



# MEMO

**To:** Strategic Priorities and Policy Committee

**From:** Planning and Economic Development

**Date:** February 8, 2022

**Re:** Strategy to Reduce Core Area Vacancy:  
Business Case: Core Area Pilot Program

On November 30, 2021, the report [Strategy to Reduce Core Area Vacancy](#) was considered by the Strategic Priorities and Policy Committee. This report proposed a strategy setting out potential tools that may assist in reducing core area land and building vacancy. One of the recommendations from this report that was resolved by Municipal Council on December 7<sup>th</sup>, 2021 was:

*... “d) the Civic Administration BE DIRECTED to work with the LEDC to develop a business case for consideration from the \$10 Million funding previously authorized to be contributed to the Economic Development Reserve Fund to support social and economic recovery measures;...”*

Attached to this memo, as Appendix A, is the “Business Case: Core Area Pilot Program” from LEDC and its partners, with assistance from Civic Administration, that is presented for committee consideration.

## Appendix A

# London Community Recovery Network Ideas for Action – Business Case

LCRN Focus Area Alignment: *Investing in People; Driving Prosperity; Fostering Community*

Idea Title: *Core Area Pilot Program*

### **Business Case Deliverables & Impact**

**Purpose:** Support commercial and main street corridor recovery in core areas of downtown and Old East Village, by recruiting new businesses, home based and expanding entrepreneurs to reduce main street vacancies and further develop small business jobs and investment.

**Partners:** Old East Village BIA (OEV), Downtown London (MainStreet London/MSL and London Downtown Business Association/LDBA), Small Business Centre (SBC) and London Economic Development Corp (LEDC)

### **Background:**

London's core business districts have faced significant economic impact from the pandemic, resulting in loss of retail customer base and daytime office workers, as well as high vacancy rates. These districts have an important economic and employment impact, generate destination tourism and hospitality as well as deliver unique quality of life experiences for London and region.

LEDC was asked to develop this business case in collaboration with the above partners and the city to align with established goals of the London Community Recovery Network of investing in people, driving prosperity and fostering community. The plan below identifies how community partners can collectively deliver short-term core area vacancy initiatives in 2022. In order to implement these initiatives, LEDC has prepared this business case to support a one-time funding of \$300,000 for Council's consideration, as per Council Resolution of December 7<sup>th</sup>, 2021:

*... "d) the Civic Administration BE DIRECTED to work with the LEDC to develop a business case for consideration from the \$10 Million funding previously authorized to be contributed to the Economic Development Reserve Fund to support social and economic recovery measures;..."*

### **Phase 1 Pilot Program:**

Through a new one year pilot program, LEDC, SBC, OEV and Downtown London would work together to create a pipeline of 10-15 targeted prospects, with a goal to work with 4-6 businesses to scale up their growing operations, increase employment and productively utilize vacant spaces in London's core areas, Downtown and Old East Village.

The partners would work together to create business development and recruitment channels, marketing collaterals and identify prospects in bricks and mortar retail, office and creative industries. SBC would provide their expertise in coaching and business planning; OEV BIA and Downtown London would work with property owners to develop empty spaces, and the LEDC would provide business development resources to assist with recruitment and building a roster of potential tenants. All partners would leverage external funding, corporate sponsors and current internal resources during this pilot program.

A proposed investment of \$180,000 from the \$10 million funding Council authorized to be contributed to the Economic Development Reserve Fund to support social and economic recovery measures, as well as the LCRN Framework, would be used towards:

- staffing costs, business development consulting and marketing supports incurred by all partners to help build an attraction and growth funnel of potential storefront retail and office businesses.
- ways to develop consumer experience centres and pop-up retail opportunities. Identify and engage with companies to open consumer experience centres in the core.
- Collateral supports, inventory database, marketing, signage and advertising for these initiatives.
- Work with other agencies and community partners to broaden the reach of this program.

Once a pipeline of 10-15 targeted prospects is developed, the partners would work with a cohort of 4-6 companies on start up supports, coaching, mentoring, scaling up existing operations, accessing small business financing and working with property owners to match prospects with vacant spaces. A proposed investment of \$120,000 from the \$10 million funding Council authorized to be contributed to the Economic Development Reserve Fund to support social and economic recovery would be used for start-up grants and programming for 4-6 companies and successfully attract them to the core, downtown and OEV, through a pitch contest.

