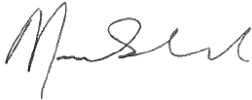




Hamilton

INFORMATION REPORT

TO:	Chair and Members Light Rail Transit Sub-Committee
COMMITTEE DATE:	November 15, 2024
SUBJECT/REPORT NO:	Information on Potential Grant and Support programs related to Light Rail Transit Construction (PED24182) (Wards 1, 2, 3, 4, 5)
WARD(S) AFFECTED:	Wards 1, 2, 3, 4, 5
PREPARED BY:	Judy Lam (905) 546-2424 Ext. 4178
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

COUNCIL DIRECTION

At the May 23, 2024, meeting of the Hamilton Light Rail Transit Sub-Committee, Council directed the following of Staff:

- (a) That staff be directed to research and explore potential small business grant and support programs available to the City of Hamilton, small businesses, or Business Improvement Areas during the Light Rail Transit major construction to support impacted businesses along and adjacent to the Light Rail Transit;
- (b) That staff be directed to complete this scan and bring forward to the Light Rail Transit Sub-Committee annually in Q4 if there are changes to information on potential small businesses, or Business Improvement Areas during the Light Rail Transit major construction, and;
- (c) That staff be directed collaborate with Metrolinx, FEDDEV Ontario, and other funding agencies to enable the implementation and marketing of these small business supports ahead of the Light Rail Transit major construction.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

INFORMATION

Relevant Context

The construction of the 14km long Hamilton Light Rail Transit between McMaster University and Eastgate presents long-term benefits to the city and region. However, during the construction period businesses located along the corridor may be negatively impacted, including impacts on foot traffic, accessibility, parking, sales and consequently profits. While some businesses might be able to sustain potential revenue losses incurred by prolonged construction, many businesses may not be able to survive the disruption. These businesses will continue to rely on efficient construction management to minimize the disturbances and any other support they may have to compensate their revenue losses.

At Council's direction, staff have researched potential supports for small businesses along the Light Rail Transit construction corridor. A jurisdictional scan was conducted across multiple mid-size to large municipalities to identify relief measures taken by Canadian and American municipalities doing similar light rail projects. The best practices, success stories, and lessons learned are shared in this Information Report.

Existing grant and support programs in Hamilton

Before delving into examples of initiatives taken by North American municipalities to support businesses during construction disruptions, it is imperative to take stock of existing programs available in Hamilton that impacted businesses could benefit from. This section briefly summarizes the programs and supports offered by the Economic Development Division, Hamilton Business Centre, the Hamilton Chamber of Commerce and Metrolinx.

A. City of Hamilton Economic Development Division

1. Commercial District Revitalization Grant (CDRG) Program

This program provides grants that support long-lasting and predominantly exterior physical improvements to the appearance, accessibility, and environmental sustainability of commercial or mixed-use properties located within commercial districts. The maximum grant amount under this program is paid on a matching basis (50%-50%) for eligible work and can be utilized by businesses located along the corridor for:

- Exterior building façade improvements;

- Exterior/interior improvements that achieve Accessibility for Ontarians with *Disabilities Act* standards;
- Exterior building/property improvements which improve appearance or functionality, including those that enhance environmental sustainability of the building/property;
- Limited interior mechanical/ventilation improvements for restaurant uses, and;
- Municipal financial incentive programs provided directly to businesses and property owners, such as those provided under the Commercial District Revitalization Grant and Commercial Vacancy Assistance programs noted below, are limited under Provincial legislation to supporting permanent physical building improvements only. The municipality is not permitted to provide direct grants or other forms of financial assistance for matters such as, but not limited to, loss of income, staff costs, lease/rent costs, or any physical improvements of a temporary nature.

2. Commercial Vacancy Assistance (CVA) Program

This program provides financial assistance in the form of a grant to new permanent or 'pop-up' commercial tenants of a presently vacant at-or-below-grade commercial space to make permanent interior improvements to improve the attractiveness and usability of the space for the intended commercial use. It can be used to support eligible businesses along the construction corridor.

