

Action Based Strategies to Guide the City's Efforts to Support the Recovery of the Office Market in Downtown Hamilton

Action 1: Formalize A Central Staff Liaison Between Downtown Businesses and the Delivery of City Services in Downtown Hamilton

A number of Downtown office landlords and businesses identified critical street level issues such as waste collection, street sweeping, graffiti removal and boulevard maintenance as significant factors in creating a sense of safety and desirability for office tenants, and for attracting more people to the Downtown core.

Services to address these matters are distributed across several City divisions. A regular point of contact or "liaison" would assist with communicating emerging issues and concerns with the Divisions responsible for delivering these services.

Staff are recommending that the Manager of the Commercial Districts and Small Business Section within the Economic Development Division act as the central "liaison" between departments, divisions and the downtown business community to coordinate City efforts to support the Downtown office market.

Staff are also recommending that staff within the Commercial Districts and Small Business Section of the Economic Development Division be directed to work with local Business Improvement Areas and with the appropriate City departments and divisions to identify opportunities to introduce enhanced service levels within the Downtown Core for critical street level issues such as waste collection, street sweeping, graffiti removal and boulevard maintenance, and that the General Manager of Public Works be authorized to introduce temporary increased service levels where warranted, to be funded from the Economic Development Initiatives Capital Project (3621708900).

At the May 15, 2023 Public Works Committee, staff were directed to conduct a service level review across all division in the Public Works Department that are responsible for proactive and reactive litter collection in the public realm. Through this direction, staff will report back prior to the 2024 budget deliberation on any operational and budgetary changes that may be required to address service levels respecting litter collection. This direction includes the review of the service level within the downtown core as the general condition of the downtown remains a key priority area.

Action 2: Increased Municipal Incentives for Tenanting Vacant Office Space

The City's Start-up and Office Tenant Attraction (SOTA) Program provides low-interest and forgivable loans for eligible leasehold improvements for a minimum of 1,000 square feet of gross leasable office space or 500 square feet for a start-up. In 2021, a new focus on individual start-up businesses was introduced. These businesses are typically emerging from regional, national, and international start-up/business incubators and seeking to establish their first permanent office location.

Staff are recommending that a review be undertaken of potential enhancements (i.e. increasing maximum loan amounts) to the City's existing Start-up and Office Tenant Attraction Program for the Downtown Hamilton Community Improvement Area.

Action 3: Increased Municipal Support for Businesses Experiencing Vandalism

The Commercial District Revitalization Grant (CDRG) Program offers a matching grant to off-set the cost of eligible improvements such as exterior physical improvements, accessibility and environmental sustainability. This grant also includes assisting commercial property owners/authorized tenants to repair damage due to fire and vandalism (not including graffiti).

Staff are recommending that the City's existing Commercial District Revitalization Grant Program be enhanced as it relates to offsetting costs associated with vandalism and graffiti on commercial properties.

Action 4: Explore strategies to determine the feasibility of office-to-residential conversions

Spurred by the pandemic and shifting workplace arrangements, many communities are considering office-to-residential conversions for older Class B or C building stock to increase housing stock. Recent conversions in the City of Hamilton include the conversion of office to housing at 400 King Street East which is currently being transformed into a new men's shelter.

In Calgary, the Downtown Calgary Development Incentive Program was established in April 2021, which included detailed Terms of Reference focused on office-to-residential conversion projects. In two years, Calgary City Council has approved \$153M for the Program, with \$100M spent on eleven projects. These commitments represent nearly 20% of their ten-year goal of removing six million square feet of office space in Downtown Calgary by 2031 (Retrieved January 17, 2023 from <https://www.cbc.ca/news/canada/calgary/office-to-residential-the->

cornerstone-1.6716211). It should be noted that the downtown vacancy in Calgary remains at 34%.

In Ontario, cities such as Toronto, Halifax, and London, are debating these projects' feasibility. In recent discussions with downtown Hamilton landlords, the potential of office building conversions was considered. Many shared that it was not feasible due to the configuration of their existing office space. Toronto-based Altus Group, a commercial real estate advisory and data company has found, "Conversion costs often don't add up to make housing a viable option" and "the building itself and anticipated cost, it might be easier to demolish it and start from scratch" (Retrieved February 6, 2023 from <https://www.cbc.ca/news/business/empty-offices-housing-1.6736171>). Other communities are reviewing their Community Improvement Plans (CIP) to attract new build office developments. In 2021, the Region of Peel adopted a Major Office Incentives Program focused on tax increment equivalent grants and municipally funded parking programs.