A pitch contest approach has proven successful in other communities to attract targeted new businesses to the core. Criteria, application process, prize package and other details are currently being developed by the partners, along with a funding request to the Canadian Urban Institute. This approach would ensure that successful companies have the best chances of long-term space absorption, employment and business growth.

The London Small Business Centre will provide education and coaching for business owners who are selected into the program and help them develop robust business plans. A panel of judges, including small business experts and local stakeholders, will be created to judge the contestants at a pitch competition and award a prize package of valuable services and supports.

Among the contestants who were not selected, the partners will continue to work with them to attract their businesses to the core. Local corporate sponsors will be invited to donate prizes, resources and services.

***Supplemental programs being leveraged to address core area vacancy:***

**Ambassadors** - Downtown London is developing a suite of programs to strengthen downtown's entrepreneurial ecosystem and grow the next generation of successful entrepreneurs. This new model integrates Downtown London programming, with the resources and supports available through the Small Business Centre. This includes the new Business Ambassadors recruited under the My Main Street Local Business Accelerator Program, who will act as advisory supports to share market research and coaching for individual businesses to help them grow. More partners will be added to the programs as the work progresses.

**Pop-Up Shops** - this program will work with core landlords who are open to short-term uses in their vacant spaces, creating a roster of potential pop-up shop spaces. This program is expected to result in short-term occupancy of 4-5 vacant spaces on an ongoing basis, with the goal of attracting at least 3 businesses to the district on a permanent basis.

**Direct Attraction Campaign** - Downtown London will build on their investment in market analysis and program development with Live Work Learn Play, and will leverage existing resources, market analysis, targeted retail catalogue, targeted leasing program and tools to launch a direct attraction campaign to recruit businesses to London's core areas. Among the targeted uses are creative businesses, which will lead to creation of additional music venues in support of London's UNESCO designation as a City of Music.

**Marketing** - a new website will be developed for MainStreet London, sharing basic information about its mandate and the new programs targeted at business attraction with links to other programs and resources to support core area entrepreneurs. Downtown London staff will also pursue a variety of strategies for window activations using professionally designed posters with strong calls to action, engaging information about programs and support services available to core area entrepreneurs.

**CIPs** - City of London Financial Incentive Programs support property owners within the Downtown and Old East Village CIPs through interest-free loans including a grant portion to fund building interior and exterior upgrades. These upgrades assist property owners to make their retail spaces “tenant ready” and are facilitated by Downtown London and Old East Village staff.

**Actions already underway:**

- Downtown London and OEV staff have started identifying potential pop-up locations.
- Funding applications underway to the Canadian Urban Institute, requesting funding through Fed Dev. A particular focus of this funding is to be inclusive and ensure representation from equity-seeking entrepreneurs, including but not limited to business owners who are female and those individuals from BIPOC, LGBTQ, youth, marginalized and people with disabilities.
- Two interns from the FIMS program at Western have been hired to support marketing and promotion of the programs, creating student employment opportunities and valuable work experience.
- Work is underway to hire a program coordinator for Downtown London to design, develop and administer and promote the programs, tracking metrics, and using a database to track activities and prospects.
- Partners have started compiling lists of targeted businesses for direct attraction efforts.

***Additional funding of up to \$1 million would be leveraged against the city’s investment:***

- \$120,000 from the London Downtown Business Association will be leveraged for the pilot program, to cover operating costs and to work with landlords in the core. The LDBA has also provided in-kind support covering the salary of the MainStreet London Business Development Manager, seconded from LDBA to oversee the MainStreet London programs. Other Downtown London staff would also support the work as needed.
- OEV BIA would leverage \$70,000 in funding from the Canadian Urban Institute and provide additional staff support to the initiative through existing personnel. Downtown London would leverage an estimated \$75,000 in funding from Canadian Urban Institute, if approved.
- One summer student will be hired downtown to support program activities, marketing and social media promotions, and an application has been submitted to Canada Summer Jobs program for funding (not yet confirmed).
- The Small Business Centre will leverage the recent council investment of \$57,000 in the MyMainStreet program and the FedDev investment of \$600,000 to offer start up coaching, expansion planning, mentorship and access to capital to growing entrepreneurs.
- LEDC would leverage existing business development expertise, marketing collaterals and research capacities.
- Corporate sponsorships and in-kind services will be leveraged further.