This grant is also paid on a matching basis (50%-50%) for eligible work to a maximum of (i) \$5,000 where the applicant has entered a lease term of between no less than three months and no longer than six months, or (ii) \$10,000 where the applicant has entered a lease term of six months or longer. The eligibility criteria for this grant outlines that the grant shall be provided to an Applicant who:

- Is an authorized commercial tenant of a property that is the subject of the program application; and,
- Will operate a commercial use accessible to the public/customers and provide street level activity and may include, but is not limited to:
 - Retail uses;

- Artist studios/galleries containing a retail component;
- Personal service businesses;
- Microbreweries;
- Commercial entertainment uses;
- Commercial recreation uses; and,
- Dine-in or take-out restaurants.

3. Direct Business Improvement Area Financial Supports

In addition, Hamilton's Economic Development Division provides on-going support to Business Improvement Areas through the annual Contribution to Operating Grant, Christmas Grants to Business Improvement Areas, parking revenue sharing, Holiday Spend It Here social media campaign featuring each Business Improvement Areas during holiday season, and the Holiday Parking Program providing free parking in participating business Improvement Areas during the holiday season.

4. Hamilton Business Centre

The Hamilton Business Centre provides information, tools, and resources that entrepreneurs need to start and grow their businesses. A one-stop source of business information, guidance, and professional advice on running a successful business, the Centre can provide significant support to impacted businesses along the corridor. Some of these services include:

- One-on-one consultations;
- Free resources and business advice;
- Review and coaching on this business plan;
- Seminars and workshops; and,
- Digital adoption programs.

B. Hamilton Chamber of Commerce (LRT Ready)

LRT Ready is a four-part business readiness series hosted by the Hamilton Chamber of Commerce. The series is led by industry experts and open to all Hamilton businesses, with a targeted focus on businesses and their employees who live and work in neighbourhoods directly adjacent to the Light Rail Transit corridor. The purpose of this series is to ensure participants gain a better understanding and appreciation of business development opportunities and increased knowledge pertaining to best practices for risk mitigation and preparedness during the construction phase of the Light Rail Transit. The LRT Ready series will recommence as soon as construction on Hamilton's Light Rail Transit begins.

C. Metrolinx

Metrolinx has not yet confirmed the support programs that it may provide to businesses along the Light Rail Transit route. However, they have provided examples of very high-level types of support that Metrolinx may provide to businesses during construction. Metrolinx has stated that they learn from other projects that they have previously participated in, and they are interested in developing a "made in Hamilton" strategy that works for this community. Examples of supports that have been provided by Metrolinx include:

- "Shop local" campaigns and events;
- "Open for business" and wayfinding signage;
- Funding for Business Improvement Areas for marketing during construction;
- Business preparedness seminars and workshops;
- Contractors are required to procure locally; and,
- Opportunities for local businesses to participate in the bidding process for certain contracts and network with contractors/subs through trade shows and industry expos.

Jurisdictional scan on small business grant and support programs which Hamilton may wish to further explore during Light Rail Transit construction to support impacted businesses:

A preliminary scan was conducted of four Canadian and four American municipalities to review the initiatives they took to support small businesses through Light Rail Transit

construction. These eight municipalities were chosen from a wider scan of initiatives where financial assistance was provided by the municipality. The initiatives described below provide examples of grant programs, financial assistance and business supports intended to support small businesses faced with potential disruptions due to significant infrastructure projects.

Staff note that the following examples should be read with consideration for the unique legislative framework each municipality operates under which may permit initiatives and assistance programs not currently available to the City under Ontario legislation. Specifically, staff note that Section 106 of Ontario's *Municipal Act* states that: "Despite any *Act*, a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose". There are limited exceptions to this anti-bonusing clause which include:

- The ability to provide financial incentives under the *Planning Act* for physical building improvements supporting community improvement where the property is located within a Community Improvement Project Area (CIPA) and subject to a Community Improvement Plan (CIP) Program established by Council;
- Financial supports for not-for-profit entities; and/or,
- Financial incentives for the rehabilitation/reuse of heritage building designated under the *Ontario Heritage Act*.
- Discretion for the Lieutenant Governor in Council to consider granting a municipality the ability to grant assistance, directly or indirectly, to a specified manufacturing business or other industrial or commercial enterprise, where deemed necessary or desirable to attract investment in the Provincial interest (introduced as amendment to the *Municipal Act* in 2024 through Bill 185).

