail's competitive landscape, differentiating by way of adding community building elements can be a successful strategy.
- No longer are retailers just one thing (e.g., a shoe store that only sells footwear).
- Localization is a major retail trend - there are many different terms are used to describe the process of adapting to the local market.
- This is where small and independent retailers can excel compared to their chain and franchise counterparts.
- 'Local' in food retail and service is most often related to sourcing of product, links to sustainability.
- Localization often promotes diversity, encourages local innovations, and is used as a point of differentiation for independent business (albeit with more and more chain stores looking to cater their offering to the local market).
- Localization provides a way to better understand and cater to consumer needs, deepen consumer connection, drive higher retention and consumer loyalty and provide a foundation for longer-term sustainable competitive advantage.

#### Why it is Relevant?

- Increasing number of businesses looking to tailor concept to locality.
- Store sizes have begun to decrease – but not for all categories.
- Small and independent retailers want to be part of their communities and contribute to retail main streets' unique identities.
- The sociological attachment of a neighbourhood with their retail main street goes beyond pure economic rationale.

#### Implications for Retail Main Streets and Small and Independent Retailers

- Engaging in retail development concepts that build community allows a retailer to gain increased trust and dwell time and therefore increased sales.











- The design of retail should be flexible and adaptable to embrace these and future trends in retail.
- Landlords and property managers should not be so rigid in retail leasing and exclusivity clauses that precludes new ideas – consumers are looking for a mix of retail and services firms to meet their needs.
- Design incorporates smaller spaces to test innovative ideas.
- Operating expenses and pressure from online retail have forced many retailers to do more within a smaller well designed space.
- Retailer development and operations should reflect that neighbourhood or retail main street's identity and vision and be supportive.

**Examples: *Localization in Retail and Service in Community Building***

		
<p>Barber shop that offers alcohol and gaming has become a cool hang out place for men.</p>	<p>The Store, Berlin– concept store that combines curated collections, café, and places for tables for workers to create and meet co-workers and clients.</p>	<p>Frank and Oak offers men's clothing, barber shop, and café in a social gathering atmosphere.</p>



		
<p>Peloton concept combines fitness, at home fitness, social gathering, cafes, bikes sales together.</p>	<p>Restauration Hardware is concept store with no inventory that blends café and socialization into the store.</p>	<p>Farm Boy Urban (19K SF), urban store concept.</p>
		
<p>Sobey's Urban Fresh (4.5K SF) urban store concept.</p>	<p>One Academy Fitness (10K SF) niche fitness concept.</p>	<p>Miniso (1.5K SF), mini lifestyle goods department store.</p>



## THE IMPORTANCE OF CONVENIENCE AND THE 24/7 ECONOMY

### Trend Description: *Convenience, open all hours and walkable density*

- Convenience a major driver for retail and specifically, the retail main street environment.
- Time-pressured lifestyle have created an increased demand for convenience and frictionless shopping experiences - to have retail and service experiences on their terms.
- Population density thresholds for convenience based shopping and complete street development especially near transit is a key goal to create a captive target market of consumers for the retail.
- Consumers in major urban markets are now conducting a major component of their shopping after 6 pm in the evenings, and omni-channel shopping takes place 24/7.
- While store operating hours vary markedly by business type, there has been growing pressure on businesses to operate beyond the bounds of the traditional business day, especially with the widespread adoption of omni-channel.

### Why it is Relevant?

- New retail developments will find it difficult to compete on price and selection.
- To compete, local neighbourhood retailers will want to locate in areas with a density of residents and daytime traffic to support local shopping.
- Location and retail development strategies need to support healthy and active living and meets people's need for daily living.
- The shift to community-based and local serving retail requires a threshold population density to ensure a constant supply of customers to support businesses. These businesses will be more immune to outside forces if they are locally focused.
- Generally, consumers do not want to travel more than 5 to 10 minutes (by foot, bike, transit, or by vehicle) to get their local neighbourhood goods and services. As micro-shopping grows in prevalence in terms of consumers visiting often and staying less than 10 minutes, there is an increased need for convenience shopping.
- This matches the residential build out parameters of the Avenue and Mid-Rise density goals along a typical 800 m to 1000 m main street or within a 5 to 10 minute walking distance.
- The type of retail street should help dictate the retail design especially in terms of lighting.





## Implications for Retail Main Streets and Small and Independent Retailers

- Population densities need to achieve threshold populations within 5 and 10 minute walking distances to support local serving neighbourhood retail.
- The retail operation and development must be conducive to local shopping in terms of ease of shopping, arriving (convenient to get to), as well as key principles of accessibility and visibility.
- Loading, receiving, and waste areas need to be located within the property based on balancing the nearby residential and retailer needs.
- Lighting should correspond to the character and context of the street.

### Examples: *Convenience, open all hours and walkable density*

<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
New India Grocer, Albion Islington		
<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Maselli's, Danforth Mosaic		



<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Yal Market, Eglinton East		
<p>Popular times Tuesdays ▾</p> <p>Not enough data yet for Tuesdays</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Akropolis Pastries, Greektown on the Danforth		
<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Kim's Convenience, Historic Queen St. East		
<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Sanagan's, Kensington Market		



<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Wong's, Kingston Road East		
<p>Popular times Tuesdays ▾</p> <p>Not enough data yet for Tuesdays</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Sweet Olenka's, Lakeshore Village		
<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Galleria Supermarket, Yonge Carlton		





<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Yonge Finch		
<p>Popular times Tuesdays ▾</p>	<p>Popular times Thursdays ▾</p>	<p>Popular times Saturdays ▾</p>
Bobette & Belle, Yonge Lawrence Village		



## SUSTAINABILITY, SHARING AND THE CIRCULAR ECONOMY

### **Trend Description: *Ownership meets Sustainability***

- On the opposite side of individualization sits the sharing economy.
- Millennials influenced the shift in shopping towards a sharing and re-using (circular) model of ownership, continued trend with Generation Z population.
- Less emphasis on new purchases but increased opportunities for bricks and mortar locations to facilitate the exchange of items as part of this new journey.
- Increased use of technology has advanced proliferation of sharing/re-use.
- Heightened importance placed on sustainability and associated retail store concepts.



## **Why it is Relevant?**

- Sharing economy is now embedded into much of our lives.
- Antique stores, vintage clothing shops, curated hipster flea markets, winter jackets made from recycled down duvet feathers, and even food are now part of the growing circular economy.
- Retail bricks and mortar stores are now accepting used merchandise in exchange for new merchandise and need to be able handle that flow of goods.
- The sharing economy has shown that retail has moved away from the purely transactional functionality and into the everyday living. It is no longer about “buy, use, dispose” or about acquiring things.
- Ownership of things is increasingly less important, it is more about moments, life’s journey, and sharing.

## **Implications for Retail Main Streets and Small and Independent Retailers**

- A number of retail design and development elements from communal tables at restaurants, to renting clothing, tools, to home shares (Airbnb), and parking sharing (Honk Mobile) influences new purchase decisions as well as impacts where transactions are taking place.
- Retailers are increasingly marketing their ‘green’ initiatives and increased sourcing transparency, impacting their retail design and operations.
- Sustainability also extended beyond lifestyle preferences to real estate development (e.g. LEED standards, efficiency of built form elements).



## **CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**

### **APPENDIX 19: REGULATORY FRAMEWORK IMPACTING - MAIN STREET INDEPENDENT BUSINESSES**





## **REGULATORY FRAMEWORK IMPACTING MAIN STREET INDEPENDENT BUSINESSES**

Commercial businesses operating in the City of Toronto are regulated by all three orders of government. The following description provides a brief overview of the main requirements as of April 2019.

The complexity of the regulatory framework is immediately apparent. Over two dozen discrete pieces of legislation and requirements have been reviewed in compiling this overview.

It is important to note that this information is provided for general reference purposes only. Specific requirements for a particular business may be different depending on the activities it is engaged in, the characteristics of its employees, its specific location, how long it has been operating, etc. The three orders of government also each regularly change regulations and fees. While best efforts have been made to accurately reflect current regulations and fees, recent changes, specific exceptions or conditions, etc. may not have been captured in all cases.

1. All Businesses
2. Municipal Permits and Licenses
3. Businesses Serving the Public
4. Employees
5. Workplace Protection
6. Bricks and mortar locations
7. Renovating Floor Space
8. Income Tax
9. Property Tax
10. Access to Municipal Services



## 1. ALL BUSINESSES

a) Master Business License: (<https://www.ontariobusinesscentral.ca/forms/business-registration.php?>)

- Confirms that business name has been registered on the public record
- Choice to register as a sole proprietorship, corporation or partnership
- Process: on-line; license issued within 2 days; Must be renewed every 5 years
- Cost: \$60 plus fees for sole proprietorship, partnership or limited partnership. Additional fees for name search.
- Additional fees and requirements if business wants to operate outside Ontario, import or export goods, and/or play live or recorded music

b) Articles of Incorporation (a choice): <https://www.ontario.ca/page/incorporating-business-corporation>

- Process: Name search required; Name must be registered; Must identify directors, shares (if any), restrictions and conditions of business operation, etc. Application in person or by mail; Waiting period varies. Renewal not required. Private legal advice generally recommended.
- Federal incorporation is a different process, enabling company to operate outside of Ontario.
- Fee: \$80 for Name Registration and \$360 for incorporation. Additional fees may apply for name search.

c) Federal Business Registration: <https://canadabusiness.ca/programs/business-number-bn-1/>

- Required for HST (if annual revenues are more than \$30,000), payroll, excise tax, corporate income tax and import or export account.
- Process: on-line, telephone, mail or email. No waiting period
- Fees: none

d) Toronto Noise By-law: Toronto Municipal Code, Chapter 591

- Review of Noise By-law undertaken and new By-law amendments were adopted by Council on April 16 and 17, 2019. Will come into effect on October 1, 2019
- Unloading and loading activities prohibited from 11 PM to 7 AM Monday to Friday and 9 AM on Weekends and Statutory Holidays



- Unreasonable noise is prohibited. Defined as any noise that would disturb the peace, enjoyment, rest, comfort or convenience of a reasonable person in the circumstances.
- Introduces decibel levels to define acceptable amplified sound. Restrictions and prohibitions on amplified sound are location-specific, as outlined in Section 591-4(b) of the By-law.



## 2. TORONTO MUNICIPAL PERMITS AND LICENSES

(<https://www.toronto.ca/services-payments/permits-licences-bylaws/>)

- Requirements vary depending on type of business, and are summarized in Table 1. Many common types of main street businesses do not require a Toronto business license (e.g. retail stores not selling food or second hand merchandise, shoe repair shops, tailors – see table)
- Table also includes licensing, handling and reporting requirements for businesses involved in serving or handling food, alcohol, and potentially toxic or hazardous chemicals
- Businesses selling lottery tickets and/or tobacco products must comply with additional provincial requirements, commissions and fees..
- Process: New businesses opening a bricks and mortar location must apply in person to the Municipal Licensing and Standards (MLS) Services Office at 850 Coxwell Office. Licenses are valid for 1 Year.
- Renewals: Most licenses can be renewed on-line. Must be renewed before expiry date.
- Fees: Vary by cost of required inspections between approximately \$350 and \$650 for initial license and \$250 to \$350 for renewals (see Table). If a Preliminary Review is necessary to check zoning compliance (see Table 1), an additional \$229.91 fee is charged.

### BUSINESS LICENSE REQUIREMENTS FOR SELECTED MAIN STREET BUSINESS TYPES (NOT COMPREHENSIVE)

TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
Alcohol, Wine and Beer Stores Selling wine or beer in Grocery store	<u>Municipal Retail Store Authorization Form</u> must be signed by City Clerk and sent to AGCO. Apply in person at a Civic Centre (City Clerk)	\$101	none		Municipal Retail Store Authorization doesn't expire





TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
	<u>Alcohol &amp; Gaming Commission:</u> Can apply for license on-line. Must have wholesale agreement with LCBO; Number of licenses in a geographic area is controlled; Specific requirements for employee training, storage, handling, sales, hours of sale, pricing, product permitted to be sold.	\$1055  \$1355	2 year  4 year	\$300  \$600	On-line permitted
Alcohol Consumption on Premises  Businesses must also get the appropriate business license (e.g. eating establishment, night club, barber shop, etc.)	<u>Obtain Municipal Clearance</u> from City Clerk by completing form and applying in person at a Civic Centre. Fire Services, Buildings, Public Health must approve. Notice given to police, MLS and Ward Councillor. PH, Buildings & Fire inspect. If approved, submitted to AGCO.	\$817.36.			



TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
	<u>Alcohol &amp; Gaming Commission:</u> Any kind of business can get a license. Only owners can apply. Approval can reasonably be withheld if risk to public safety or public interest is deemed to result. If premises have not had a liquor license for at least 6 mon., a public notice is posted on the premises. Hearings take place if there are any objections. Notices are also required to expand premises by more than 25% or add a licensed patio	<u>If Public Notice is required:</u> \$1055 \$1355  <u>If exempt from public notice:</u> \$925 \$1225	2 Year 4Year  2 year 4 year	\$300 \$600	Apply for renewal on-line: if no complaints or infractions, approval is fairly automatic
Arcades & Pay to Play Places of Amusement	In person 850 Coxwell \$1 mill CGL Insurance	\$422.85	annual	\$244.09	On-line option; if any additional paperwork is required it can be submitted by email or FAX.
Services that could pierce the skin (incl. Hair dressing, nail care)	In person 850 Coxwell Public Health Inspection (BodySafe Program) Body piercing/tattoo needs \$1 mill CGL insurance	\$369.24	annual	\$242.75	Annual public health inspection (results published in window)  On-line option; if any additional paperwork is required it can be submitted by email or FAX.



TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
Stores that sell food (no seating)	In person 850 Coxwell  Must also comply with Ontario Food Premises Regulation, that specify minimum standards for food storage, handling and transportation and training of staff; Inspections carried out by Public Health up to 3 times annually	\$369.22	annual	\$244.09	On-line option; if any additional paperwork is required it can be submitted by email or FAX.
Laundromats & Drycleaners	In person: 850 Coxwell Ave.	\$369.23	annual	\$242.75	On-line option; if any additional paperwork is required it can be submitted by email or FAX.
	<u>Additional requirements related to use/disposal of chemicals:</u>				
	<u>ChemTRAC</u> – Toronto Public Health: must register and submit annual report on quantities used during previous calendar year (tracking system req'd). If over a threshold, report on-line; database and	No cost	annual		



TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
	map available for public view.				
	<u>Sewers By-law</u> - requires pollution prevention plan for printers, dry cleaners/laundries, auto and gas related businesses, dental and medical offices and labs, photo-finishing; track and report quantities of pollutants used and activities taken to reduce use; no inspection required	No cost	annual		
	<u>Ministry of Environment Liquid Industrial or Hazardous Waster Generator Registration (HWIN)</u> - Dental and medical offices are exempt. Other businesses using identified products must quantify and if over a threshold (varies by product) report; addresses storage, processing and disposal;	No cost to register  Disposal fee passed on type of waste and quantity	annual		





TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
Nightclub/ entertainment establishments  If serving alcohol, also see section on Consuming Alcohol on premises.	In person 850 Coxwell Several kinds of insurance coverage req'd.; people of authority must be identified. Crowd, noise and litter control plans must be filed. Occupancy limits obtained from Fire Staff inspect property before issuing license.	\$486.67	annual	\$293.83	
Pawn Shops	In person 850 Coxwell \$2000 security deposit	\$645.53	annual	\$315.17	On-line option; if any additional paperwork is required it can be submitted by email or FAX.
Pay Day Loan Establishments	In person 850 Coxwell Only 212 licenses are permitted in City; Ward caps are also specified Must also have an Ontario loan broker license	\$645.53	annual	\$315.17	Businesses changing location must notify City and pay a pro- rated fee
Pet Shops	In person 850 Coxwell Public Health inspection required Staff inspect property before issuing license	\$645.53	annual	\$315.17	On-line option; if any additional paperwork is required it can be submitted by email or FAX.
Restaurants, cafes, bars & pubs	In person 850 Coxwell	\$500.64	annual	\$301.76	On-line option; if any additional paperwork is required it can be submitted by email or FAX.



TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
If serving alcohol, also see section on Consuming Alcohol on premises.	<p>Everyone handling food must have Food Handler from Public Health. Must provide adequate litter containers and supervision over dining areas</p> <p>Must also comply with Ontario Food Premises Regulation, that specify minimum standards for food storage, handling and transportation and training of staff; Inspections carried out by Public Health up to 3 times annually</p> <p><u>DineSafe Program</u> makes results of latest inspection publicly accessible by posting results near restaurant entrances and on searchable website</p>	Food Handler Certification = \$112.07 per person			
Second Hand Shops	In person 850 Coxwell Register of Goods Received Book must be provided	\$645.53	Annual	\$315.17	On-line option; if any additional paperwork is required it can be submitted by email or FAX.



TYPE OF BUSINESS	START UP		ONGOING OPERATION		
	Process	Fee	Renewal Period	Fee	Process
Smoke Shops	In person 850 Coxwell	\$645.53	Annual	\$315.17	On-line option; if any additional paperwork is required it can be submitted by email or FAX.

**All new business licenses require a preliminary license review** before applying for the actual license. This primarily checks zoning by-law compliance. The review is conducted by Toronto Building Division. The fee is \$229.91. If a business is taking over an existing location, a zoning review is not required. Must provide proof of property ownership or signed lease agreement.