**Phase 2 (upon successful results from ph.1 pilot program):**

As an extension of the pilot program, the partners would work with Tourism London, London Arts Council, Music Office, Film London, Chamber of Commerce and others to further creative industries development and business recruitment, that builds on the vision of London’s Core Area as a premier Music, Entertainment and Culture District, which will attract more people and positively impact space utilization.

The partners would also look at ways of developing hybrid boardrooms and meeting spaces to entice office users and small companies out of home offices and basements and into our core areas to increase daytime office workers.

These initiatives align with the LCRN goals of investing in people by improving quality of life so that all Londoners can participate and succeed, driving prosperity as well as fostering community.

## Next steps:

Upon approval of the business case, including the requested \$300,000 of funding from the \$10 million set aside by Council for social and economic recovery, the next steps would include:

- Hiring a program coordinator to manage the pilot project, develop program materials and campaigns
- Working with Small Business Centre to implement business advisory supports and access to grants
- Create pipeline of prospective tenants and conduct outreach activities

## Business Case Financial Impacts

Operating Budget Impacts (\$000's)	2022	2023	2024	2022-2024 Total
<b>Total Expenditure</b>	\$927,000	\$0	\$0	\$0
<b>Existing Sources of Financing:</b>				
Downtown London BIA	\$120,000			
Small Business Centre (via City Investment)	\$57,000			
Fed Dev Investment	\$450,000			
<b>Requested Project Financing:</b>				
<i>Pitch Contest (start-up grants and programming)</i>	\$120,000			
<i>Business Development Resources (staffing costs, business development consulting and marketing supports)</i>	\$180,000			
<b>Net Request</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Business Case Metrics

Metric Description	Current	2021	2022	2023
<i>Positive space absorptions in OEV and Downtown</i>			4-6 spaces	
<i>Pipeline of new retail attractions and growth of existing companies</i>			10-15 businesses	
<i>MyMainStreet Local Business Accelerator Program</i>			Up to 20 new and expanding companies	

## What are the risks of not proceeding?

Without these type of pilot initiatives, London risks not being able to reduce core area vacancy and impacting the long-term sustainability of core areas, downtown and OEV. Given the dramatic reduction in daytime office workers and overall foot traffic in the core areas, pilot programs like this provide a low risk opportunity to try new approaches to developing small businesses and productively utilizing vacant spaces.

## Other Information

*\*\* Include linkages to any reference documents, previous reports, relevant Council resolutions, etc.*

Previous report pertinent to this matter: November 30, 2021 – Strategic Priorities and Policy Committee – Strategy to Reduce Core Area Vacancy

Link: <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=88119>

Council Resolution: attached as Appendix B



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CANADA

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December 8, 2021

G. Kotsifas  
Deputy City Manager, Planning and Economic Development

I hereby certify that the Municipal Council, at its meeting held on December 7, 2021 resolved:

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions be taken with respect to a proposed strategy that sets out potential tools that may assist in reducing core area land and building vacancy:

- a) the staff report dated November 30, 2021 entitled Terms of Reference to Address the Council Resolution from July 6, 2021 BE RECEIVED;
- b) the Terms of Reference described in the staff report as Appendix "A": Terms of Reference: Scope of Work to Address the Council Resolution from July 6, 2021 BE APPROVED;
- c) the integration of the work to address the Council Resolution from May 25, 2021 with respect to parking in the core into this Terms of Reference BE APPROVED;
- d) the Civic Administration BE DIRECTED to work with the LEDC to develop a business case for consideration from the \$10 Million funding previously authorized to be contributed to the Economic Development Reserve Fund to support social and economic recovery measures; and,
- e) the Civic Administration BE DIRECTED to move forward with the Implementation Plan described in the report dated November 29, 2021. (2.1/18/SPPC) (2021-D19)

C. Saunders  
City Clerk  
/hw

cc: M. Tomazincic, Manager, Strategic Land Development, Planning and Economic Development