Staff are recommending further study to explore strategies for office-to-residential conversions to support downtown commercial areas and redevelopment opportunities. Staff will report back with a recommended approach to creating a new incentive program, or modifying an existing incentive program, to support the conversion of vacant office spaces to residential uses within the Downtown Hamilton Community Improvement Area.

Action 5: Develop and launch a downtown-focused campaign to get people back downtown, maximizing workers, residents and visitors into downtown Hamilton

In collaboration with the downtown BIAs, staff will enhance marketing efforts to support economic office recovery in the downtown. For example, the upcoming tech conference, Collision, will provide an opportunity to share new marketing materials focused on the Start-up and Office Tenant Attraction (SOTA) Program.

CDSB created and launched a video marketing campaign in mid 2022 primarily focused on our suite of municipal incentives including the Start-up and Office Tenant Attraction (SOTA) Program. Additional marketing efforts include showcasing Hamilton's office market as a hub and spoke model for companies searching for satellite offices or "spokes" outside the Greater Toronto Area. The coworking offering is another focus area for economic development as it provides soft-landing opportunities for international companies and for local talent to be based closer to home.

Staff will also launch a downtown-focused campaign to get people back downtown, maximize workers, residents and visitors into downtown

Hamilton. The campaign will emphasize cultural programming, sustainable commuting, and special return-to-work events (e.g. Future of Work Forum). These efforts will be funded by existing budgets.

Action 6: Further Enhance Downtown Placemaking Initiatives

The City of Hamilton's Mayor's Task Force on Economic Recovery (MTFER) initiated various actions including enhancement grants for Business Improvement Areas and supports for placemaking and animation projects focused on uplifting the City's commercial corridors. In January 2022, City Council approved \$750,000 over two-years, to be funded from the Economic Development Department Initiatives Capital Project (3621708900), to support the local commercial areas Economic Recovery Program. 2022-2023 Economic Recovery Funding for Placemaking Initiatives included summer concert series, festivals, temporary outdoor patio program fees and several artists inspired public realm installations.

Discussions with property owners indicated additional activities and efforts should continue to animate the downtown core. One interesting area is the expansion of the night-time economy where downtowns focus on activities beyond the nine-to-five crowd. Successful examples of night-time economy activities include night markets, alleyway activations, and public art installations. With the conclusion of the MTFER funding this year, funding for placemaking efforts with a downtown focus will ensure public spaces continue to recover.

Staff are recommending that the City continue to support downtown commercial areas economic recovery efforts through the extension of placemaking initiatives. This would include converting the temporary Senior Project Manager position within the Placemaking, Public Art and Projects Section of the Tourism and Culture Division to a permanent FTE. This role would lead programming and animation initiatives that draw workers, residents and visitors into the Downtown Core.

Action 7: Support transportation planning and parking initiatives

Some downtown property owners and landlords expressed concerns that the recent changes to the road network, perceived congestion, on-going and upcoming construction projects, and available supply of parking are making it challenging to attract and renew tenants.

The City's 2018 Transportation Master Plan is based on a multi-modal approach that seeks to maximize the efficiency of the network by promoting a range of travel options including transit, walking, cycling, as well as vehicle travel. It also recommended a Complete Streets and Vision Zero approach, which are now being operationalized. This includes an emphasis on

enhancing the walking environment through streetscaping measures and addition of amenities such as benches, street trees, public art, wayfinding. Wayfinding and the need for improved communication is essential for upcoming major construction projects. In addition, providing multi-modal options in the downtown core will assist workers access downtown offices and businesses.

Completed in 2021 during the pandemic, the City's Parking Master Plan anticipated some concerns around the changing nature of the workforce as well as actions to address changes to downtown parking supply. There are several actions in the Parking Master Plan that will guide growth and development and assist with post-COVID-19 recovery efforts. These actions including strategies to better manage curbside parking to support businesses and options to expand the supply of on-street parking. Additional discussions involving partnership opportunities on private lots and underutilized locations is another tool that was identified to increase parking supply for workers. The review of dynamic pricing (i.e. operational pricing plan) will assist and provide efficient parking rates across downtown Hamilton.

Staff are recommending supporting transportation planning and parking initiatives including pursuing joint parking supply opportunities with private development and expanding the parking flex-pass pilot project to all City-owned parking lots, as a reduced cost option for hybrid workers, and to make more efficient use of the City's parking lots. Leveraging and promoting the Smart Commute Hamilton Program to more downtown businesses will help to mitigate the impacts of major construction projects.