**Businesses that don't require a municipal license include:**

- Accounting offices
- Catering services (not to the public)
- Cheque-cashing businesses
- Clothing stores
- Consulting Businesses
- Dance Studios
- Daycares
- Dental Offices
- Flower Shops
- Fortune Tellers/tarot readers
- Gyms, fitness centres
- Law offices
- Medical clinics
- Medical supplies stores
- Registered massage therapist
- Retail and products stores that don't sell food or 2nd hand items
- Wholesale businesses



### 3. BUSINESSES SERVING THE PUBLIC

a) Consumer Protection Act: (<https://www.ontario.ca/page/consumer-protection-laws-ontario>)

- Defines and prohibits unfair and misleading business practices.
- Act was updated in 2007 to prohibit expiry dates on gift cards, vouchers, etc.
- Consumers can complain to Ministry of Government and Consumer Services; complaints are investigated and follow-up is done with offending businesses. Progressive steps are taken to encourage compliance and when that fails, resorting to public notices, conviction and fines and prison sentences depending on the consequence of the offence

b) Access for Ontarians with Disabilities (AODA) Act (<https://www.aoda.ca>)

- Under the Customer Service Standards of the AODA, service providers must make their goods, services and facilities accessible to customers with disabilities.
- All businesses serving the public must:
  - Establish policies, practices & procedures on providing goods and services to people with disabilities;
  - Allow service animals and assistive devices and supports to enable their access to goods and services
  - Communicate with person in an appropriate manner that takes into account his/her disability
  - Train staff, volunteers, contractors on your policy and support them in implementing it
  - Establish a process for people to provide feedback on effectiveness of policies and take action on any complaints
- Note that policy doesn't require physical alterations to space; for example, if store entrance requires steps, policy could be that staff will come outside to serve customers in wheelchairs. If a wheelchair accessible washroom cannot be provided arrangements can be made for customers with that need to use nearby establishment accessible washrooms; etc. What is required is a policy and a procedure that is communicated and followed.

c) Holiday Shopping By-law (Toronto Municipal Code Chapter 510)

- Retail businesses must close on New Year's Day, Family Day, Good Friday, Easter Sunday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day and Christmas Day. Exceptions that may open include:
  - Small stores with selling areas smaller than 2,400 square feet provided that:



- No more than 3 people are serving the public, and
- Only foodstuffs, tobacco or articles required for tobacco use, antiques, handicrafts, fresh fruits and vegetables, books, magazines or newspapers or art are sold;
- Pharmacies may have selling areas up to 7500 square feet open;
- Premises selling goods and services incidental education, recreation or amusement activities
- Premises that provide prepared meals, are licensed to serve alcohol, living accommodation, Laundromats, vehicle or boat rentals, gas stations and plant nurseries
- Businesses located in designated “tourist areas” as are set out in Section 510-5 (Queens Quay West, Downtown Yonge BIA, Distillery District and Bloor/Yorkville BIA)





## 4. EMPLOYEES

### a) Canada Revenue Agency (www.cbo-eco.ca)

- Every employer is responsible for estimating the income tax and Canada Pension and Employment Insurance premiums their employees will be required to submit, making appropriate deductions from their pay cheques and submitting the funds to the CRA on their employees' behalf. Employers also are required to make direct contributions to the Canada Pension Plan, Employment Insurance and Ontario Health Tax. The amounts are:
  - CPP: 5.1% of payroll up to a maximum of \$2748.90 per employee
  - EI: 1.62% of insurable earnings up to a maximum of \$1204.31 per employee
  - Employer Health Tax:
    - For companies with revenues of \$5 million or more – 0.98% of payroll up to \$200,000 and increasing in increments to a marginal rate 1.95% of payroll over \$400,000.
    - For companies with revenues less than \$5 million, the first \$490,000 of payroll is exempt. Tax is then charged on payroll above \$490,000 at the same marginal rates (i.e. 0.98% on the first \$200,000, etc.)
- 2019 is the first year of a seven year program to gradually enhance the Canada Pension Plan. Contribution rates are scheduled to increase from 4.95% in 2018 to 5.95% in 2025. The maximum insurable earnings and contributions per employee also are increasing. The impact on business depends on the number and the salary range of its employees. For example, an accounting firm has provided a table on-line showing that a company employing 5 people with an average salary of \$30,000 will pay \$600 more in 2019 than in 2018, increasing to \$4150 more by 2023 and beyond. (<https://www.grantthornton.ca/en/insights/changes-to-cpp-is-your-business-ready/>)
- Reporting Requirements: For every new employee, provide SIN to CRA and have them complete a Personal Tax Credit form (TD1); Provide a Record of Employment to Service Canada whenever an employee stops work (permanent, layoff or leave). Annually, provide T4 summary for full payroll to CRA and T4 slips to each employee.
- If more than 10 employees: subject to Pay Equity legislation and must pay all male and female workers the same for comparable work.



b) Ontario Employment Standards Act (<https://www.labour.gov.on.ca>)

- Sets minimum standards and conditions for wage levels (minimum wage), hours of work and consecutive time off, rights to refuse work, paid public holidays, premium pay requirements for working on holidays, overtime pay requirements, paid vacation, and circumstances when unpaid leave must be provided.
- Employer is required to provide employees with information about ESA (no longer required to display poster in workplace)
- Minimum wage was increased 22% between September 2017 and January 2018, suddenly and significantly increasing costs for many types of businesses (after many years of a stable minimum wage).
- 2018 to 2020 Minimum Wage is now frozen at \$14/hour for most workers, \$13.15 for students and \$12.20 for liquor servers. It is then scheduled to increase annually at the rate of inflation.

c) Access for Ontarians with Disabilities (AODA) (<https://www.aoda.ca>)

- Businesses with 20 or more employees must file “accessibility compliance reports” with the Province documenting policies, practices and procedures for accommodating employees with disabilities and for serving customers with disabilities (note that businesses with fewer employees are still required to provide accessible service (See Section 3(b) above) but are not required to file a formal accessibility compliance report).
- Businesses with 50 or more employees must also develop and document accommodation plans and return to work policies and procedures to accommodate employees returning to work after an absence due to their disability.



## 5. WORKPLACE PROTECTION

a) Occupational Health and Safety Act <https://www.healthandsafety.ca/employer-advice>

- All employers are legally required to prepare a written occupational health and safety policy outlining their commitment to protect the health and safety of workers and outlining practices and responsibilities that will be followed to do so.
- Covers avoidance of physical hazards as well as safeguards against Workplace Harassment and Workplace Violence. All employers are required to understand these terms and the minimum acceptable standards that should be in place to avoid them (should check with Ministry of Labour for requirements.)
- All employees must receive basic health and safety training. Supervisors must receive enhanced training covering the requirements in more detail and their responsibilities in ensuring compliance. Employers are required to keep records of when each employee and supervisor completed his/her training.
- Employers are required to investigate all incidents and complaints. Ministry of Labour has the right to order a third party to investigate and report at the employer's expense
- Help lines are available to get advice from the Ministry of Labour on requirements, handling complaints and conducting investigations
- Workplaces with 6 or more employees are required to post the written policies and to have an explicit program in place outlining procedures for controlling and assessing risks, reporting incidents, how to summon immediate assistance and how the employer will handle incidents or complaints.
- Workplaces with 20 or more employees must have a joint manager/worker health and safety committee. At least 2 members must be certified in health & safety and must take refresher courses every 3 years.

b) Workplace Safety and Insurance Board (<https://www.wsib.on.ca>)

- Provides no-fault insurance and workers' compensation to workplaces.
- Most businesses are required to register within 10 days of hiring their first employee. Some business types are exempt from mandatory registration but can choose to register (see <https://www.wsib.on.ca> for specifics)
- Premium rates: based on employer's insurable earnings (approximately equal to gross pay up to a per employee maximum) prorated by business type's risk of injury (e.g. 0.4% for pharmacies, 1.04% for restaurants, 1.56% for specialty food stores). For example, a specialty food store with a \$200,000 payroll would pay a 2019



premium of \$3,150. Premium rates decreased by 29.8% in 2019 due to change in policy eliminating unfunded liability reserve.

- Reporting requirements: Incidents must be reported within 3 days when it requires loss of work time or pay or medical treatment. If only on-site first aid is required, incident must still be reported but within 7 days.



## 6. BRICKS AND MORTAR LOCATIONS

- All business locations must comply with the Zoning By-law, which indicates how much floor space can be used for a given type of activity on every lot in the city. The Zoning also addresses requirements for building setbacks, use of outdoor space, parking and loading requirements among other requirements. Businesses can be required to cease operations or to relocate if they do not comply with the Zoning By-law (they can apply for a “minor variance” or rezoning which may be approved by the City after due process).
- Businesses wishing to lease space:
  - Lease negotiated with landlord sets out terms. **Ontario Commercial Tenancies Act** (<https://www.ontario.ca/page/renting-commercial-property-Ontario>) provides some general protection for tenants and landlords, but often only in areas not covered by the lease. Generally speaking, a signed lease agreement takes precedence over the provisions of Commercial Tenancies Act.
  - Tenants have the right to take any complaints that the landlord is not acting in accordance with the lease to Small Claims or Court of Justice (if claims are more than \$10,000). They do not have the right to withhold rent. Withholding rent may result in their eviction.
  - Landlords can evict tenants if they don't pay their rent on time (there is a 15 day grace period) or if they breach other terms of the lease. They are first required to notify the tenant in writing about the specific nature of the breach and allow a reasonable time for them to comply. They apply to the Ontario Court of Justice to obtain an eviction notice and change the locks. They are required to allow the tenant to retrieve property after this happens.
  - Unless the process for increasing rents is set out in the lease, the landlord can increase the rent by any amount at the end of the lease.
  - If there is no written lease, the landlord can raise the rent by any amount at any time. The tenant can give one month notice that s/he intends to move out and pay the original rent for the final month.
  - Tenants wishing to stay in the same location after the end of their lease should provide ample written notice to their landlord (a minimum notice period is not specified in the Act). On a month-to-month lease, both the landlord and the tenant are required to give one month written notice to end the lease. The landlord is not required to lease the space to the existing tenant unless this right is specified in the lease.
  - Tenants are liable for paying the rent for entire term of the lease even if they go out of business or relocate before the end date. Sub-leasing is possible unless prohibited in the lease. The landlord can apply to the





Superior Court of Justice or to Small Claims Court (for less than \$10,000) to seek damages for the loss of rental income for the balance of the lease term.

- Unless otherwise set out in the lease, landlords generally are only responsible for maintaining the structural elements of the building (roofs and structural walls and foundations). Insufficient wiring, or worn out plumbing or heating, etc., may be the responsibility of the tenant.
- Generally landlords are expected to carry comprehensive insurance on the building covering liability for common areas and casualty protection for the building itself. Tenants are expected to carry their own insurance for claims/liability within their business premises.



## 7. RENOVATING FLOOR SPACE

- Requirements and costs vary enormously depending on the scale and nature of the renovation. This overview does not attempt to address the planning approval or buildings approval processes necessary to demolish buildings or develop new structure or additions. It focuses on interior renovations such as are often undertaken by individual businesses, changing signs, and getting approvals for sidewalk cafes and merchandise displays

### a) Building Permit

- The formal permission to begin the construction, addition or renovation of property. Permits are provided by municipalities after checking and inspecting compliance with the Ontario Building Code. (In Toronto's case, Toronto Building Division, (<https://www.toronto.ca/services-payments/building-construction/apply-for-a-building-permit/>))
- Not all interior renovations require a building permit (e.g. replacing a window or a door does not). Renovations that do require a permit include adding or removing walls, finishing basement space, adding new or enlarging windows and doors, changing electric, plumbing or mechanical systems, adding awnings that are over 5 square metres in size or extend over the public sidewalk, enclosing porches, or adding structures attached to the building (refer to Toronto Buildings for specific exceptions and requirements).
- Process: Application requirements are available on-line; include accurate scaled drawing of the intended work and completion of required forms. Applications must be submitted in person. Time to review and issue permit varies by extent and nature of work. Interior alterations of up to 300 square metres that don't involve a change in use or increased restaurant seating are eligible for "Commercial Xpress Service" which targets a 10 business day issuance (if no revisions are required).
- Fees: Vary by extent and nature of work. The minimum fee is \$198.59. Examples:
- Renovation of retail floor space: \$19.20 per square metre
- HVAC for retail store: \$1.43 per linear metre
- Kitchen exhaust, spray booth, dust collection: \$428.95 flat fee

### b) Access for Ontarians with Disabilities (AODA) Requirements

- Ontario Building Code was updated effective January 1, 2015 to achieve universal accessibility in new construction.



- Existing buildings are not required to implement the new requirements **unless** extensive renovation is undertaken. Extensive Renovation is defined in Part 11 of the Code as:
  - Is within a suite area greater than 300 square metres,
  - Involves installation of new interior walls, floors or ceilings, and
  - Is within 200 mm. of nearby ground floor level.
- New requirements include barrier-free paths of travel, adaptable seating and power door operators, universally accessible washrooms, etc.

c) Utility Service Cut-off and Reconnect Fees

- If the renovation requires that natural gas, electricity, water, telecommunication, and/or cable service lines be disconnected, reconnected or installed, the relevant utility(ies) must be notified. Disconnection and reconnection fees are charged that can amount to several hundred dollars per service. There also may be a time delay in implementing the service request.

d) Exterior Signs

- A sign permit is required for signs identifying the business that are larger than 0.6 square metres. Permits are granted in compliance with the Toronto Sign By-law (Chapter 694 of the Toronto Municipal Code).
- The Sign By-law's provisions include limits on the size of sign (e.g. total sign face can be no more than 20% of the ground floor façade area and 10% of the second floor façade area of the building; window signs cannot occupy more than 25% of the area of the window), illumination levels and hours, and projecting sign requirements (e.g. must be less than 1 square metre in area and provide 2.5 metres height clearance from the sidewalk) .
- The use of temporary and sandwich board signs, and signs promoting third parties (e.g. advertisements for companies or products not related to the business) also are addressed.
- The City can require signs that have been erected without a permit or which do not comply with the By-law to be replaced.
- Fees: \$34.87 per square metre of sign face (minimum of \$243.96)



#### e) Sidewalk Café and Marketing Displays

- City completed comprehensive review and consultation in Spring 2019 resulting in new requirements that will come into effect September 1, 2019. (<http://www.toronto.ca/legdocs/mmis/2019/ec/bgrd/backgroundfile-129645.pdf>)
- Provisions are generally more permissive than current by-law with goal of encouraging street animation and more opportunities for business
- Permits are required to operate a café, parklet or marketing display in the public right of way
- Requirements define various types of cafés that may be permitted and identify the required specifications, approval processes and applicable fees for each. Parklets and parklet cafes and seating areas in parking spaces are enabled for the first time. Refer to report for detail and specifics.
- Report notes that 60% of existing permit holders exceed allowable size and that many do not comply with clearway requirements for pedestrians. They will be grandfathered and will be brought into compliance when street is reconstructed or permit holder transfers ownership or applies to increase size. Design support and funds will be available to help existing permit holders make the required modifications to comply (often achievable by relocating a piece of public street furniture).
- Displays and cafes operating without a legal permit will be approached by by-law enforcement staff who will provide advice and support for bringing them into compliance
- Fees:
  - Application fees to be \$865 for sidewalk café and \$765 for marketing display
  - Annual fees for using of public space for private commercial purposes in two permit zones. Per square metre rates in central zone = \$88.31 for cafes and \$62.65 for marketing displays; In Outer zone = \$44.14 for cafes and \$38.12 for marketing displays.
  - No fees for Parklet seating areas
  - Fees for parklet cafes set by Toronto Parking Authority to compensate for lost revenue: \$1093/month per space in Central Zone and \$683/month per space in Outer Zone
  - Fees for existing permit holders will increase a maximum of 10% per year until the new fee level is reached.



## 8. INCOME TAX

- Sole Proprietorship and Partnership Businesses must include the net income earned when filing the owners' or partners' personal income tax returns. The marginal tax rate is the same as it would be if earned through employment, private investments, etc.
- Incorporated Businesses are taxed as entities separate from their owners. Tax is paid to both the federal and provincial governments See <https://fin.gov.on.ca/en/tax> for more detail.

### Ontario

- General corporate tax rate is 11.5%
- Small Business Reduction: For corporations with taxable capital less than \$15 million, the tax rate on the first \$500,000 of active business income is reduced to 3.5% (lowered from 4.5% on January 1, 2018)

### Canada

- Income earned in Canada is taxed at 28%
- Small Business Reduction: For Canadian controlled corporations with taxable capital in Canada less than \$15 million, the net tax rate is 9% on the first \$500,000 of active business income (2019 rate reduced from 10% in 2018) and 10.5% in 2017).





## 9. PROPERTY TAX

**Description:** The property tax has both municipal and provincial components. Tax rates for the municipal component are set by Toronto city council. Tax rates for the provincial component are set by the Ontario government.

Tax rates are adjusted annually by the two levels of government, with resulting increases to the overall tax burden in the city. However, rate adjustments are not the cause of property-tax volatility — the prime focus of recent policy consideration. Tax volatility originates in the city's volatile real estate market, which affects property taxes via Current Value Assessment (CVA).

Assessed values are hypothetical sale prices estimated by the Municipal Property Assessment Corporation (MPAC). These prices have been estimated as of two dates — January 1, 2012 and January 1, 2016. Between those dates some properties increased in value far more than others, causing a shift of assessment and tax burdens onto rapidly appreciating properties.

The transition from 2012 to 2016 values is still underway, with three quarters of the transition complete this year. A substantial degree of tax volatility was evident in 2017 when the transition was just one quarter complete. The 2017 experience prompted the city to adopt a major policy change in 2018, which is continuing this year.

The policy change involves caps on assessment-related tax increases faced by businesses — caps in existence since 1998. Council's previous policy aimed at gradually eliminating the caps. Accordingly, a "once-out-of-capping, always-out-of-capping" rule applied. A property went out of capping when its capped tax converged on its "CVA tax", i.e. the tax it would pay if capping did not exist.

Properties that had reached CVA tax levels in previous assessment cycles were thus unprotected when 2016 values began replacing 2012 values. The resulting tax increases were unmanageable in many cases, motivating the city to change course. Rather than continuing with plans to gradually eliminate caps, the city extended capping protection to all businesses, with assessment-related tax increases capped at 10 percent year-over-year.

Assessment-related tax increases and decreases are revenue neutral city-wide. Tax increases adding to city revenue, as well as tax increases adding to provincial revenue collected in the city, are on top of the 10 percent cap.



Tax increases adding to provincial revenue collected in the city began in 2016. Before that, there were no provincial tax increases; in some years there were actual decreases. This year a provincial tax increase is adding \$17.9 million to commercial taxes collected in the city.<sup>1</sup>

### **Implications for Main Street Businesses**

Main street businesses typically rent their premises on net leases, so in effect they pay property taxes on top of the net rent. If property taxes are predictable during the term of a lease, businesses can negotiate a net rent leaving them with required operating margins.

However, volatility makes property taxes difficult to predict. A business owner's projection of future taxes can prove far too low when actual tax bills come in — at which point the lease is already signed with net rent locked in.

In most cases, MPAC's estimated sale prices are prices that willing buyers would pay to earn market rents from existing buildings. However, in some areas such buyers would be outbid by buyers intending to replace existing buildings. These are areas where older main-streets buildings are being replaced with high-density condominiums.

MPAC applies a “lands in transition” label to properties in these areas. Even when existing owners have no plans to replace existing buildings, or to sell them, hypothetical willing buyers likely would have plans to replace them. To determine assessed values for the properties, MPAC estimates the prices these buyers would be willing to pay — an example of “highest-and-best-use” valuation as opposed to “current-use” valuation.

### **Relevant Policy Reforms Under Consideration**

The 10 percent cap policy adopted in 2018 was positioned as a holding action — to permit extended consideration of longer-term policy options. City staff consulted stakeholder groups on a range of such options in the spring of 2018, and reported to city council last July.

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<sup>1</sup> See Table 1 (combined “commercial” and “new commercial” data) in the report accessible via this link: <https://www.toronto.ca/legdocs/mmis/2019/cc/bgrd/backgroundfile-132100.pdf>



The July report discussed a number of potentially feasible options — e.g. creation of a small business class, assessment based on current use — while noting that recommendations would go to the newly-elected council early in 2019.<sup>2</sup>

However, a February 2019 follow-up report indicated that further consultations with provincial government and MPAC representatives were needed.<sup>3</sup> These consultations are prerequisite to determining which longer-term policy options the province is willing to see implemented.