Canadian Cities

1. Vancouver Broadway Subway Project

For TransLink's Broadway Subway Project in Vancouver, the Government of British Columbia undertook a multi-pronged approach to support businesses. They created a dedicated mitigation team to provide full-time support for businesses along the Broadway corridor during construction. They not only liaised with businesses in the construction zone but shared advanced notices of upcoming work and held regular stakeholder meetings to address any concerns. Some additional business supports included: visually appealing wayfinding signs for

businesses, relocation of commercial loading zones to nearest cross streets, timing water shut offs at night to reduce business impacts.

Further, the City of Vancouver Council approved a pilot Development Potential Relief Program that supported independent and small businesses paying disproportionately high land taxes due to development potential. Through this program properties (Class 5 and 6) will benefit as a portion of their land value will be subject to a Development Potential Relief Program Tax rate which is 50% of the blended Classes 5 and 6 tax rates. Some other mitigation measures included creation of murals in collaboration with Business Improvement Areas, a robust social media campaign promoting businesses along the corridor and an interactive maps page highlighting updated parking, access maps, alternative travel options for people visiting Broadway businesses.

2. Toronto's Eglinton Crosstown Light Rail Transit Project

While Metrolinx's construction of Toronto's Eglinton Crosstown Light Rail Transit offers some lessons, the City of Toronto's construction relief programs are examples that may be replicated with funding assistance from other levels of government. The City of Toronto launched "Transit Expansion Construction Mitigation Grant Program" in 2019 originally to support the Eglinton Crosstown Light Rail Transit Project but expanded it to include all major transit expansion projects across the city in 2020. This program was funded by unallocated Federal Pandemic Relief funding utilized by the City of Toronto to support small businesses.

Funding supported the ShopLocal2Win initiative by providing grants of \$25,000 to \$50,000 to Toronto Business Improvement Areas that ran the campaign. The campaign included a video to help educate and engage businesses, creation of marketing collateral, sponsor engagement material, and social media support. Local businesses were supported through opportunities to win weekly prizes when customers purchase gift cards.

Under the program, while direct financial assistance was not provided to businesses, grants of up to \$50,000 per year were made to Business Improvement Areas and other business associations impacted by construction for more than a calendar year. The City of Toronto administers this grant program using funding provided by Metrolinx, as there are significant risks to a municipality in directly providing financial assistance for a project.

The December 2021 ShowLoveTO campaign is a good example of non-financial incentive support by introducing a campaign that encouraged people to support

local businesses and restaurants during the holiday season. The ShowLoveTO campaign included an ad campaign through December on TV, online and in transit shelters. ShowLoveTO was produced by the City of Toronto in association with a founding corporate sponsor and in partnership with Destination Toronto. ShowLoveTO programs were funded by the Government of Canada through the Federal Economic Development Agency for Southern Ontario and the Government of Ontario and sponsored by The Carpenters Union Local 27, Toronto Regional Real Estate Board, Oxford Properties, Downtown AutoGroup and Equinix.

Additional assistance while not solely provided only to small businesses impacted by LRT construction, in November 2023, the City of Toronto announced \$3.3 million in new funding to assist the local small business community. \$3.3 million provided \$1.9 million for non-profits and Business Improvement Areas (BIAs) through the Main Street Innovation Fund (MIF) and the Transit Expansion Construction Mitigation Grant (CMGP) and \$1.4 million to support renovations to retail spaces used by small businesses in neighbourhoods across Toronto through the Commercial Space Rehabilitation Grant Program (CSRG). This funding was provided by the Government of Canada through the Federal Economic Development Agency for Southern Ontario (FedDev Ontario).