A December 2018 provincial government backgrounder referred to assessments based on current use, albeit just for industrial properties: “The government will confirm with (MPAC) that industrial properties will be assessed based on current permitted uses, not speculative use.”<sup>4</sup> However the 2019 provincial budget did not announce extension of the policy beyond the industrial sector.

Existing city policies re business property taxes continue while decisions re new policies remain on hold. Notable among existing policies is a policy known as the “Enhancing Toronto’s Business Climate” policy, which focuses on the relationship between the city’s business and residential tax rates. The policy requires business tax rates to be no more than 2.5 times the residential rate by 2023.<sup>5</sup>

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<sup>2</sup> The July 2018 report can be accessed via this link: <https://www.toronto.ca/legdocs/mmis/2018/ex/bgrd/backgroundfile-118283.pdf>

<sup>3</sup> The February 2019 report can be accessed via this link <https://www.toronto.ca/legdocs/mmis/2019/ex/bgrd/backgroundfile-129497.pdf>

<sup>4</sup> The backgrounder can be accessed via this link:

<https://news.ontario.ca/medg/en/2018/12/proposed-changes-to-create-jobs-and-reduce-regulatory-burden-in-specific-sectors.html>

<sup>5</sup> Reports discussing the “Enhancing Toronto’s Business Climate Policy” can be accessed via this link:

<https://www.toronto.ca/city-government/budget-finance/city-finance/property-tax-policy/>



## 10. ACCESS TO MUNICIPAL SERVICES – SOLID WASTE MANAGEMENT

Toronto businesses pay a higher fee for solid waste collection than Toronto residents.

- Businesses occupying more than 500 square metres of floor space are not eligible for City Solid Waste Management Collection and are required to hire private contractors.
- Businesses occupying less than 500 square metres of floor space have the option of applying to the City for collection services. In total, 13,000 of the City's small commercial businesses receive this service.
- For curbside collection, businesses must both purchase bins and pay an annual fee.
  - The cost (2019) of bins are:
    - 95 gallon Garbage: \$104.98
    - 95 gallon Recycling: \$105.98
    - 35 gallon green bin (organics): \$67.93
    - 26 gallon green bin: \$56.51.
  - The annual fees for curbside collection are:
    - Bi-weekly: \$512.70
    - Weekly: \$1025.41
    - Twice weekly: \$2050.81
    - Organic Weekly: no additional fee
    - Organic Twice a Week: \$407.10
    - Organic Five times/week: \$1526.65
    - Organic Six times/week: \$2035.53 (no pick up on Sundays)
- Businesses with back or side yard garbage storage areas can opt for bag-only services for \$287.74 per year. All bags must be tagged at the cost of \$5.38 per bag.

**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 20: UNDERSTANDING THE RETAIL COMMERCIAL REAL ESTATE MARKET**



## Understanding the Retail Commercial Real Estate Market

A basis for the Current and Future State of Toronto's Retail Main Streets study was the need to develop a comprehensive understanding of the cause and effect pain point realities facing small and independent businesses on Toronto main streets. The true nature of these pain points and the assessment of what type of corrective intervention is required has to be put in the context of some key retail commercial real estate demand and supply realities.

Several key points re-occurred throughout the course of the study that required the analysis of the research results in the context of these realities. There was a need throughout the research for clear definitions related to retail research that would be consistently applied across the data gathered to present a more definitive view of state of health of Toronto's retail main streets and small and independent businesses. Some of the key points included:

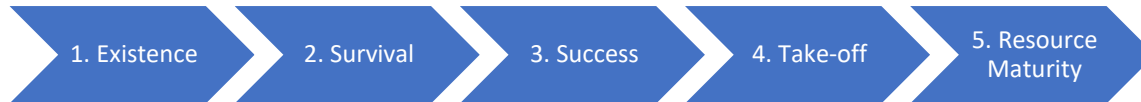
- Vacancy is a key metric that instantly illustrates the health of a main street. It is often used as a barometer to denote success of a main street. In addition, the longevity of a business is often related to main street success. There are several ways to measure vacancy. What are the different reasons for retail units to be vacant that are related to the development and leasing of the space and how would that inform the City's agreed upon definition?
- The importance to Toronto's overall economy and the recent negative growth of micro-businesses begs further examination in the context of business formation and policy response.
- The volatility in the retail marketplace and the fast paced changes make it difficult for retailers and developers to respond in a timely manner. How do retail real estate fluctuations affect the volatility of the retail marketplace?

This brief discussion on retail commercial real estate demand and supply includes three major sections:

- How do small and independent retail businesses form and what is their life cycle
- Retail vacancies in retail mixed-use developments and the difference between first generation space, older spaces, and when older spaces are resold or refinanced
- Mixed-use residential and retail developments

## Small and Independent Retail Business Growth and Corresponding Real Estate Implications

The following analysis utilizes the traditional five-stage model devised by academics Neil C. Churchill and Virginia L. Lewis in a [1983 Harvard Business Review article](#). The five stages are for a small business development are:



The authors acknowledge that the characteristics of small businesses vary widely, and individual experiences may not precisely match the model or move through all five stages. Some businesses, for example, are stuck in the “survival” stage and open and stay open for the length of their first lease (3 to 5 years) and then close. Others do not move beyond the “success” stage but can remain open for many years. For purposes of our assignment, we have attempted to describe the real estate implications for a small business retailer associated with each stage and what are key drivers in the decision making process.

It is important to reiterate that key findings from the study illustrated that small and independent businesses in Toronto form for a variety of reasons that include both rational and emotional factors. The top three factors were (1) profitability; (2) contribute to the community; and (3) and doing what I love. This section attempts to illustrate many of the rational factors affecting business formation and mixed use developments. It does not address the emotional side of business start-ups.

The following table provides a generalized overview of typical characteristics of businesses in each of the five stages, main business strategies and the real estate implications.

### Real Estate Implications for businesses at different stages of growth

Stage of Growth	Description	Major Strategy	# of Empl.	R.E. Implications
1. Existence	<ul style="list-style-type: none"> <li>•Formative stage</li> <li>•Ideas are generated &amp; tested</li> <li>•Respond to gap or need in marketplace</li> <li>•Need to react quickly</li> </ul>	<ul style="list-style-type: none"> <li>•Demonstrate proof of concept typically through sales or database</li> <li>•Determine if this could be a viable business</li> <li>•Determine if there is sufficient capital to move to next stage</li> </ul>	1-2	<ul style="list-style-type: none"> <li>•Seek low overhead solutions</li> <li>•May test concept online first</li> <li>•May test as a store within a store</li> <li>•May occupy basement / garage or 2ndary space that's low cost or free</li> </ul>
2. Survival	<ul style="list-style-type: none"> <li>•Determine if concept can achieve sustained profitability</li> </ul>	<ul style="list-style-type: none"> <li>•Manage for the short term - generate enough cash to stay in business</li> <li>•Determine mix of sales (on-line, in-store, concession, etc.)</li> </ul>	2-5	<ul style="list-style-type: none"> <li>•Seek flexibility – short term leases with renewal options</li> <li>•Seek flexible landlords, often small property owners vs. corporate or institutional investors</li> <li>•Minimize need for leasehold improvements</li> <li>•Avoid locations with access issues</li> <li>•Look for % of sales leases to reduce risk</li> <li>•Seek temporary locations (e.g. stores within stores, wholesale, etc.)</li> </ul>
3. Success	<ul style="list-style-type: none"> <li>•Determine how to consolidate &amp; replicate success factors</li> <li>•Hire more employees</li> </ul>	<ul style="list-style-type: none"> <li>•Maintain profitable status quo while being able to pay owner &amp; staff</li> <li>•Scale business for success</li> <li>•Obtain resources for growth</li> </ul>	5-10	<ul style="list-style-type: none"> <li>•Bricks and mortar storefront now a proven component of sales strategy</li> <li>•Seek stability – security of tenure; leases with longer terms or renewal options</li> <li>•Seek financial participation of landlord in upgrades</li> <li>•Consider options for excess cash- e.g. invest in infrastructure, create a reserve for expansion, remove from business</li> </ul>

<b>Stage of Growth</b>	<b>Description</b>	<b>Major Strategy</b>	<b># of Empl.</b>	<b>R.E. Implications</b>
4. Take-off (growth)	<ul style="list-style-type: none"> <li>• Determine how to grow revenue &amp; profit</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain required capital, human resources, support systems, external expertise, etc.</li> <li>• Determine channel mix – online vs. instore</li> </ul>	10+	<ul style="list-style-type: none"> <li>• Develop long term location strategy – e.g. multiple locations</li> <li>• Seek out long term lease with renewal options to guarantee space and lock in rental rates</li> <li>• Current space may no longer meet needs – move or renovate</li> <li>• Minimize disruption to business in relocating or renovating – e.g. obtain permits and complete construction before closing current space</li> </ul>
Resource Maturity	<ul style="list-style-type: none"> <li>• Maintain a mature, stable company</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain competitive edge</li> <li>• Seek operational efficiencies through standardization, systems, etc.</li> </ul>	10+	<ul style="list-style-type: none"> <li>• Focus on minimizing operating costs such as energy</li> </ul>



## **Implications for Toronto's Small and Independent Business on Main Streets**

- The proportion of micro businesses across the City has declined. Previously, during the early proof of concept stage, a business might have opened a test physical location on a lower rent main street or industrial type space. Now there are other options for the potential retailer. The test phase can be conducted as an online enterprise where the potential retailer gathers a database of customers and test ideas. Other options are stores within stores. By the time the retail business has tested the concept, they may skip ahead to the survival mode with higher number of employees and may opt for a high rent location.
- The recent changes in Toronto to allow craft beer brewing on main streets is also significant. Many new business concepts previously had to locate in employment and industrial areas due to the light manufacturing aspect of their business.
- There is a mismatch between new start-up businesses who need short term leases and larger landlords such as pension funds and REITS who often react slowly to the market and want a longer lease for a guaranteed stream of revenues (note that in an upswing market even landlords will want a short lease to take advantage of potential rent growth). New small and independent businesses need to act fast and rent space quickly to take advantage of the immediacy of their product or service idea. Often their business ideas are formulated out of a perceived gap in the marketplace. Larger landlords including REIT and pension funds often take longer to lease space. There will be a longer lease up schedule and several key points between the letter of interest to the actual exchange of keys and opening day (often set out in a Schedule C component of a large landlord lease arrangement).
- This mismatch between the need for retailers to respond quickly to the changing marketplace and the length of time it takes to set up a business and negotiate the regulatory requirements was noted earlier. Note in San Francisco, they are attempting to rectify this issue (which can take two years in some instances) by attempting to fast track certain businesses. Small and independent businesses do not have the cash flow to wait for longer processes imposed by larger landlords and government.

## **Retail Vacancy Classifications**

There are three types of vacancy issues related to retail recruitment and retention.

1. Newly built space or first generation space that is seeking tenants for the first time.
2. Existing space or second generation space that is seeking replacement tenants.
3. Recently sold or refinanced space that is technically second generation but in reality is affected by the same issues as first generation space.





## Matching Demand to Supply in Complete Communities

- Supply of retail space including the right size, the right location, and properly zoned is contingent on having sufficient demand. This is especially true for complete communities that are primarily focused on providing goods and services for the local neighbourhood population. Destination type businesses have a different demand and supply model. There must be sufficient demand for retail space in the near term or it may sit vacant. For newer communities or growing areas, this waiting period with some vacancy may be warranted and part of the flexibility/adaptability of space as demand grows over time with increased density.

## First Generation Space

- Generally, this classification refers to new space that is currently available for lease and has never before been occupied by a tenant. No business is being conducted from the space and no rent is being received by the landlord.
- At the development stage, the developer / landlord prepare a pro forma financial statement showing the cashflow produced by the facility including leased space and anticipated vacant space. This pro forma is shared with investors and lenders in order to raise the funds necessary to proceed with the development.
- The amount of a loan that a lender will advance is dependent on a number of factors including two important metrics (1) loan to value ratio and (2) debt service ratio. Both of these ratios rely on an estimate of cashflow.
- A developer is typically aggressive when it comes to forecasting pro forma rents for unleased space in order to obtain higher amounts of lower interest funding and minimize equity requirements from their own company.
- It is important to note that large institutional investors also tend to be risk averse and slow (e.g., pension fund based developers). They are less nimble to respond quickly to the fast moving changes in the retail market. In addition, often a small independent retailer cannot wait out the longer time required for leasing to be finalized.
- A developer will leave the space vacant for a period of time if the pro forma rents cannot be achieved rather than lock in and crystallize a shortfall over a longer term lease (5 or more years) and risk an equity call. An equity call is when the lender requires the developer to put more of their equity into the project rather than debt to bring the two ratios back in order. The developer may also leave the space vacant in a period of rising rents to achieve the highest possible result thinking that a higher rent tenant will be found in the near future.
- Finally, a tenant expressing interest in leasing the space may have a use that is not in compliance with various restrictions contained in the Condominium Declarations or on title. The landlord cannot legally lease to these tenants.
- Note that the above listed scenarios can repeat itself for second generation space that is sold or refinanced, thereby requiring a new cashflow submission with a large investor. This has been a common occurrence in Toronto as the pace of sold properties along main streets has intensified with redevelopment pressures. Many buildings are selling at a premium, often above the ability for current tenants to pay the higher rent required for the cashflow pro forma. In this situation, the cap rates often decline. The new landlord or refinanced landlord will search out higher rent paying tenants that can meet the cashflow pro forma.



## Second Generation or Secondary Space

- This classification refers to previously occupied space that becomes available for lease, either directly from the landlord or as subleased space.
- There are a number of different scenarios:
  1. Tenant has ceased operation (“gone dark”) and vacated the space due to financial difficulties or personal reasons. The landlord has a signed and valid lease for several months or years but the tenant has ceased paying rent. The landlord may pursue the tenant in court for damages, but is required to mitigate their losses through releasing efforts and other activities. This may take some time and in the interim the storefront will be vacant but unavailable to a new tenant.
  2. Tenant has ceased operation (“gone dark”) and left the improvements intact due to regulatory compliance issues (e.g. a health or safety violation, Municipal Licensing Services issue). The tenant intends to resume operations and continues to pay rent but may be in default of the lease. The legal and regulatory issues take some time to resolve and in the meantime no business is being conducted from the space as the landlord cannot release the space and the tenant is not open for business.
  3. Tenant has ceased operation (“gone dark”) and vacated the space but continues paying rent. The tenant may offer the space for lease (sublease) if the landlord is not willing to take the space back and terminate the lease. A sublease may be attractive depending on the amount of rent and the number of years left on the lease. However, restrictions in the lease may require landlord’s consent and the term may be unacceptably short resulting in the space remaining vacant. In other cases, the tenant continues to pay rent and does not offer the space for lease in order to prevent a competitor from commencing operations in the space while they relocate and re-establish their brand. There is a similar situation whereby the tenant has an exclusivity arrangement on the space which forbids the landlord from leasing it to a similar business (e.g. a pharmacy vacates but no other pharmacy is allowed to lease the space).
  4. The tenant’s lease has expired and not been renewed either because the landlord wishes the tenant to leave or the tenant is unwilling to renew. No business is being conducted from the space and no rent is being received. The landlord may keep the space vacant for a number of reasons including speculating on a rising rental market, positioning the property for redevelopment by minimizing the encumbrances or being unable to afford the improvements necessary to attract a tenant and comply with building regulations. The tenant may not wish to renew for a number of reasons, including paying a significantly increased rent, retirement, lack of business, lack of capital to invest in the business, moving to an alternate location, location issues such as crime and the functionality of the space.
- It should be noted, that in Toronto there are several buildings that are not leasable in their present condition due to blight or conversion to residential or other uses. If retail rents are significantly lower than residential rents then this situation may result on a main street.

Other important background information related to leasing space includes:



- First generation space is typically unimproved space and improvements must be made to turn it into retail space. The developer or landlord may assist a tenant in making these improvements by offering financial incentives such as a tenant improvement allowances or rent concessions. This could be free rent for a number of months, cash, a low interest loan, or actually paying directly for some of the retailer's equipment. These allowances or concessions are recouped in a higher rent during the remainder of the lease. As the landlord is essentially "loaning funds" to a tenant to be repaid through rent, the covenant and financial capacity of the tenant become important factors. Potentially a chain or franchise operation provides greater certainty to the landlord than some independent local businesses resulting in a space remaining vacant until an ideal chain is secured.
- Also, some lenders will only finance projects which have secured leases with regional and national chain tenants with good credit ratings for a minimum proportion of their space. (for a more detailed discussion, see Gibbs, pp. 130-131). This practice places local independent businesses at a disadvantage in accessing space. If the developer is able to secure financing for space to be occupied by local businesses, it may be at a higher interest rate. The developer may pass along the additional financing costs to the tenant in the form of higher rent than offered to a chain.
- Rents are often sticky during an economic downturn since property owners need to maintain the cashflow estimates in their proforma or risk losing their financing as noted earlier. The length of the lease (3 years, 5 years, 10 years) may not match economic cycles and there will be a period of several years before the lease term can catch up with the economic cycle.

### **Implications for Toronto's Retail Main Streets**

- Often a space that appears to be vacant to the public is actually not available for occupancy. There may be complicated reasons behind an observed "vacancy" that are unrelated to the economic health of the area.
- A consistent definition of vacancy from a data gathering perspective is required to ensure cross analysis and future cross comparisons.



## **Retail in a Residential Condominium Building That Results in Vacancy That are Beyond the Landlord, Tenant, or Economic Cycle**

For developers, many commercial/ retail spaces are located on the ground floor of a residential condominium building. There are a number of reasons why this occurs:

- Residential tenants find the ground floor undesirable due to privacy and safety concerns and the developer must find an alternative use for the ground level.
- The planning permissions for the property may require street level retail to provide street front animation.
- The developer may perceive that the sale or rental of the ground level retail unit will provide a better return on investment than a residential unit and a retail tenant wants street level access and signage to attract and conduct business – second floor locations are not feasible.
- The developer may perceive that the retail tenant is a desirable amenity for the residential tenants that will increase the marketability of the residential units (for example, a grocery store if food shopping is not already nearby).

There are 3 common forms of ownership related to the retail area in a mixed-use residential condominium building. All of these forms of ownership permit the developer to sell the retail units to a third party.

1. The retail space is designated as freehold strata title and does not form part of the residential condominium corporation. There may or may not be restrictions on the use of this space aside from zoning as indicated in the Disclosure Statement, Declaration or registered on title. In addition, the space must have sufficient mechanical, electrical and structural components to comply with regulations regarding the intended use. A shared facilities agreement is entered into dealing with the shared service units (mechanical, electrical rooms, etc.). Current practice is not to restrict the use of the retail space in order to give the landlord / developer flexibility to deal with potential tenant recruitment.
2. The retail unit is designated as a condominium unit but with commercial zoning. The unit owner typically pays the residential condo corporation an allocation for maintenance. The unit owner will pay other expenses such as electricity and taxes directly. The space must have sufficient mechanical, electrical and structural components to comply with regulations regarding the intended use.
3. In the case where the development contains a number of smaller retail units, the developer may elect to register these units as a separate condominium corporation. They would govern themselves separately from the residential units. This condominium



corporation would have its own Declaration and thus their own reserve fund, budget, maintenance fees, etc. The space must have sufficient mechanical, electrical and structural components to comply with regulations regarding the intended use. They would likely have a “shared facilities agreement” with the residential condominium corporation to account for expenses that affect both corporations, like security, utilities, snow-clearing, etc.

In the situation where the retail unit is a condominium unit (#2 or 3 above), there are typically restrictions on the use of the commercial space, and these are contained in the Condominium Declaration. The Declaration spells out the permitted and prohibited uses for the space. In some cases, any food/beverage/restaurant business might be prohibited. This could be because the building is not equipped with the necessary plumbing, heating, venting, and mechanical systems to accommodate a food & beverage or food service type business, or it could be because the condo is restricting uses that are perceived to be in conflict with the image of the building. As an example, a Condominium Corporation for a luxury building would not want a fast food eating establishment with fumes and smells. A space may remain vacant for a period of time until a tenant with a compatible use is found.

An additional consideration is the design of the space. A residential condominium with ground floor retail may have structural elements such as the elevator and stairway core that are centrally located in the building. This often leads to functional and operational constraints for retail uses that detract from the ability to lease the space.

Lastly the costs allocated to the retail unit through the condominium corporation or a shared services agreement may be higher than what a retailer can afford or wishes to spend. Once established, it is very difficult to amend the cost allocations.

### **Implications for Toronto’s Retail Main Streets**

- As more mixed-use buildings are completed, the issues arising between condominium corporations and retailers may become more intense. The resulting vacancy issues are not caused by market factors but instead by potential conflicts with the residential uses and resultant conditions put in place by condominium corporations.



## COMMERCIAL LEASE CONSIDERATIONS

Some of the common terms used in commercial leases are defined in the following table. It is very important that businesses looking for bricks and mortar locations understand these terms and hire an experienced broker and/or real estate lawyer to represent their interests. Ontario legislation does not provide commercial tenants with nearly the same level of protection as residential tenants receive. Generally, a signed leased agreement takes precedence over the provisions of the Commercial Tenancies Act.

Small businesses too often discover issues with their leases only after problems arise. For example, when a lease ends the landlord has the right to raise the rent by any amount or to refuse a tenant's request to renew. Tenants are liable for paying the agreed upon rent for the entire term of the lease even if they go out of business or want to relocate before the end date. Experienced retail corporations will often negotiate clauses to provide them with greater stability or flexibility should these situations arise.

### Implications on a Tenant of Various Lease Clauses

As a general observation, commercial retail leases are becoming more detailed and complex. Major developers generally have their own commercial lease templates and will be represented by expert counsel, both of which place the independent business tenant at a potential disadvantage.

#### Demolition Clause

In the event the landlord exercises this clause, the lease will be terminated, and the tenant evicted. Some of the issues are:

- Typically, a short time frame between notice and termination, allowing little time to open a new location.
- Relocation costs may be the responsibility of the tenant.
- New location may have higher rental rates.
- Barrier to selling or financing the business with this clause in place.
- Barrier to making substantive improvements to the space.

#### Percentage Rent

If the lease contains this provision, one of the major issues is the treatment of online sales versus in store sales. Online sales may have a lower profit margin than in store sales due to aggressive online price competition. This differentiation in profitability may need to be reflected in different percentage rents for each category of sales.





### Leasehold Improvements

A tenant may contribute to leasehold improvements but not own them upon termination of the lease. This increases the difficulty of a tenant making the necessary improvements and financing them.

### Lease Term

A tenant with a successful business may wish a lease with multiple options to renew as they build brand awareness and invest in the location. A landlord may wish a short term lease for any of a variety of reasons, including providing the flexibility to alter the retail mix, periodically increase the rental rate to meet the current market or redevelop the property. A short term lease may result in under investment in the property as neither the tenant nor landlord is willing to make the necessary expenditures. Security of tenure is typically an essential component of a business transaction for a retailer to finance or sell his business

### Assignment

A key component for a small business owner who thinks about selling their business in the future is the ability to assign the lease to a third party purchaser. Tenant generally want an unrestricted right to assign whereas landlords often want to make any transfer conditional upon their consent. This consent may be withheld if the landlord does not approve of the financial capability of the proposed purchaser, their experience and other items relevant to the operation. The landlord may also want to participate financially in the profit from selling the business

### Indemnifier, Guarantor, Personal Guarantee

This clause requires the tenant to provide security for their financial obligations, either directly themselves or by using a third party such as a relative. As a lease is a major component of a tenant's business, new tenants without a proven track record of profitability are typically required to provide this security. A chain operation is perceived as lower risk than a stand-alone business and may not be required to provide this security. If extensive security is provided by the tenant, there may be insufficient capacity remaining to secure additional funds in the event of a sales downturn, unexpected expenses etc.

### Net Leases

This is the most common form of lease and typically makes the tenant responsible for property taxes. The intention of the clause is to ensure that the landlord receives a relatively stable income stream. The burden of major increases in property taxes due to current market assessments therefore falls on the tenant.



## Use

Restrictions on allowable uses for the premises may affect the flexibility of a retailer to adapt to current trends. In addition, it may preclude a sale of the business without negotiation with the landlord.



## Common Commercial Lease Terms

1	Incidental expenses	Tenant costs on top of base rent. These can include property tax, insurance, utilities, maintenance, <i>common area costs</i> and repairs.
2	Common area maintenance	An <i>incidental expense</i> in some commercial real estate leases. All tenants generally share common area costs. Examples include fees for snow removal, janitorial services, landscaping, grass cutting and property management.
3	Gross rent lease	A type of commercial real estate lease under which the tenant pays a single amount to the landlord that covers base rent and all <i>incidental expenses</i> .
4	Modified gross lease	A type of a commercial real estate lease under which the tenant and the landlord share certain <i>incidental expenses</i> .
5	Net lease	A type of commercial real estate lease under which the tenant typically pays for one incidental expense directly. In a single net lease, the tenant usually pays the base rent plus property taxes (though in some cases, you might pay for insurance or utilities instead). The landlord pays all other expenses.
6	Double net lease (NN)	A type of commercial real estate lease under which the tenant usually pays the base rent plus two incidentals—for example, property taxes and insurance. The landlord covers all other expenses.
7	Triple net lease (NNN)	A type of commercial real estate lease under which the tenant typically pays the base rent, plus property taxes, building insurance and utilities, as well as other operating and maintenance costs. The landlord assumes no costs, other than those for structural repairs.
8	Percentage rent lease	A type of commercial real estate lease under which the tenant pays a base rent plus a percentage of gross sales over a certain minimum. These are usually used in malls and other multi-tenant retail locations.
9	Tenant improvement allowance	A cash amount offered by a landlord to help the tenant pay for renovations to a leased space. The allowance is usually a certain amount of money per square foot of rented space. It is sometimes offered as a <i>tenant inducement</i> .
10	Tenant inducements	Incentives offered by a landlord to encourage tenants to rent a space. Examples include several months that are rent free or help with paying for leasehold improvements.



11	Trade fixtures	Items in a leased space that belong to the tenant who can remove them when the tenant moves out. A trade fixture can generally be easily removed without damaging the property. Examples include furniture, inventory and computers.
12	Turnkey improvements (also known as turnkey build-outs)	Renovations that a landlord carries out at the request of the tenant when a lease is signed. A landlord may agree to these as a tenant inducement.
13	Leasehold improvements (also known as tenant improvements)	Renovations to a leased commercial real estate space to make it suitable for the tenant's business. Unless otherwise specified in the lease, any improvement that is attached to the building usually becomes the property of the landlord—meaning the tenant can't take it with them when they move out. Examples can include machinery, flooring and built-in shelving.
14	Demolition Clause	This clause permits a landlord to terminate a tenant's lease if they decide to demolish, renovate, or redevelop the building.
15	Assignment	This clause allows a tenant to transfer their lease to a purchaser of their business.
16	Indemnifier, Guarantor, Personal Guarantee	A landlord and lender may require additional security in the event that the financial obligations cannot be met from the assets and cashflow of the business. This clause requires the tenant to provide this security either directly themselves or use a third party such as a relative.
17	Use	The "use" provision details the allowable uses of the premises under the lease. A landlord will want the provision drafted narrowly (to only allow the specific use) and a tenant will want it drafted broadly (to allow flexibility for current and future uses)

Items 1-13 Adapted from BDC website: [tps://www.bdc.ca/en/articles-tools/money-finance/buy-lease-commercial-real-estate/pages/13-terms-you-need-to-understand-before-signing-your-commercial-real-estate-lease.aspx](https://www.bdc.ca/en/articles-tools/money-finance/buy-lease-commercial-real-estate/pages/13-terms-you-need-to-understand-before-signing-your-commercial-real-estate-lease.aspx)



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 21: ACCESS TO FINANCING AND START-UP FOR CANADIAN AND NEW COMMERCIAL BUSINESSES**



## CONTEXT ANALYSIS

- Statistics Canada undertook a study in 2011 and 2014 that examined financial sources used for start-up financing for businesses established by immigrant and Canadian-born entrepreneurs.
- Three key questions in the study addressed:
  1. Whether or not immigrant business owners and Canadian-born business owners use different sources of financing.
  2. Are there differences in approval rates?
  3. Whether immigrant business owners have more limited access to financial capital than Canadian-born business owners.

## DEFINITIONS

- Immigrant owned business: foreign born person who identified as majority owner of the business.
- No differentiation between retail businesses and all other businesses.
- Survey noted differences in business type based on ability to obtain financing but not for specific analyses.
- Additional context from the Toronto Small and Independent Retail Business Survey 2019, and from a survey of black owned retail businesses in Toronto in 2015.

## OUTCOMES

- Immigrants business owners were less likely to apply for financing than Canadian-born owners.
- In addition, when immigrant business owners did seek financing, they were less likely to go to formal financial institutions.
- They were also less likely to turn to other formal sources, such as lease or trade credit financing and government-based financing.
- When immigrant business owners applied for financing, their applications were generally fully approved as often as applications for financing made by Canadian-born owners.
- Although immigrant and Canadian-born owners had similarly high proportions of their applications being fully approved, it is still possible that immigrant business owners face more restricted access to financial capital than Canadian-born owners with similar characteristics.
- Responses to a question on obstacles to growth provide further insights into the issue of access to financial capital:
  - Of seven possible responses, access to financing was reported as the least important by owners of small and medium-sized enterprises (SMEs) for both immigrant and Canadian-born business owners.
  - A regression analysis produced only weak evidence of access to financing being a greater obstacle to growth for immigrant than for Canadian-born business owners.





- The results suggested that immigrants and Canadian-born entrepreneurs finance their businesses similarly and the observed differences were marginal.
- The one possible exception was the tendency of immigrant businesses to turn to debt financing (such as term loans or business credit cards) from formal financial institutions less often than Canadian-born owners.
- The analysis of new-firm financing is constrained by the retrospective nature of the data, which limits the sample to firms that existed in the survey years.
- With respect to start-ups that survived to 2011 or 2014, the main finding is that all entrepreneurs relied first and foremost on personal financing (or financing from friends and relatives) to start their businesses.
- Access to financing was not a top challenge in the Business Survey compared to competition and rising costs of running a business.

#### **OBSTACLES TO GROWTH FOR IMMIGRANT AND CANADIAN BORN OWNED SMALL AND MEDIUM SIZED ENTERPRISES (2011 TO 2014)**

<b>Obstacle</b>	<b>Immigrant Owned Business</b>	<b>Canadian-Born Owned Business</b>
Increased competition	50.7	40.8
Rising cost of input	42.4	40.3
Fluctuation in demand	40.8	41.3
Recruitment and retention of skilled labour	34.5	34.7
Shortage of labour	28.6	27.1
Government regulations	26.4	28.9
Obtaining financing	20.2	16.8

Source: Survey of Financing and Growth of Small and Medium Enterprises, Statistics Canada

- That being said, a survey of black owned retail businesses illustrated that accessing to financial was a significant issue.
- The survey conducted by BBPCAB “Black Led Businesses in Toronto; Building Opportunities for Growth and Prosperity” 2015, the following were top listed priorities for Black owned retail businesses:



## OBSTACLES TO GROWTH FOR BLACK OWNED RETAIL BUSINESSES (2015)

Obstacle	Black Owned Retail Businesses
Marketing	80%
Access financing	60%
Network and learning opportunities	60%
Export	50%
Hiring skilled employees	40%
Expand business and secure affordable space	30%
Import, international markets	30%
Consult with mentors	20%
Understand regulations, licenses, permits	10%

Source: BBPCAB Survey 2015

- According to Toronto Small and Independent Business Survey, the top challenges were not related to accessing financing.

## TOP CHALLENGES FACING SMALL AND INDEPENDENT RETAIL BUSINESSES IN TORONTO

Top Challenges Facing Small and Independent Retail Businesses
Staffing costs Rent Property Taxes Parking Construction

Source: 360 Collective, City of Toronto



## **DATA SOURCED**

Geography: Canada

Time: 2011 and 2014 Surveys

Reference: Survey of Financing and Growth of Small and Medium Enterprises, Statistics Canada



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 22: EXISTING SMALL BUSINESS SUPPORT SERVICES IN TORONTO**



## TORONTO SMALL BUSINESS SUPPORT SERVICES

ON-LINE SELF HELP	
1. BizPal Portal <a href="https://www.bizpal.ca/">https://www.bizpal.ca/</a>	<p><b>Mandate &amp; Description:</b></p> <p>A one-stop portal sourcing all of licenses and permits required by different types of businesses by location in partnered jurisdictions across Canada. Portal was originally initiated by Industry Canada in the late 2000s and continues to be managed by Canada Business Network (ISED). Toronto permits can be accessed. Current update procedures are not clear.</p> <p><b>Services Provided:</b> Information about permit and license requirements</p>
2. MentorWorks <a href="https://www.mentorworks.ca/">https://www.mentorworks.ca/</a>	<p><b>Mandate:</b></p> <p>An on-line guide to accessing Federal Government funding programs for small business. Only targeted sectors are eligible for funding. Consumer service suppliers are not.</p>
3. Newcomer Business and Innovation Portal <a href="http://newcomerentrepreneur.ca/">http://newcomerentrepreneur.ca/</a>	<p><b>Mandate:</b></p> <p>An on-line guide to accessing information and services applicable to newcomer businesses. Sections are Training and Information, Funding, Hiring, Research &amp; Innovation, Networking, Mentorship &amp; Advice, Going Global and Resources for service providers.</p>



4. Start Up Here <https://startupheretoronto.com/>

**Mandate:**

A collaboration between the City of Toronto Economic Development & Culture Division and key players in Toronto's broader start up community. It is primarily a resource website, also offering links to events and training sessions focused on building innovation capacity as well as to incubators, accelerators, sources of venture capital, commercialization, etc.

It would seem to have limited applicability to existing small independent retail main street businesses.

Could be a source for tenant recruitment or marketing space and pop-up and co-sharing space initiatives.

**Who it serves**

Over 50,000 users per month.

**Services Provided** Information and training

**ASSOCIATIONS, NON-PROFIT AGENCIES AND PUBLIC SECTOR**

5. Artscape <https://www.artscape.ca/>

**Mandate & Description:**

To provide and facilitate access to space for artists and other creative enterprises. Engage in real estate development; property management; performance and event services; consulting and knowledge exchange; artistic programming and community animation; and creative entrepreneurship development. Also facilitate affordable housing and live/work options for low income artists. Potential landlord and source of creative start-up businesses and cultural programming for main streets. A best practice social enterprise.





6. Black Business and Professional Association <https://bbpa.org/>

**Mandate & Description:**

A national organization advancing Canada's Black communities by delivering programs that support business and professional excellence, higher education and economic development. Support the community's pursuit of entrepreneurship, business, professional excellence and higher education, access to mentors and resources, build cross-cultural understanding and promote equity.

**Who it serves:**

Members: black professionals and students from across Canada.

**Services Provided:** Mentorship, networking, achievement and community service awards, scholarships



7. Business Development Bank of Canada <https://www.bdc.ca/en/pages/home.aspx>

**Mandate & Description:**

Supports small and medium sized businesses in all industries with financing and advice across Canada. Nothing on-line is specifically oriented to retail stores.

**Who it serves**

Any one can access advice and resource tools. Application process for financing and for one-one consulting.

**Services Provided** Consulting, information, financing

**Contact Information**

Toronto Centres in Downtown (121 King St. West); Scarborough, Etobicoke and North York. All accessed through 1-888-463-6232.



8. Canadian Association of Women Executives and Entrepreneurs <https://www.cawee.net/>

**Mandate:**

A Toronto-based member-run non-profit association, CAWEE is a networking organization that aims to build its members' businesses and contact bases. It provides opportunities for members to share resources, acquire referrals and develop skills and knowledge that will help their businesses grow. Members represent a broad range of disciplines. The organization holds monthly breakfasts, regular "Lunch & Learns" and evening events.

**Who it serves**

To be eligible for membership, women must have functioned as a senior manager, executive or professional in her own business or working for a larger organization or not-for-profit for at least 2 years, and have responsibility for or influence over organizational and strategic decision making and budget management. The cost is approximately \$300 per year.

**Services Provided** Networking, advice

9. Canadian Marketing Association <https://www.the-cma.org/>

**Mandate:**

The voice of the marketing profession in Canada. Provide a forum for members to network and share ideas and best practices and receive professional development. Have a mandatory Code of Ethics and Standards and certify members (Chartered Marketer). Advocate for government regulations impacting the marketing profession. Have a directory that could be used by small businesses looking for marketing expertise.

**Who it serves**

400 marketing professionals working across the country.

**Services Provided** Information about accredited marketing professionals and marketing best practices



10. Canadian Tamils' Chamber of Commerce <https://www.ctcc.ca/>

**Mandate:**

Established in 1991 to develop and foster entrepreneurship in the Tamil Community. Goal is to become the platform that connects entrepreneurs and business professionals to develop and grow in Canada's diverse economy. Does this by facilitating local and global opportunities and provide members with a supportive environment to develop skills and promote economic growth in Canada.

**Who it serves** Canadian Tamil entrepreneurs and businesses. Membership based. Offices are in Scarborough although national in scope.

**Services Provided**

Entrepreneurship Awards; events.

11. Canadian Small Business Women <https://canadiansmallbusinesswomen.ca/>

**Mandate:**

National Organization supporting women who want to start and grow their own businesses. Provides connections to mentors, networking, profile in membership directory and newsletter, access to webinars and workshops on topics relevant to small business start up and operation.

**Who it serves**

Members: Women entrepreneurs

**Services Provided** Advice, networking, mentoring, marketing



12. Centre for Entrepreneurship at Humber College (CfE) <https://humber.ca/cfe/node/178>

**Mandate**

Provides space for students, alumni and community members interested in developing, growing and testing business ideas or processes to meet, collaborate and create. Organize and host interactive workshops, networking and social events, competitions, etc.

**Who it Serves**

Early stage start-up entrepreneurs.

**Services Provided**

Information, advice, networking

13. Centre for Social Innovation <https://socialinnovation.org/>

**Mandate**

Fosters social innovation by offering coworking, community and acceleration services and floor space. Provides space for meetings and events. Members are a mixture of not-for-profits, small business, entrepreneurs, artists and activists.

Has been involved in supporting pop-ups and other solutions for low-income neighbourhoods and new enterprises.



14. George Brown College - Consulting Hub <https://www.georgebrown.ca/consulting-hub/>

**Mandate:**

A collaborative learning space bringing Business students, faculty, and industry professionals together to provide practical workplace experience for students while providing consulting services to businesses.

**Who it serves**

Consulting services for small to medium-sized businesses and not-for-profit organizations. Approximately 70 clients per year. Charge business \$30/hour up to \$2400 maximum.

**Services Provided** Consulting (low cost)





15. Digital Main Street <https://digitalmainstreet.ca/>

**Mandate:**

A non-profit initiative started by the City of Toronto and Toronto Association of BIAs that assists main street businesses with the adoption of technology. In 2018 the Ontario Government launched a province-wide extension of the service in partnership with the Ontario Association of BIAs. Support also is provided by private sector technology partners both by offering discounted services and direct cash and in-kind sponsorships.

**Who it serves**

Small businesses (up to 100 employees) located on main streets. Anyone can use free on-line resources (digital readiness questionnaire and assessment tool, resource articles and tips, directory to vendors). The site also hosts webinars. DMS Lab is an incubator that builds partnerships between digital start up innovators and businesses interested in piloting their products. DMS Squad provides targeted one-one support and advice by recent graduates and students at an affordable fee for service.

**Services Provided** Consulting, information about digital best practices and techniques.



16. Enterprise Toronto <https://www.toronto.ca/business-economy/business-start-ups/small-business-centres/>

**Mandate:**

Provides resources, holds training sessions and provides one-one consulting on small business pre-planning, business plan development, forms of registration, etc. Part of the Economic Development & Culture Division. Two walk-in small business resource centres (North York and Scarborough Civic Centres) plus on-line information.

Don't target main streets or retail businesses although eligible for services. Don't assist in finding bricks & mortar locations.

**Who it serves**

Over 22,000 people annually use resources.

**Services Provided** Information, training, business formation consulting



17. Entrepreneurship Connections (newcomers)

<http://accessemployment.ca/starting-a-business-in-canada>

**Mandate:**

To assist newcomers start a business in Canada. Provides individual coaching over a part time 4 week period that includes developing a business plan, receiving legal consultation and benefiting from the support of an established mentor. Operated by ACCESS Employment and funded by Immigration, Refugees and Citizenship Canada.

Operating businesses in Canada are not eligible.

**Who it serves**

Newcomers who have owned or operated a business outside Canada. 6 cohorts of 15 people each year (90 clients/year).

**Services Provided:** Consulting and individual coaching over a 4-week period

18. Etobicoke Business Network <http://www.etobicokebusinessnetwork.com/>

**Mandate:**

Forges business relationships in the Toronto, Mississauga and Etobicoke business community by holding 2 networking events each month. Provides an informal networking opportunity for people to meet each other, discuss issues and conduct business to business marketing.

**Who it serves**

Businesses must join to participate. Free. No restrictions on membership.

**Services Provided** Networking



19. Federation of Portuguese Canadian Business & Professionals Inc. <https://www.fpcbp.com/>

**Mandate:**

Supports Portuguese Canadian Businesses and Professionals through a Scholarship Program, monthly business forums and annual golf tournament and Awards Gala. It also promotes and facilitates trade and cultural relationships between Portugal and Canada. While national in scope, the community is centred in Toronto.

**Who it serves** Portuguese businesses and professionals.

**Services Provided** Information, networking, trade development

20. Indo-Canada Chamber of Commerce <https://iccconline.org/>

**Mandate:**

Promotes and facilitates trade and commerce between Canada, India and other countries around the world by creating relationships and links with global business organizations. Provides members with a forum for networking, sharing ideas, information and experiences in order to promote mutual business success. Creates learning opportunities through seminars, workshops and conferences. Has a mentorship program matching newcomers with successful businesses & professionals in the same sector.

**Who it serves**

Businesses and professionals with an Indian background or heritage.

**Services Provided** Focus is trade development. Also networking, information.



21. International Council of Shopping Centres <https://www.icsc.org/>

**Mandate:**

Supports the retail real estate industry through research, the publication of data and information, best practice development guides, advocacy, etc.

**Who it serves**

Publishes data relevant to individual retailers (including food & beverage and personal services) as well as developers.

**Services Provided** Information through website, conferences, events and webinars

22. International Downtown Association – Canada <https://ida-downtown.org/>

**Mandate:**

A national coalition representing organizations across Canada that manage Canada's business districts. Downtown declaration can be downloaded at [https://www.ida-downtown.org/eweb/docs/DWTNCAN\\_DECLARATION\\_EN.pdf](https://www.ida-downtown.org/eweb/docs/DWTNCAN_DECLARATION_EN.pdf)

Retaining independent business is a key issue identified on national member survey. List of priorities currently do not address this. Focus is on federal policy and infrastructure/investment.

**Who it serves**

BIAs and other organizations that manage business districts.

**Services Provided** Advocacy, research and information, networking



23. Italian Chamber of Commerce Ontario <http://www.italchambers.ca/>

**Mandate:**

Develops connections and business relationships between Italian commercial partners and local companies and investors to expand import/export development and business growth. Also promotes the values of the Italian culture both in professional and social contexts. Helps Italian companies enter the Canadian market.

**Who it serves**

Canadian businesses interested in exporting or importing to Italy.

**Services Provided** Information and consulting

24. Newcomer Entrepreneur in Residence, Toronto Public Library

Entrepreneur in Residence, <https://www.torontopubliclibrary.ca/programs-and-classes/featured/entrepreneur-in-residence.j>

**Mandate:**

Two programs offered by the Toronto Public Library that invite entrepreneurs and newcomer entrepreneurs to hold workshops and one-one consultation at different library branches over a 9 week period whereby people interested in forming businesses or operating small businesses can come, mingle and ask questions. The programs are offered in the Fall.





25. Ontario Gay and Lesbian Chamber of Commerce <http://www.oglcc.com/>

**Mandate:**

To create an environment in which LGBTQ businesses and professionals can thrive through sharing knowledge and resource.

**Who it serves**

LGBTQ professionals and businesses who join as members.

**Services Provided** Advocacy, information sharing, networking and B2B relationship development and marketing

26. Ontario Korean Businessmen's Association <http://okba.net/> / (in Korean)

**Mandate:**

Represents Korean-owned convenience store operators in Ontario to promote good will, provide a unified voice and support its members.

**Who it serves**

1000 convenience store owners in Ontario.

**Services Provided;** Advocacy, regulation translation, occasional seminars, upon request, directors work with individual members to help them resolve issues or answer questions

**Contact Information** 416-789-7891



27. Retail Council of Canada – Small Business <https://www.retailcouncil.org/resources/tools/>

**Mandate:**

Advocates for retailers in Canada with effective advocacy, communication and education.

**Services Provided:** Advocacy, includes publications and information for independent retail on-line and at conferences and events

28. Scarborough Business Association <https://www.scarboroughbusinessassociation.com>

**Mandate:**

Help Scarborough business by creating forums for networking and providing education and opportunity.

**Who it serves**

35 members are listed in the directory, There are only 2 retailers (1 independent), 1 restaurant and 1 personal service.

**Services Provided:** Networking and educational events; advocacy



## 29. Scarborough and York Region Chinese Business Association

### **Mandate:**

Promotes unity, co-operation and mutual assistance within the Chinese business community in Scarborough, North York and York Region. Acts as a liaison body for members with various levels of government and other business associations. Assists in the development and promotion of Chinese businesses. Collects opinions about proposed legislation and government policy from member surveys and advocates with the appropriate government agency. Hosts informational seminars and networking events. Topics include issues of interest to small business, such as succession planning.

**Who it serves** Chinese business community in Scarborough and York Region.

**Services Provided** Networking, information and education, advocacy, export/import development

**Contact Information** 416-412-7661; [SYRCA@bellnet.ca](mailto:SYRCA@bellnet.ca)



30. Toronto Association of BIAs <https://www.toronto-bia.com/>

**Mandate:**

Umbrella organization that works with BIAs located in the City of Toronto. It promotes successful and effective BIAs, encourages joint initiatives and collaboration on issues and projects, including studies and research in marketing, facilitates the exchange of information, experience and ideas among BIAs and their individual members, provides advocacy to influence policies affecting BIAs and to obtain funding and services for BIAs from all levels of government and to protect the interests of BIAs in policy and regulation.

**Who it serves**

Toronto's 83 BIAs (March 2019) and their 40,000+ member businesses.

**Services Provided** Advocacy, information

31. Toronto Chinese Business Association <http://www.tcbacanada.com/>

**Mandate:**

Established in 1972, The TCBA is dedicated to creating a healthy and sustainable environment for Chinese Business in Toronto. It provides networking opportunities for members, assists main stream corporations in making inroads to the Chinese market, builds connections between Toronto's Chinese community and other cultures and advocates with all levels of government. The TCBA was instrumental in developing the annual International Dragon Boat Race Festival.

**Who it serves**

Toronto Chinese Business Community

**Services Provided** Advocacy, networking, export/import development



32. Toronto Region Board of Trade <https://www.bot.com/>

**Mandate:**

Researches policy positions and advocates on behalf of 13,500 members for policy change that drives growth and competitiveness in the Toronto Region.

Main street business interests have not been a focus in the recent past.

**Who it serves** GTA business community

**Services Provided** Advocacy, networking

33. Urban Land Institute Toronto <https://toronto.uli.org/>

**Mandate:**

Non-profit real estate and land development organization supported by over 1800 public and private sector members. Hold forums and discussions, publish newsletters, research and information, organizes technical workshops bringing together experts and community members to develop approaches to specific community issues and profiles best practices in city building and development.

**Services Provided** Information, networking, advocacy



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 23: BEST PRACTICES IN OTHER JURISDICTIONS**



## CONTEXT

A high level environmental scan was undertaken to inform the development of the action plan. Support was obtained from both the Economic Developers Council of Ontario (EDCO) and Economic Developers Council of Canada (EDAC) in distributing requests for best practice information to their members throughout Canada. Additional examples were identified from on-line research and the consultants' past experience on other projects. Interviews were conducted to explore some of the best practices in more detail.

### 1. Small Business Assistance

#### 1.1. Clear, Consistent & Accessible Information

**Location & Name:** City of Edmonton Urban Form Transformation Project (interview)

**Description:** Six process improvement projects are underway focused on building permits, planning approvals and business licenses. The goal is to both streamline processes and to increase on-line access to clear information and self-service.

**Applicability to Toronto:** A concurrent initiative led by the Deputy City Manager's Office is seeking to enhance self-service transactions to make it easier for people (including businesses) to pay bills and make appointments on the website. Edmonton's progress and clarity of website could be monitored to inform Toronto's work in this area.

**More Information:** [https://www.edmonton.ca/business\\_economy/industry\\_resources\\_current\\_planning/urban-form-business-transformation.aspx?utm\\_source=virtualaddress&utm\\_campaign=UFBT](https://www.edmonton.ca/business_economy/industry_resources_current_planning/urban-form-business-transformation.aspx?utm_source=virtualaddress&utm_campaign=UFBT)





## 1.2. One-on-One Assistance with Navigating Requirements

### **Location & Name: Nova Scotia Business Navigators**

**Description:** This Call-In service uses a case management approach to help people register businesses, determine which permits and licenses are needed, understand applicable inspection requirements and find resources. Three staff provide the service. It has been operating since January 2017. In first 6 months, it had 400+ business inquiries and a 10/10 client satisfaction rating. Using Standard Cost Methodology, it is estimated that the service has saved businesses \$3.4 million.

New Brunswick launched similar service during the Fall 2019. It plans to do regular check-ins on clients to ensure all is doing well, and will work with external organizations as needed to provide clients with the information and resources required.

**Applicability to Toronto:** Staff could further investigate approach as a possible service delivery model. Staff perform one-on-one tailored investigations on behalf of clients as well as providing standardized information typical of call-centres.

**More Information:** <https://novascotia.ca/regulatoryopportunity/business-navigators.asp>

[https://www2.gnb.ca/content/gnb/en/corporate/promo/priorities/stories\\_business-navigators.html](https://www2.gnb.ca/content/gnb/en/corporate/promo/priorities/stories_business-navigators.html)

### **Location & Name: City of Edmonton One-on-One Support Program (interview)**

**Description:** Staff provide one-on-one case management support to small businesses.

They mainly help with navigating processes to get licenses, development and building permits, building inspections and finding locations. Staff also will research and investigate options for any other questions/issues clients might have. In operation since 2017, the service has helped over 1500 businesses, many with multiple enquiries at different stages of their development.

- Staff resources: 1.5 persons full time plus five people are cross-trained to support program. Staff have economic development and planning knowledge; they form relationship networks with other City departments.
- Promotion: word of mouth, BIAs, referrals from other City departments.
- **Applicability to Toronto:** Sounds like a similar service-delivery model as “Gold-Star” only targeting small commercial businesses.
- **More Information:** [https://www.edmonton.ca/business\\_economy/business\\_resources/one-on-one-support-program.aspx](https://www.edmonton.ca/business_economy/business_resources/one-on-one-support-program.aspx)



**Location & Name: Vancouver Tenant Improvement Permit System (TIPS)**

**Description:** This is a fast-track building permit process for retail tenants moving into buildings that have previously passed building inspections. A database of eligible buildings is maintained. Vancouver also has a Small Business Commercial Renovation Centre (CRC) which offers hands-on assistance for small businesses in understanding regulations, permits and procedures and in evaluating the suitability of buildings for their needs. Staff meet with businesses, investigate the most efficient way to proceed and identify other City departments that need to be involved and potential roadblocks in the process.

**Applicability to Toronto:** Suggest that the need for such a service in Toronto be further investigated by the recommended “Small Business Advocate” position. Interviews suggested that the building permit process is among the more frustrating for small businesses to navigate.

**More Information:** [https://vancouver.ca/home-property-development/tenant-improvement-permit-system-inspection.aspx?utm\\_campaign=TIPS&utm\\_medium=Vanity&utm\\_source=TIPS\\_Vanity](https://vancouver.ca/home-property-development/tenant-improvement-permit-system-inspection.aspx?utm_campaign=TIPS&utm_medium=Vanity&utm_source=TIPS_Vanity)

<https://vancouver.ca/home-property-development/commercial-renovation-centre.aspx>



### 1.3. Access to Professionals & Experts

**Location & Name: Duke Law – Duke Heights BIA**

**Description:** BIA partners with Osgoode Law School to provide a legal information service. Businesses can submit a general business question and receive up-to-date legal information free of charge within 1-3 days.

**Applicability to Toronto:** Potential to scale-up service to more areas could be investigated.

**More Information:** <https://dukeheights.ca/law/>

**Location & Name: Digital Main Street – Toronto (interview)**

**Description:** Program was launched in 2016 and is owned by the Toronto Association of BIAs. Its services include an on-line vendors list of digital service suppliers. Vendors apply to be listed. Digital Main Street staff verify the authenticity of each vendor through an on-line check but do not provide evaluations, ratings or recommendations. People are able to notify Digital Main Street about any issues experienced with any vendor. Staff indicated that, to date, they haven't received any serious complaints. Currently over 600 vendors are listed by the category of services they offer and geographic location.

**Applicability to Toronto:** Consideration could be given to developing a similar on-line listing for other categories of vendors.

**More Information:** <https://digitalmainstreet.ca/vendor-directory/>



## 1.4. Training

### **Location & Name: Retail Revival – City of Halifax**

**Description:** 12-month free program teaches retailers how to use e-commerce to reach international markets. Supported by three levels of government. Halifax is 4<sup>th</sup> city internationally to implement Retail Revival (eBay Program).

**Applicability to Toronto:** Approach could be explored, perhaps in partnership with Digital Main Street. Study did not identify main street businesses' need to expand internationally as a priority issue.

**More Information** <https://www.canada.ca/en/atlantic-canada-opportunities/news/2019/01/retail-revival-program-helps-local-retailers-to-better-access-global-marketplace.html>

### **Location & Name: Digital Main Street – Toronto (interview)**

**Description:** Program provides training resources to facilitate small main street businesses' adoption of digital technologies. On-line resources, blogs, case studies, tips and webinars are available to the general public. Digital Service Squads meet businesses one-on-one in their locations. They help them assess their stage of digital adoption and provide a step-by-step digital transformation plan. Grants are currently available to help fund implementation that are funded by OMAFRA. BIAs and Chambers of Commerce throughout Ontario can apply to set up digital service squad (until March 2020).

**Applicability to Toronto:** Consideration could be given to extending Digital Service Squad approach to non-BIA areas. Funding, coordination and outreach strategy would be required.

**More Information:** <https://digitalmainstreet.ca/>



## 1.5. Access to Financing

**Location & Name:** Small Business Support Grants – City of Edmonton (interview)

**Description:** In September 2018, the City of Edmonton evaluated its Façade Improvement Program, Development Incentive Program and Corner Store Pilot Program. The report (url below) provides more extensive information. The Façade Improvement Program has a similar framework (different details) as Toronto's program and is open to BIAs. The Development Incentive Program provided support for commercial interior renovation, multi-unit residential buildings and new retail and commercial buildings in BIAs. The purpose is to stimulate renovation in buildings with chronic commercial vacancy and encourage more residential units in commercial areas. The Corner Store program provided grants for interior or external renovations outside of BIAs.

Program modifications were approved by Council in May 2019 (url below).

- Corner Store Program – for underutilized commercial sites in mature or established neighbourhoods outside BIAs. Priority is given to communities that are targeted for community renewal and streetscape improvements. 50% of the cost of interior and exterior renovations up to \$60,000 for small plazas and \$15,000 per building plus “small business support” grant of \$1000 for each small business.
- Corner Store Light Program – for underutilized commercial properties outside of priority areas and BIAs. Maximum funding is \$15,000 per building plus \$1000 for each small business.

For Properties in BIAs:

- Storefront Improvement Grant – up to 50% of eligible exterior renovation costs to maximum of \$25,000 for mid-block buildings and \$50,000 for corner buildings.
- Storefront Refresh Grants – up to 50% of small exterior renovations up to \$1000 per building.
- Interior Building Improvement Grants – up to 50% of cost of interior renovations up to \$20,000. New business tenants and property owners are eligible. Unit must have been vacant for 6 months
- Development Incentive Program – up to \$100,000 for new commercial buildings and \$200,000 for new mixed-use developments (maximum 10% of construction value).

**Applicability to Toronto:** Edmonton provides a wider range of grants available to support both tenants and property owners inside and outside of BIAs than is currently the case in Toronto.

**More Information:** <http://sirepub.edmonton.ca/sirepub/cache/2/dalix4tyhtatf2qaivdxhjzf/77411101032020104648688.PDF>

- <http://sirepub.edmonton.ca/sirepub/mtgviewer.aspx?meetid=2351&doctype=MINUTES>
- [https://www.edmonton.ca/business\\_economy/business\\_resources/small-business-funding-initiatives-programs.aspx](https://www.edmonton.ca/business_economy/business_resources/small-business-funding-initiatives-programs.aspx)



**Location & Name: City of Hamilton Municipal Incentive Programs**

**Description:** A menu of grant programs is offered for different locations and purposes. The programs with the most relevance to Toronto Main Streets are:

- BIA Commercial Property Improvement Grants support property owners or tenants (with written approval of property owners) by funding specified renovations to the façade and interior. Eligible costs include fees.
- Commercial Property Improvement Grants is a parallel program for properties in the downtown or other designated commercial areas outside of BIAs.
- Housing intensification in commercial areas is encouraged by loans in commercial corridors and Downtown Hamilton. Funding is available for the conversion of space to residential units and the construction of new residential units.
- Two commercial corridors (Barton Street and Kenilworth Ave.) are targeted for intensification. A wider range of interior and exterior renovations are eligible for grants than in other commercial areas and planning and building permit fees are reimbursed. Tax Increment Financing is available for residential intensification.
- The Office Tenancy Assistance Program provides loans for eligible leasehold improvements for office tenants in the Downtown, BIAs and some other designated commercial areas.

**Applicability to Toronto:** Hamilton provides a wider range of grants than is currently the case in Toronto.

**More Information:** <https://www.hamilton.ca/municipal-incentive-programs>



## 2. Access to Main Street Floor Space

### 2.1. Cost of Space

#### **Location & Name: Rent Control – New York City**

**Description:** NYC Council introduced Bill 1796 on November 17, 2019, that would establish a system of commercial rent registration and regulation applicable to retail stores and commercial services of 10,000 square feet or less. A Council-appointed Board would be responsible for annually establishing guidelines and the rate of rent adjustments. The Bill was referred to the Committee for Small Business. New York City previously regulated commercial rent between 1945 and 1963.

The Legislation is highly controversial. A reference is also provided to a review of the use of commercial rent control in the USA. It states that it is not in use today. Berkeley California used it in specific neighbourhoods in the 1980's. California Law was changed in 1987 to ban municipalities from enacting any type of rent or eviction controls on commercial property.

**Applicability to Toronto:** Ontario legislative change would be required to implement anything similar.

**More Information:** <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=4230081&GUID=B2FF2D24-F642-42A1-BEBB-D8D59E079D99&Options=ID>

<https://tacklingcommercialgentrification.wordpress.com/business-assistance-2/commercial-rent-control/#Where-has-commercial-rent-control-been-used-in-the-United-States?>





## 2.2. Independent Business Access to Space

### **Location & Name: San Francisco Regulation of Formula Retail Uses**

**Description:** Chain stores (Formula Retail) are required to go through additional planning review before locating in San Francisco. They are defined as retail establishments with 11 or more locations world wide and which maintain two or more of the following features: a standardized array of merchandise, standardized facade, standardized decor and colour scheme, standardized uniform, standardized signage, a trademark, or a service mark. Formula retail stores are prohibited in three commercial districts and are subject to conditional use authorization in many others. The conditions for approval vary by district. Neighbourhood notification is part of the application process in some districts.

Several other US municipalities also regulate “formula retail”, in some cases based on maximum concentrations. The pros and cons are controversial and the impact on small business health unclear.

**Applicability to Toronto:** The Main Street Study did not uncover significant shifts towards greater concentrations of chain stores. It recommends that independent business access to new developments be investigated further. The need for and implementation of planning or business licensing controls on chain retail would need to be researched further and may require changes to Ontario legislation.

**More Information:** <https://sfplanning.org/permit/chain-stores-businesses>



### 2.3. Micro-Business Access to Space

#### **Location & Name: Danforth East Community Association Pop-up Shop Project**

**Description:** The Danforth East Community Association (DECA) coordinated the project to address the high vacancy rate (17%) and lack of neighbourhood shopping on Danforth Avenue. Property owners were approached and many agreed to offer free rent in exchange for DECA volunteers cleaning, painting and staging their vacant storefronts. Entrepreneurs applied and were selected by a local entrepreneurship development initiative operated by Wood Green Community Centre. After the initial period, landlords requested more compensation to cover their costs and a model evolved whereby entrepreneurs paid \$700 plus 10% of any gross sales over \$7500 per month for a maximum of six months plus utilities. The program operated between 2012 and 2016. It concluded after reducing the area vacancy rate to 6%. 32 pop-up shops were hosted, 6 of which opened permanent businesses in the area. All 15 participating properties obtained long term leases.

**Applicability to Toronto:** Toronto BIA Office is exploring a city-wide program to facilitate business recruitment and entrepreneurship development. Additional neighbourhood programs may be useful in areas with high vacancy rates and to support local community economic development initiatives in partnership with community-based organizations.

**More Information:** <https://deca.to/pop-up/>

#### **Location & Name: Renew New Tecumseh**

**Description:** Town of New Tecumseth developed a program to offer free rent for selected innovative entrepreneurs on a month-to-month basis. Vacant retail space was turned over to a non-profit agency. They updated the space and provided signage for the new retailer. Participating owners continued to receive vacancy tax rebates and could continue to advertise their space for lease. The entrepreneurs paid their utilities and insurance as well as a fee to the non-profit organization.

Between October 2012 and January 2015, 14 storefronts and 15 entrepreneurs participated. Ten long term leases were signed. The total number of vacant storefronts decreased from 42 to 21 and anchor stores on the main street reported a 50% increase in sales and 25% increase in pedestrian traffic.

**Applicability to Toronto:** Toronto BIA Office is exploring a city-wide program to facilitate business recruitment and entrepreneurship development. Additional neighbourhood programs may be useful in areas with high vacancy rates and to support local community economic development initiatives in partnership with community-based organizations.

**More Information:** <https://www.simcoe.com/shopping-story/4071050-renew-new-tecumseth/>

<https://www.obiaaconference.com/2015Presentations>

**Location & Name: Lakeshore West BIA – Activate Space Initiative**

**Description:** The BIA has partnered with Activate Space, a social enterprise, to identify under-utilized properties and make them available to start-up entrepreneurs. Entrepreneurs are identified and vetted by Activate Space. In some cases, tenants with surplus space are sub-leasing portions of their units to entrepreneurs.

**Applicability to Toronto:** Toronto BIA Office is exploring a city-wide program to facilitate business recruitment and entrepreneurship development. The Lakeshore West Village initiative is an interesting example of a program that could be layered onto a city-wide program.

**More Information:** <https://www.activatespace.ca/activations>

<https://www.toronto.com/news-story/9285127-etobicoke-s-lakeshore-village-bia-hopes-to-transform-vacant-storefronts/>

### 3. Property Tax Reform

**Location & Name: Vancouver – Split Assessment Roll**

**Description:** Vancouver and other BC municipalities have requested the Province of British Columbia to introduce a “split assessment roll” which identifies both the portion of the assessed value attributable to the existing use of the property and the portion attributable to unrealized development potential. They also are asking that a new sub-class be defined for the unrealized development potential (both commercial and residential). This would enable municipalities to set different tax rates on the assessed value of current use and the assessed value of development potential. The second portion could be taxed at a lower rate, potentially at 0%.

**Applicability to Toronto:** A similar strategy in Ontario and Toronto would help to dampen the high assessment increases being experienced in some Toronto main streets with redevelopment potential unrelated to the continued functioning of main street retailing.

**More Information:** <https://www.westerninvestor.com/news/british-columbia/b-c-liberals-push-to-change-how-business-properties-are-taxed-1.23987977>

<https://council.vancouver.ca/20190710/documents/pspc1presentation.pdf>



#### 4. Community Economic Development

**Location & Name: DUKE Heights Employment Hub**

**Description:** Provides wrap-around services to employers and employees to create new and better employment opportunities benefiting BIA members. Services include business incubation and acceleration, small business training, employee skill development and career laddering, developing industry cluster strategies and providing access to training and employment opportunities to unemployed people in the surrounding community.

**Applicability to Toronto:** A model potentially transferable to other areas.

**More Information:** <https://dukeheights.ca/services/employment-hub/>

#### 5. Metrics and Monitoring

**Location & Name: New York City Storefront Tracker**

**Description:** Starting in 2020, all commercial storefront and second floor spaces are required to register with the Department of Finance as part of their annual income and expense filings. The size, location, occupancy status, monthly rent, lease status and owner contact will be required. The information must be updated annually.

**Applicability to Toronto:** A similar mandatory registration system might require legislative change in Ontario municipalities.



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 26: SAFETY TOOLKIT**

# Building safety & Inclusion on your Retail Main Street:

## A Toolkit for Independent, Streetfront Businesses

Different neighbourhoods face different challenges around safety and inclusion, but ensuring a neighbourhood that is safe and welcoming is the cornerstone of economic success. The following five-step process is designed to be used by either individual businesses; or by Business Improvement Areas (BIAs) working with a whole community of businesses. The difference in approach lies only in the scale.

Each step includes:

- A short explanation
- The desired outcome; and
- An example of tools and resources already in use

### STEP 1

- Identify challenges in the neighbourhood that relate to safety and inclusion, and collaboratively compile a list of priorities.
- For a small business, this could mean speaking to two or three neighbouring businesses in either direction; where there is a Business Improvement Area (BIA), this could include interviews, focus groups or even a survey.

**The outcome is to pinpoint specific challenges that local businesses can tackle together.**

**Tool 1: Safe & Inclusive Streets Survey**

### STEP 2

- Understand how to report incidents to police, train staff on how to report consistently and reach out to the local police division to build relationships with the Community Response Unit (CRU), Neighbourhood Officers, or Crime Prevention Officer.

**The outcome is to develop ongoing engagement around issues of safety and crime prevention.**

**Tool 2: How to Report a Crime Infographic**

**Tool 3: Safety Checklist for businesses**

# Building safety & Inclusion on your Retail Main Street:

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Each step includes:

- A short explanation
- The desired outcome; and
- An example of tools and resources already in use

### STEP 3

- Identify and reach out to social agencies and programs in the neighbourhood to ascertain what supportive services are available.

**The outcome is to understand where to refer people who come into the store asking for money or food, rather than escalating to a police call.**

**Tool 4: Downtown Toronto Drop-In Resource Booklet**

### STEP 4

- Work with other businesses on the street to initiate community safety and regular meetings.
- These can include local councillors and MPPs, residents' associations, social agencies and police.

**The outcome is a focus on common goals for a safe and inclusive neighbourhood.**

**Tool 5: Example Agenda-Corporate Safety & Security Workshop**



# Building safety & Inclusion on your Retail Main Street:

## A Toolkit for Independent, Streetfront Businesses

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Different neighbourhoods face different challenges around safety and inclusion, but ensuring a neighbourhood that is safe and welcoming is the cornerstone of economic success. The following five-step process is designed to be used by either individual businesses; or by Business Improvement Areas (BIAs) working with a whole community of businesses. The difference in approach lies only in the scale.

Each step includes:

- A short explanation
- The desired outcome; and
- An example of tools and resources already in use

### STEP 5

- Advocate for specialized training for businesses and employees on topics related to neighbourhood safety and inclusion challenges.

**The outcome is to equip employees to better manage safety incidents, and know how – and who – to call for help if needed.**

**Tool 6: De-escalation training for retail, security and custodial employees, as well as community stakeholders**

**Tool 7: Personal Safety Training Lunch 'n Learn**

# Building safety & Inclusion on your Retail Main Street:

A Toolkit for Independent, Streetfront  
Businesses

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Tool #1: Safe & Inclusive Streets Strategy

DOWNTOWN



# INCLUSIVE STRATEG



# Building safety & Inclusion on your Retail Main Street:

A Toolkit for Independent, Streetfront  
Businesses

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Tool #2: How to Report a Crime Infographic

DOWNTOWN



# How to Report a Crime



**Is it an emergency?**

*Situations where the safety of people or property are at risk*

- Fire
- Crime in progress
- Medical Emergency

**Call  
9-1-1**

**If it's not an emergency**

**Call  
(416)-808-2222**

**If you want to report online**

- Theft
- Fraud
- Driving complaint
- Property damage
- Damage to vehicle
- Theft from a vehicle
- Graffiti (not hate-crime related)
- Theft of gas (from a gas station)

**Visit  
[www.torontopolice.on.ca/core/](http://www.torontopolice.on.ca/core/)**

**Have an ongoing issue?**

- Trespassing
- Nuisance issues
- etc...

**Telephone:  
51 Division  
(416) 808-5100  
& request a  
Community  
Complaint Form**

**Want to remain anonymous?**

If you have ANY information on a crime you want to report

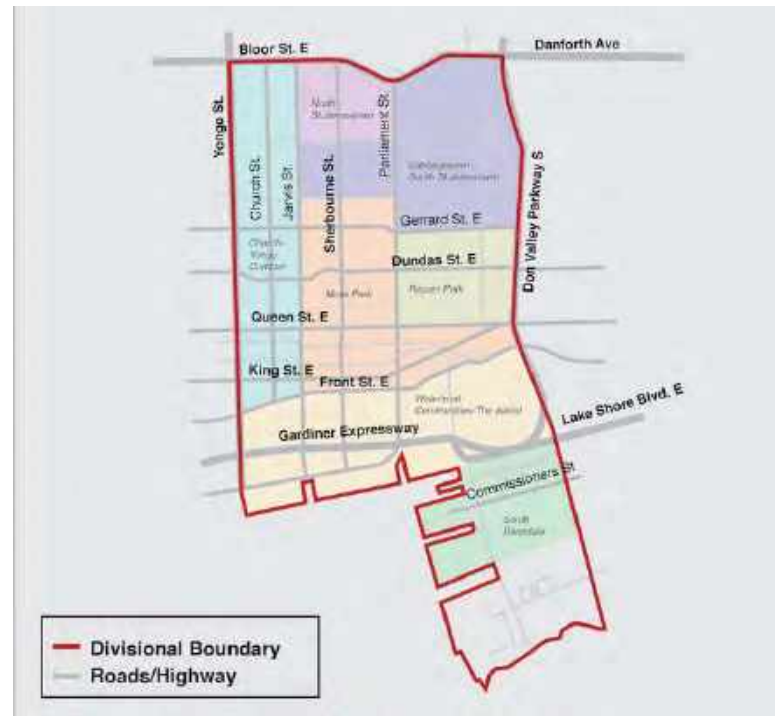
**Crime Stoppers  
[www.222tips.com](http://www.222tips.com)  
OR  
1-800-222-TIPS (8477)  
OR  
Text TOR+message to  
CRIMES (274637)**



# Contact Your Local Police Station:



51 Division  
51 Parliament St  
Community Response Office:  
(416) 808-5100  
Twitter: @TPS51Div  
Facebook: 51 Division- Toronto Police



A Safe & Inclusive Streets initiative by 

# Building safety & Inclusion on your Retail Main Street:

A Toolkit for Independent, Streetfront  
Businesses

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Tool #3: Safety Checklist for businesses





## DOWNTOWN TORONTO DROP-IN RESOURCE BOOKLET

DROP-IN AGENCIES WITHIN 1.7KM OF YONGE & DUNDAS

Winter/Spring 2017



Dear Downtown Yonge members, neighbours, and colleagues

We have been working closely with our partners at the Toronto Police Service, and specifically 51 Division and 52 Division, to develop tools and tips for making the winter and spring months as safe and problem-free as possible.

To this end, here is our **Safety & Security Checklist** for Winter-Spring 2017.

- One of the most common concerns we hear from businesses is that they **don't know when to report an issue and what the best way to report an issue would be**. The police encourage reporting of incidents - even when they are not emergency calls - because this data is used to analyse trends and allocate resources. So the Downtown Yonge Business Improvement Area (DYBIA) has developed a handy one-pager entitled *How to Report a Crime*. It lists the five (5) different channels of reporting incidents to police and includes handy details on contact numbers and online reporting forms.

### TO GET COPIES

Download 51 Division: <http://bit.ly/2b0FhY5>

Download 52 Division: <http://bit.ly/2aLe5Pn>

Download 52 Division, Chinese language version: <http://bit.ly/2ha8vZZ>

For hard copies: Email us back, let us know how many you need, and we can drop some off at your business or property.

- Have you heard of **Crime Prevention through Environmental Design (CPTED)**? It promotes the reduction of both the fear and incidence of crime through good design and effective use of the built environment. Police offer free CPTED assessments of both commercial and residential properties as a service to the community and will provide a set of recommendations for an individual property. If you're interested, either contact us and we'll connect you to the Crime Prevention Officer for your Division, or reach out to your local Division directly.
- For businesses that experience ongoing incidents in their premises, have you considered signing a **Trespass Letter** with your local police division?
- **Not all street-based issues are police-related**. Often, in downtowns, social issues are evident on the street. DYBIA works closely with various social agencies to support the work they do getting street-involved individuals into programs. Make sure you have a copy of our **Downtown Toronto Drop-In Resource** to be able to provide information about drop-in services within an easy walk of Downtown Yonge.

**TO GET COPIES:**

Download the Drop-in Resource: <http://bit.ly/2jxF4mz>

For hard copies: Email us back, let us know how many you need, and we can drop some off at your business or property.

- Did you know that you can place a Concerned Citizens Call requesting outreach services? **If you see someone on the street in need of outreach, phone 3-1-1 and ask for Streets to Homes** to send an outreach worker. Make sure you mention identifying characteristics (height, hair colour, clothing, etc.) and the location of the individual.

Please don't hesitate to let us know if you have any questions, or require additional information.

Sincerely,

**Pauline Larsen**

Senior Economic Development Manager

Downtown Yonge Business Improvement Area  
40 Dundas Street West, #300  
Toronto, ON M5G 2C2

T: 416-597-0255 x231

F: 416-597-0233

E: [plarsen@downtownyonge.com](mailto:plarsen@downtownyonge.com)

W: [www.downtownyonge.com](http://www.downtownyonge.com)

**DOWNTOWN**



# Building safety & Inclusion on your Retail Main Street:

A Toolkit for Independent, Streetfront  
Businesses

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Tool #4: Downtown Toronto Drop-In  
Resource Booklet

SUPERVISED  
INJECTION SITES

**1**  
The Works  
277 Victoria Street  
Monday-Saturday, 10am-10pm  
Phone: 416-392-0520

**M**  
Fred Victor  
145 Queen Street  
Monday-Sunday, 6pm-12am  
midnight  
Phone: 416-364-8228

REFERENCE



WHEELCHAIR  
ACCESSIBLE



FOOD



HEALTH  
CARE



SHOWER



LAUNDRY



CLOTHING  
BANK



BEDS



ID  
CLINIC

6 ALL SAINTS' CHURCH  
COMMUNITY CENTRE

315 DUNDAS ST. E. 0.85KM



**DROP-IN HOURS**  
**Mon Tue:** 8am–3:45pm  
**Wed:** 10:30am–3:45pm  
**Thu:** 8am–3:45pm  
(1:30–3:30 women's group)  
**Fri:** 8am–11:30am (female sex workers only)

**PHONE: 416-368-7768**

**FOOD**  
Meals during drop in hours

7 ARTHEART COMMUNITY ART CENTRE

585 DUNDAS ST. E. STUDIO 210 1.5KM



**HOURS OF OPERATION**  
**Mon:** 10am–1pm (Adults age 55+)  
**Wed:** 5:30pm–8:30pm (Adult art drop-in program)  
**Tue to Thu:** 3:30pm–5pm (Children's art drop-in program)

**OPEN STUDIO**  
**Mon:** 1pm–3pm  
**PHONE: 416-203-0034**

**i** Free drop-in visual art program for children, youth, and adults. Health card is needed for registration

8 FRED VICTOR: OPEN HOUSE DROP-IN

145 QUEEN ST. E. 0.85KM



**DROP-IN HOURS**  
**Mon to Fri:** 12pm–4pm

**HEALTHCARE**  
**Wed:** 9am–11am (By appointment)  
**PHONE: 416-369-1199**

**FOOD**  
**Coffee & Snacks:** 12:00pm–4:00pm

9 SALVATION ARMY GATEWAY

107 JARVIS ST. 1KM



**DROP-IN HOURS**  
**Mon, Wed, Thu, Fri, Sat & Sun:** 1pm–7pm

**PHONE: 416-368-0324**

**FOOD**  
Dinner served during program hours

**i** Service is for people aged 21+

10 SAINT JAMES CATHEDRAL

65 CHURCH ST. 0.95KM



**DROP-IN HOURS**  
**Tue:** 1:30pm–3:30pm

**HEALTHCARE**  
**Foot clinic:** Tues 1:30pm–3:30pm  
**Fri** 9:30am–11:30am  
**Nurse practitioner:** Tue 1:30pm–3:30pm  
**PHONE: 416-364-7865**

**FOOD**  
**Tue:** 1:30pm–3:30pm

**i** Health card not needed

11 TORONTO COUNCIL FIRE NATIVE  
CULTURAL CENTRE

439 DUNDAS ST. E. 1.2KM



**DROP-IN HOURS**  
(Gathering Place Adult Drop-in)  
**Mon-Fri:** 9:00am–5:00pm

**FOOD**  
Breakfast daily at 9:00am except on Thursdays.  
Lunch daily at 12:00pm except Fridays, when it is at 1:00pm.  
**Sat to Sun:** 12:00pm  
**PHONE: 416-360-4350**

**i** Health card not needed. Please call ahead in case of unexpected changes to service.

12 416 COMMUNITY SUPPORT FOR  
WOMEN

416 DUNDAS ST. E. 1.1KM



**DROP-IN HOURS**  
**Mon to Fri:** 8:30am–4:30pm  
**Sat to Sun:** 8:30am–2pm

**HEALTHCARE**  
**Clinic:** Tue & Thu (call ahead)  
**PHONE: 416-928-3334**

**FOOD (EVERYDAY)**  
**Breakfast:** 8:30am–10am  
**Lunch:** 12pm–1:30pm

**i** Women only, Health card not needed, Not wheelchair accessible

13 THE 519

519 CHURCH ST. 1.4KM



**HOURS OF OPERATION**  
**Mon to Fri:** 8:30am–10pm  
**Sat:** 9am–5pm  
**Sun:** 10am–5pm

**Sun:** Breakfast 10:00am  
Lunch–12:00pm

**DROP-IN HOURS**  
**Sun:** 10:00am–2:00pm  
**PHONE: 416-392-6874**

**FOOD**  
**Mon:** Dinner 6pm–8pm (Trans only)

**i** Services are for individuals who identify as LGBTQ2S+, Health card not needed

2 COVENANT HOUSE TORONTO

20 GERRARD ST. E. 0.45KM



**DROP-IN HOURS**  
**Mon to Fri:** 11:30am–7pm  
**Mon to Fri:** 8am–12pm & 1pm–3pm  
**Meals during drop-in** Thurs: 3:30pm–7pm  
**PHONE: 416-204-7037**

**FOOD**  
**Mon to Fri:** 11am–3pm  
**Mon to Fri:** 8am–11am  
**Drop-in hours**

**HEALTHCARE**  
**Mon to Fri:** 11am–3pm  
**Mon to Fri:** 8am–11am  
**Drop-in hours**

3 GOOD SHEPHERD CENTRE

412 QUEEN ST. E. 1.7KM



**DROP-IN HOURS**  
**Mon to Fri:** 9am–11am  
**Mon to Fri:** 9am–11am  
**CLOTHING ROOM**

**FOOD**  
**Daily:** 2pm–4pm  
**Shower** Daily: 2pm–4pm  
**Shower** Daily: 2pm–4pm

1 CHURCH OF THE HOLY TRINITY

19 TRINITY SQUARE 0.35KM



**DROP-IN HOURS**  
**Mon:** 1:30pm–3pm  
**Tues-Fri:** 11am–3pm  
**Sun:** 8am–1pm  
**PHONE: 416-598-4521**

**FOOD (AS DONATIONS PERMIT)**  
**Mon to Fri:** 11am–3pm  
**Sun:** 8am light breakfast  
**tea & coffee**

**i** Homeless memorial @ of each month w/lunch at

16 MARGARET'S TORONTO EAST  
DROP-IN CENTRE

323 DUNDAS ST. E. 0.85KM



**DROP-IN HOURS**  
**Open 24/7** until April 2019  
**After April 2019,** Tue, Wed, Thu, Sat Sun 7am–12pm noon  
**FOOD**  
**Breakfast:** 7am–8:30am  
**Snack:** 9am–10am  
**Lunch:** 10:30am–12pm noon  
**Dinner:** 6:30pm

**HEALTHCARE**  
**Housing Help:** Tues 9:30am–11:30am  
**Nursing care:** Wed 10am–12pm noon  
**Crisis Intervention:** Tue, Wed, Thu 9am–12pm noon (Through referral only)  
**Mental Health & Justice:** Tue, Thu, Sat 9am–12pm (Through referral only)

**PHONE: 647-367-2100**

17 SANCTUARY MINISTRIES

25 CHARLES ST. E. 1.7KM



**AA GROUP**  
**Mon:** 12pm–1pm  
**Fri:** 12pm–1pm

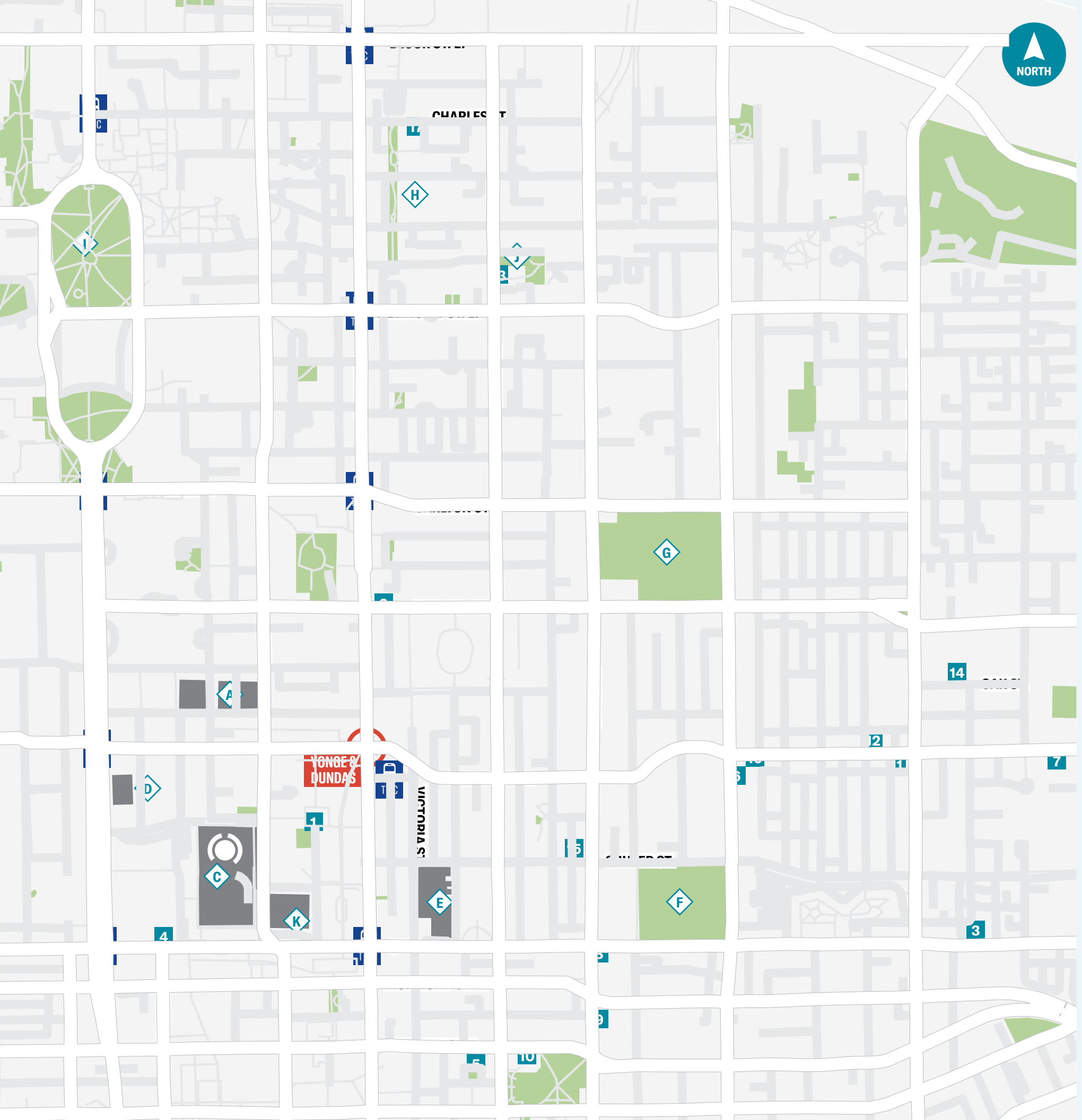
**FOOD**  
**Tue:** 10:30am–3pm  
**Thu:** 4:30pm–9pm

**ART STUDIO**  
**Mon:** 1:30pm–4:30pm

**WOMEN'S GROUP**  
**Mon:** 2pm–5pm (upstairs)

**HEALTH CLINIC**  
**Tues:** 10:30am–2:30pm

**i** eeded; Call ahead of time in d changes to this schedule.



way Access  
ndas Intersection

S

ch Terminal  
ark  
y Hall / Nathan  
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ve. Courthouse  
s Hospital

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Tool #5: Example Agenda- Corporate  
Safety & Security Workshop

## AGENDA

### Corporate Security Workshop

**Tuesday, May 14, 2019**  
**8:30am-10:30am**

**Arts & Letters Club, 14 Elm Street**

Time	Topic	Speaker
<b>8:15am</b>	Registration, Networking & light refreshments	
<b>8:45am</b>	Update: Advocacy on Downtown Safety	<b>Mark Garner</b> Chief Operating Officer & Executive Director Downtown Yonge BIA
<b>9:15am</b>	Safe & Inclusive Survey-Update	<b>Dr. Doug Thomson</b> School of Social Community Services- Humber College  <b>Patrick Livingston</b> School of Social Community Services- Humber College
<b>9:45am</b>	Community Engagement Team Pilot Program Progress Report	<b>Jan Krouzil</b> Outreach Supervisor Community Engagement Team Margaret's Toronto
<b>10:00am</b>	Updates on: Downtown Yonge Safe & Inclusive programs Activation of College Park Police initiatives in Downtown Yonge	<b>Pauline Larsen-</b> Downtown Yonge BIA <b>Cheryll Diego-</b> Downtown Yonge BIA <b>A/S/Sgt Chris McCann-</b> 52 Division Community Response Unit
<b>10:30am</b>	Session Ends	



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Tool #6: De-escalation training for retail,  
security and custodial employees, as well  
as community stakeholders

# FOR DYBIA MEMBER BUSINESSES: MENTAL HEALTH RECOGNITION AND RESPONSE WORKSHOP

ILLUSTRATE CANADIAN MENTAL HEALTH ASSOCIATION

WEDNESDAY, SEPTEMBER 18, 2019 •

8:00 AM  
SELF DEFENCE SESSION  
LOCATION: TBD

Developing your capacity to  
experiencing distress.

It is particularly helpful for groups working with the public  
or providing customer service.

LIMITED  
SPACE  
AVAILABLE

RSVP REQUIRED TO ATTEND THE SESSION.  
DEADLINE TO RSVP IS THURSDAY, SEPTEMBER 12, 2019 TO

SUSIE BARBOSA  
SBARBOSA@DOWNTOWNYONGE.COM

\* MAXIMUM OF 5 ATTENDEES PER ORGANIZATION\*  
\*SEATS WILL BE GIVEN ON A FIRST COME FIRST SERVE BASIS\*

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Tool #7: Personal Safety Training Lunch 'n  
Learn



# STREET SMARTS: BUILDING HEALTHY NEIGHBOURHOODS

*Free personal safety seminar for citizens*

*Facilitated by the  
Toronto Police Service- 51 Division and  
DYBIA's Community Engagement Team*

**TUESDAY MARCH 5, 2019, 12 PM TO 2 PM  
LIGHT LUNCH PROVIDED**

This workshop is aimed at building your knowledge to help you be aware and be prepared for any situation.

**Register by Friday, March 1, 2019 to secure your spot!**

**<https://dybiastreetsmarts.eventbrite.ca>**



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 25: FRAMEWORK FOR MEASURES AND METRICS DATA GATHERING AND ANALYSIS**



## FRAMEWORK FOR MEASURES AND METRICS DATA GATHERING AND ANALYSIS

Goals	Why It is Important to Measure	Justification	Measurement Options
<b>City Building</b>			
Support Walkability	<ul style="list-style-type: none"> <li>• From a business productivity perspective, ease of movement within a main street can support increased visitation, longer dwell times, and cross-shopping opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Walkability measurements are important as the City cannot control what happens inside a store with a customer and whether they purchase or not. What the City can control directly and indirectly is the pedestrian volume and movement along the main street</li> </ul>	<ul style="list-style-type: none"> <li>• Pedestrian counters (adjusted for any seasonality and weekday and weekend differences):</li> <li>• Field research and manual counters</li> <li>• Infrared cameras, sensors installed above sidewalk</li> <li>• Beacons, sensors – linked to mobile phones</li> <li>• Mobility data (sample size)</li> <li>• Traffic volume measured as a ratio to residential density (a high ratio such as high traffic volume and high residential density still make it difficult for main street retail to develop)</li> </ul>
Support Community Vitality and Social Interactions	<ul style="list-style-type: none"> <li>• Businesses and main streets need to be able to differentiate themselves from the competition. Community building and engagement initiatives are one type of differentiators. From survey research, local residents want to engage with community and they want some of their retailers to function as community hubs</li> </ul>	<ul style="list-style-type: none"> <li>• In the era of increased competition from online, malls, power centres, and large format retailers, small and independent retailers along main streets need to appeal to residents' need to socialize beyond just providing needed goods and services</li> <li>• This can be difficult to measure as it addresses more of the emotional</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey and expenditure capture rates in their local neighbourhood</li> <li>• Mobility data that can measure dwell time and local trade area capture rates</li> <li>• Number of nearby competitive and complementary main streets (e.g., within 400 m radius)</li> <li>• Hours of operation</li> <li>• Sales information, if available from retailers or third party companies such as Moneris on transaction sizes</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
	<ul style="list-style-type: none"> <li>•Resident survey respondents stated a whole range of local neighbourhood goods and services that they want to access at a local neighbourhood level</li> </ul>	<p>needs for why people shop. Can be addressed through proxies:</p> <ul style="list-style-type: none"> <li>•Assess changes in dwell time and percentage of local residents who shop locally</li> <li>•Survey conversion rates and transaction size</li> <li>•Assess the impact of City and private sector investments in things such as schools, arts venues, public markets, open space, recreation centres, libraries and their relationship to the main street</li> </ul>	<ul style="list-style-type: none"> <li>•Quality of Life measures – number or amount of space dedicated to schools, libraries, parks and open spaces, arts, culture recreation places including statistics on attendance or visitation</li> </ul>
Enable Diversity of Commercial Uses	<ul style="list-style-type: none"> <li>•For many main streets, their primary function is local serving neighbourhood oriented (destination and tourist oriented main streets will want to be highly specialized)</li> <li>•A diversity of commercial uses ensures that the main street is immune to outside influences (e.g., loss of tourism)</li> </ul>	<ul style="list-style-type: none"> <li>•A hallmark of Toronto's main streets is their resiliency and adaptability over time to stay relevant</li> <li>•Main streets and the businesses along them are in constant need of updating and some require refreshing, some revitalization, and some need to be re-invented</li> <li>•Business turnover and main street redevelopment</li> </ul>	<ul style="list-style-type: none"> <li>•CSCA – previously collected information but limited by sample size and coverage as well as estimated sizes</li> <li>•CoStar and other data aggregators (Altus, Toronto Real Estate Board) have some data but may be limited by sample size and coverage but they tend to have better retail sizes based on leases</li> <li>•Toronto Employment Survey – now collects data by NAICS code but would</li> </ul>





Goals	Why It is Important to Measure	Justification	Measurement Options
	<ul style="list-style-type: none"> <li>•However, the diversity should be within a defined vision and identity for the main street</li> <li>•For main streets that serve other functions, understanding the changes in their business mix strength allows them to respond quickly to changing market conditions</li> </ul>	<p>does help to ensure the area stays relevant to the local area residential socio-economic profile</p> <ul style="list-style-type: none"> <li>•Business mix analysis for a defined main street area that might be a BIA or non BIA area</li> <li>•Based either on size or number of units</li> <li>•Average size of units or range of units ranked by size</li> </ul>	<p>need to expand to include vacancy, sizes, and floor level</p> <ul style="list-style-type: none"> <li>•Toronto Employment Survey is now able to differentiate between chains and non-chains as an important indicator of health of a main street</li> <li>•Retail market statistics including rents, land sale prices, cap rates, leasability, and absorption statistics, buyers/sellers (often supplied by CoStar, Altus, Toronto Real Estate Board, or other data aggregators) but as mentioned these are limited by sample size and coverage issues (analysis of smaller geographic areas or where there is limited leasing activity will have less reliable information)</li> <li>•Some business mix information is collected at the BIAs but it is not consistent and it would exclude non BIA main streets</li> </ul>
Enable High Degree of Access and Connectivity	<ul style="list-style-type: none"> <li>•Retail sales potential is contingent upon good visibility and accessibility</li> <li>•How visitors arrive and access the main street area and each retailer is highly critical to its potential success</li> </ul>	<ul style="list-style-type: none"> <li>•As noted, main streets that are primarily serving the local neighbourhood need to have easy access and high visibility to potential shoppers</li> <li>•Rents are often set by a main streets potential to</li> </ul>	<ul style="list-style-type: none"> <li>•The physical characteristics of a main street are key including overall main street length and average block length, as well as access/entry points</li> <li>•Population and employment density within 400 and 800 m for local neighbourhood serving main streets as well as local area drive time densities</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
	<ul style="list-style-type: none"> <li>Indicators will be contingent on the type of main street (e.g., local, tourism, destination, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>generate sales for the retailers</li> <li>Chain and independent retailers both want to locate on highly accessible and visible main streets</li> </ul>	<ul style="list-style-type: none"> <li>Origin and destination type surveys or information that could address</li> <li>Pedestrian movement</li> <li>Public parking spaces – number and utilization</li> <li>Private parking spaces – number and utilization including parking meter utilization</li> <li>Transit – None, low order, high order and embarkation / disembarkation statistics</li> <li>Bike Racks (per block, or per linear foot) and utilization</li> <li>Hours of operation (number of businesses open after 6 pm)</li> <li>Number of things to do in a main street that generate daytime, night time, or weekend activity (e.g., post-secondary institutions, performing arts, office space, recreation cent)</li> </ul>
Support Public Safety	<ul style="list-style-type: none"> <li>Safety is always paramount for a main street and for retailers</li> <li>It is a universal must have for a main street to function</li> </ul>	<ul style="list-style-type: none"> <li>Real and perceived safety issues can limit the appeal of a main street and its retailers to visitors and for retailer retention and recruitment efforts</li> <li>A tool box of building design, outreach, reporting protocols, enforcements,</li> </ul>	<ul style="list-style-type: none"> <li>Consumer and merchant surveys</li> <li>Interviews</li> <li>Police crime statistics</li> <li>Neighbourhood safety audits</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
		<p>etc. is required as there is not one simple solution</p> <ul style="list-style-type: none"> <li>•As more retail activity shifts into the evening some of these issues gain increased importance</li> <li>•Quality of life measures</li> </ul>	
Support High Quality Design and Placemaking	<ul style="list-style-type: none"> <li>•There is a correlation between high quality design of retail space including the interface between the retail unit and the public realm and potential retailer productivity</li> <li>•BIAs are mandated to provide streetscape and beautification services</li> <li>•Placemaking can be a differentiator for a main street</li> </ul>	<ul style="list-style-type: none"> <li>•The main street walkability is tied to the visibility of the retailers along a main street and through design, retail units can increase the walkability</li> <li>•Placemaking elements that make main streets comfortable to walk and that increase dwell time (e.g., well programmed urban plaza) aid in retail sales potential</li> </ul>	<ul style="list-style-type: none"> <li>•Cleanliness of main streets and retailers including window washing (amount / weight of garbage collected weekly)</li> <li>•Range of physical features from sidewalk widths, total size of urban plazas and open space, brand/identity, crosswalks, tree canopy coverage, etc.</li> <li>•Cleanliness statistics</li> <li>•Amount of money invested in streetscaping and public realm improvements</li> <li>•Consumer satisfaction surveys</li> <li>•Matching funds and grants – ability to leverage municipal contribution and private sector investment in beautification and streetscape improvements (ratio of municipal contribution to total investment)</li> </ul>
Have Regard for Character	<ul style="list-style-type: none"> <li>•The retail character of the main street and the neighbourhood are</li> </ul>	<ul style="list-style-type: none"> <li>•The City often evaluates the physical character of a neighbourhood but often</li> </ul>	<ul style="list-style-type: none"> <li>•Is there a main street vision and business plan, how often is it renewed</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
and Context of Area	<p>fundamentals for a competitive main street and retail setting</p> <ul style="list-style-type: none"> <li>• Competition encourages innovation</li> <li>• Each main street should strive to have its own identity and vision that is tied back to its location and setting as well as the offering including the business mix and other amenities, the community building and engagement aspects, as well as experience elements</li> </ul>	<p>does not include a study of the retail character of the main street</p> <ul style="list-style-type: none"> <li>• The City needs to encourage each main street to be as competitive as possible to keep them relevant to the local area and resilient in the long term</li> </ul>	<ul style="list-style-type: none"> <li>• Total amount of gross leasable area in the main street</li> <li>• Retail related to local neighbourhood (e.g., ethnicity), opening and closing hours - hours of operation including night time economy</li> <li>• Business turnover</li> <li>• Business longevity</li> <li>• Socio-Economic profile of local trade areas including demographics and expenditure profile</li> <li>• Retail market characteristics including market rents, land sale prices, cap rates, leas ability, absorption statistics, buyers/sellers</li> </ul>
Support Environmental Sustainability and Responsibility	<ul style="list-style-type: none"> <li>• From the development perspective, building sustainable and energy efficient buildings contributes to lowering the expenses a retailer may have and positively impacts their profitability</li> <li>• Retailers should continue with operations and planning that incorporate energy saving and environmentally sustainable practices using PropTech</li> </ul>	<ul style="list-style-type: none"> <li>• Consumers are interested in sustainability initiatives including product sourcing transparency, buying local, as well supporting the circular and sharing economy</li> <li>• Not all measures are immediately cost savings to the landlord or retailer and there are often incentives attached to encourage retailer and consumer changes (e.g., carbon tax)</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental audit of the main street and businesses (e.g., light poles, LED light usage, recycling programs, number of volunteers at clean-up day)</li> <li>• Range of elements from utility usage, greenhouse gas emissions, % of total retail size LEED oriented, etc.</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
	<ul style="list-style-type: none"> <li>Increasingly, consumers are demand this of the buildings and retailers that they will visit</li> </ul>		
<b>Municipal Economic Development</b>			
Job Growth – Overall for City	<ul style="list-style-type: none"> <li>Overall Employment is a priority for healthy economic conditions and attracting residents which feeds retail opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Increased employment will fuel retail sales opportunities through residential growth and increased disposable income through rising wages / salaries</li> </ul>	<ul style="list-style-type: none"> <li>Toronto Employment Survey by major categories over time</li> <li>Statistics Canada</li> <li>Conference Board of Canada – statistics</li> <li>Conference Board of Canada consumer and business confidence index</li> </ul>
Job Growth - Small and Independent Retail	<ul style="list-style-type: none"> <li>How much do small and independent businesses contribute to Toronto's economy and GDP?</li> <li>How much do ancillary businesses (directly and indirectly) contribute to Toronto's economy and GDP?</li> </ul>	<ul style="list-style-type: none"> <li>The ability to understand and communicate the importance of small and independent businesses to the overall economy is vital to ensure this sector continues to grow</li> </ul>	<ul style="list-style-type: none"> <li>Toronto Employment Survey – chain and non-chains for a broad definition of retailers that extends beyond traditional NAICS 44 and 45 codes</li> <li>Include employment in industries associated with retail – supply side transportation, wholesale, accounting, graphic designers, marketing agencies</li> <li>Economic Impact Assessment study</li> <li>Labour force participation rate</li> <li>Unemployment</li> <li>Employment mix</li> <li>New business formation data – openings and closings (e.g., especially</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
			<p>in newcomers and new immigrant areas)</p> <ul style="list-style-type: none"> <li>•Canadian Federation of Independent Businesses (confidence, sentiment index, hiring index)</li> </ul>
Attract Tourism	<ul style="list-style-type: none"> <li>•How much do Toronto's main streets pull in regionally (i.e., beyond City's boundaries, or beyond 40 km to 80 km for Provincial standards TREIM – Ontario Tourism Regional Economic Impact Model)</li> </ul>	<ul style="list-style-type: none"> <li>•Inflow of potential sales is a key metric related to strength of Toronto's main streets and retailers</li> <li>•How big is the positive net inflow of expenditure to Toronto and what part do Toronto's main street play in that positive net inflow</li> <li>•Provincial grants for tourism are often based on justification that programmed events and activities generate a positive net inflow</li> </ul>	<ul style="list-style-type: none"> <li>•Toronto hotel occupancy rates – published by CBRE or other monitoring companies</li> <li>•Statistics Canada data on visitation</li> <li>•Toronto Tourism – research and statistics</li> <li>•Survey data – intercept or mobility cell phone data that can correlate outside visitation to main streets</li> <li>•Main street event attendance and conversion rates</li> </ul>
Encourage Local Residents and Employees to Shop Locally	<ul style="list-style-type: none"> <li>•As stated, resident survey findings supported the desire and need for residents to be able to access a range of goods and services locally within their neighbourhood and that these goods and services be primarily independents</li> </ul>	<ul style="list-style-type: none"> <li>•Being able to shop locally and in particular at small and independent retailers is a goal to complete communities within Toronto that can access goods and services easily and efficiently</li> <li>•Locally is defined within 400 to 800 m of the main street</li> </ul>	<ul style="list-style-type: none"> <li>•Survey data – telephone, online or mobility cell phone data</li> <li>•Interviews with local merchants</li> <li>•Socio-economic characteristics of local trade areas including demographics and expenditure information</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
Support the Prosperity and Growth of Small and Independent Businesses	<ul style="list-style-type: none"> <li>•As stated in the job growth section, small and independent businesses contribute to the Toronto economy, satisfy the needs for goods and services by residents who want to shop locally, and contribute to a sense of community and placemaking that makes them feel part of something (sense of belonging)</li> </ul>	<ul style="list-style-type: none"> <li>•Ability to differentiate between chain and independents within the research is a key step to assessing the health and vitality of Toronto's main streets</li> <li>•This allows the City to undertake further research such as main street revitalization work and economic impact analysis with greater clarity on the benefits of policy changes</li> </ul>	<ul style="list-style-type: none"> <li>•Continue to add to and refine the list of all retailers (traditional, food services, personal services) as chain and non chain</li> <li>•Apply to Toronto Employment Survey</li> <li>•Add to the survey to include sizes (see side note)/ footprints</li> <li>•Economic impact studies</li> </ul>
<b>Business Profitability</b>			
Provide Sufficient Market	<ul style="list-style-type: none"> <li>•Small and independent retailers that are local neighbourhood focused need population and employment densities to be successful</li> <li>•Development near main streets and turnover of households ensures growth prospects for these businesses</li> </ul>	<ul style="list-style-type: none"> <li>•Retailers and main streets need to constantly evolve and adjust to the local socio-economic realities of their trade areas</li> <li>•This ensures they are adaptable in the long term</li> <li>•As the City encourages complete communities, it is imperative that there is sufficient densities to support shopping locally especially for those that</li> </ul>	<ul style="list-style-type: none"> <li>•Meet provincial and City population and employment density targets</li> <li>•Rental rates, sales rates, cap rates, leasability, number of months on market, shift in ownership (CoStar or other data aggregator such as Altus, Toronto Real Estate Board)</li> <li>•Conversion of pedestrian volume to store visits</li> </ul>





Goals	Why It is Important to Measure	Justification	Measurement Options
		are transit and walking dependent	
Provide Efficient Cost Structure	<ul style="list-style-type: none"> <li>•Retailer profit margins are always very small and tight and there is considerable variations by retail sector. Grocers often experience the tightest profit margins</li> <li>•Retailers including small and independent retailers are being squeezed at both ends by sluggish sales growth (from online competition) and high expenses including labour, taxes, and operating expenses. Opportunities to reduce the costs of running a business ensure businesses stay open</li> </ul>	<ul style="list-style-type: none"> <li>•City understands that small and independent retailers are being squeezed on both ends by increased competition and rising fixed and variable costs (e.g., labour, energy, taxes)</li> </ul>	<ul style="list-style-type: none"> <li>•Programs such as Retail Accelerator by Retail Council of Canada and Enterprise Toronto will help small and independent retailers understand the pain points of opening a business</li> <li>•The Retail Design and Development Best Practices Manual sets out design and layout perspectives to make retail function better in a mixed-use development</li> </ul>
Meet Back of House Requirements	<ul style="list-style-type: none"> <li>•The flow of goods from the manufacturer, warehouse, farm, etc. to the retail business is vital to the success</li> <li>•How these are handled either in a formalized loading area or through front door deliveries and waste movement</li> <li>•Small and independent retailers should have less need for extensive loading and</li> </ul>	<ul style="list-style-type: none"> <li>•For small and independent retailers to go into a new development with an extensive loading and waste area may be cost prohibitive as the developer as the recoup that cost from the businesses</li> <li>•Whereas most of this could be handled through front door delivery</li> </ul>	<ul style="list-style-type: none"> <li>•There may not be suitable metrics for this element</li> </ul>



Goals	Why It is Important to Measure	Justification	Measurement Options
	waste but that is not necessarily the case.		
<b>Adaptability – Accommodate Future Intensification</b>	<ul style="list-style-type: none"><li>•Retail and main street adaptability is key to ensuring long term sustainability of Toronto’s main streets</li><li>•There will always be a cyclical pattern of retailers and main streets to constantly update and refresh to stay relevant</li></ul>	<ul style="list-style-type: none"><li>•The City can assist retailers and main streets understand early warning signs of change and encourage efforts to refresh, revitalize, or re-invent</li></ul>	<ul style="list-style-type: none"><li>•Building permits (especially for existing spaces) – how much is invested annually (or on a square meter basis)</li><li>•Assessed commercial property values by property type (absolute and change)</li></ul>



**CURRENT STATE AND FUTURE OF TORONTO'S RETAIL MAIN STREETS**  
**APPENDIX 26: DEFINITIONS AND GLOSSARY OF TERMS**



## GLOSSARY

**Anchor Tenant:** The major store(s) within a planned shopping centre that attract(s) customers to the centre. The anchor varies with the scale of the centre.

**Convenience Goods:** Food and drug type retail. Goods with a very steep spatial demand curve, which are frequently purchased, often non-differentiated, and relatively inexpensive.

**Disposable Income:** Income available after taxes and contractual commitments (pension plan, insurance, loans, rent, etc.).

**Distribution System:** The chain of information, financial flows, transportation, retail, wholesale, and production facilities that link the point of production to the point of consumption.

**Economies of Scale:** Factors leading to a decline in the average cost per unit as the quantity sold increases. Typically, economies of scale are larger as fixed costs account for a greater proportion of total costs.

**Fixed Costs:** Those costs of running a retail business that do not vary with the amount of goods sold (i.e., overhead); includes rent, utilities, insurance, wages, etc.

**Destination Retail:** Ability to attract customers on their own.

**Gross Leasable Area:** The area of a retail unit or shopping centre that is assigned to stores, excluding corridors, exits, open space.

**100% Intersection:** The central corner within an unplanned retail district where land values are highest, land-use density is greatest, and pedestrian flows are maximum.

**Horizontal Integration:** The organization of a single firm that operates a number of facilities that carry out the same function, but at different locations.

**Income Elasticity:** Consumption increases or decreases disproportionately as household income increases or decreases.

**Leasing Broker:** The intermediary between the developer, landlord, property management and the retail business. The broker may rent a block of space in a centre and sublet it to tenants or may simply match tenants to spaces.



**Lifestyle:** The variety of ways a person or household may spend its time and money. The range of options can vary widely from suburban, outdoor, punk, intellectual, ethnic groups, etc.

**Logistics:** The costs of a retail business of operating a store that is spatially separated from the head office, including administration, warehousing, and shipping costs.

**Margin:** The proportion of a store's sales not attributed to the cost of the goods themselves, i.e., the overhead or fixed costs. Note that if  $(\text{goods} + \text{margin}) = \text{sales price}$ , then  $\text{markup} = \left( \frac{\text{margin}}{\text{goods}} \times 100 \right) - 100$ .

**Market:** A set of consumers, target market.

**Market Area, Trade Area:** The locations served by a store or retail district, or shopping centre. Penetration of the trade area will vary with distance. Primary trade areas are usually 50% to 60% of the total visitation and secondary trade area is up to 75% to 80% of the total visitation.

**Market Profile:** A breakdown of a retail business district or shopping centres market area according to income, demographics, and lifestyle segmentation.

**Market Segment:** A subdivision of a market on the basis of income, demographics, location, or lifestyle or some combination.

**Market Share:** The proportion of total sales in a market obtained by a given retail business, business district, or shopping centre.

**Cross Shopping:** Consumers prefer to visit more than one store per trip, generating positive externalities for neighbouring stores.

**Niche:** A small market, partially isolated from the competition by distance or degree of specialization.

**Point of Sale:** Monitoring consumer behavior by means of information gathered at the checkout.

**Oligopoly:** A competitive condition in which several large firms compete on a more or less equal basis, but in the knowledge that an action by any of them will impact all the rest.

**Predatory:** The behavior of a retail business, often a chain, attacking a competitor by setting up an adjacent facility.



**Pre-emptive:** A retail business locating a store before the target market is built.

**Product Line:** A mix of products determined by the producer or supplier, based on supply-side considerations.

**Retail Chain:** A number of stores of the same type that are owned and operated by the same firm (horizontal integration).

**Retail Structure:** The spatial distribution of retail stores and store types including the composition of groupings of stores, spacing, block planning, and relationship to the market.

**Shopping Centre:** (Planned) a number of retail related activities that are (a) operated separately, but (b) occupy a single property and are managed by a single firm. As a result, they are typically distinguished from unplanned centres by their design, internal layout, mix of business type and store size, and rental structure.

**Shopping Goods:** (Comparison goods) goods with very shallow demand curves. They are distinctive (often brand name products) infrequently purchased, with a high value/bulk ratio. Customer like to compare different stores.

**Spatial Demand Curve:** The decline in the likelihood of the purchase of a good with the distance from the store. This decline is attributable to the costs in time and money of consumer travel, and ultimately to the presence of competitive sources for the product.

**Spatial Monopoly:** A situation in which one supplier has a price advantage over competition that is equal to the differential in travel costs to the customer. This price advantage can be converted to profit for the retailer, according to the economic principles of monopolistic competition (see supply management).

**Threshold of a Good:** The minimum trade area needed to support the sale of a good (or to support a type of business).



**Truncation:** Diminution of the market area of a particular store, business district, or shopping centre by a competitor locating in such a way as to intercept customers before they get to the original store.

Also, any change in the market area due to natural and man-made features that restricts access.

**Turnover:** The average number of times the store's inventory is replaced each year (i.e., the ratio of annual sales to current inventory). A food store may have a turnover of 15 and clothing stores five or six times.

**Unplanned Centre:** A cluster of retail stores within a city in which there is a structured internal pattern of locations, achieved by the independent decisions of stores operating within the land market.

**Variable Costs:** Those costs of running a store that are directly related to the quantity of goods sold (e.g., the wholesale cost of the product).

**Vertical Integration:** The organization of a single firm that operates a sequence of activities that provide goods and services for each other. In the distribution system, a major retailer might expand into wholesaling or even production activities in order to guarantee a supply of goods of a specific quantity or to recoup the advantage of its market power.