Some other initiatives taken by the City to support businesses along the construction corridor include: \$6 discount offered by the Toronto Parking Authority through its Green P Parking app for most spots in the affected area and an expansion of the Digital Main Street Program to help businesses adopt digital technology to attract customers. Digital Main Street was a Province of Ontario program that assisted main street businesses with the adoption of new technology to grow their online presence and services. This program has since ended and the Hamilton Business Centre offered the same program to Hamilton's local businesses while it was available.

3. Montreal's Financial Assistance Program for Businesses

The City of Montreal approved a Financial Assistance Program in 2018 for businesses in areas affected by major construction work. The total funding for the program was worth \$25 million, where \$16 million is provided by the City of Montreal and \$9 million by the Province of Quebec. This program provided up to \$40,000 a year for businesses, where the eligibility criteria included:

- Providing retail sales, product rentals, consumer services;
- Be in operation before the project begins;
- Be located in an eligible area; and,
- Demonstrate a decrease of more than 5% in gross profits.

Additionally, the City of Montreal approved another grant program for businesses affected by road work and construction in May 2023, where a \$5,000 single-time lump sum grant was provided to businesses without the need to demonstrate loss in gross profits.

4. Kitchener—Waterloo Light Rail Transit: Ion Rapid Transit

The Region of Waterloo partnered with the Waterloo Region Small Business Centre to host four free workshops for local business owners to prepare them for construction of the Ion Rapid Transit and mitigate impacts of any construction-related disruptions. The Waterloo Small Business Centre, similar to the city's Hamilton Business Centre, also offered one-on-one business advisor consultations, access to professional mentoring programs, networking opportunities and seminars.

Other construction relief measures included regular email updates to businesses, newsletters, and advance notices to help plan their shipments and other road-based logistics. The construction company, AECOM, also held consultations with business community members for complete road closure to save man hours, dollars and speed up construction. Further, designated customer parking was paid for by Business Improvement Areas, directional maps were provided, and business advertising on construction hoarding was subsidized.

5. Calgary—Green Line Light Rail Transit

The City of Calgary acknowledges that Green Line Light Rail Transit construction will be disruptive to communities, businesses, and their customers. On their website, they state that they are working to identify ways that we can help impacted businesses during and after construction. We are committed to ensuring local businesses feel informed, connected, prepared, and supported during construction of the Green Line Light Rail Transit project. They are building a team and developing a Business Support Program that will focus on:

- Proactive planning to reduce impacts to businesses during construction;
- Accurate, timely communication to businesses regarding construction;
- Building relationships with impacted businesses; and,
- Collaborating with businesses on initiatives to alleviate the impacts of construction.

American Cities

1. Twin Cities Central Corridor—Saint Paul and Minneapolis

The regional planning agency, The Metropolitan Council, along with the city governments and community partners developed several programs to support local businesses through the construction of light rail connecting the Twin Cities of Minneapolis and St. Paul. A breakdown of the funding received for these initiatives include:

Table 1: Sources of Funding for the Twin Cities Central Corridor

Source of Funding	Amount (\$)
The Metropolitan Council	10 million
City of St. Paul (in loans & grants)	3.5 million
City of Minneapolis (in loans & grants)	3.5 million
Philanthropy	2.5 million

A survey found that 20 percent of business owners along the corridor were African American or Black immigrants, 18 percent were Asian or Pacific Islanders, and three-quarters of businesses had less than ten employees. It is especially important to support businesses owned by equity-deserving groups during periods of construction as they are far more vulnerable as they face significant barriers due to historical and systemic discrimination. These barriers can include limited access to education, training, capital, etc. Providing support can help level the playing field and improve relations with communities.

Therefore, the Metropolitan Council and City of St. Paul through a joint agreement established the Ready for Rail Business Support Fund worth US\$4 million to support businesses along the corridor. The fund was changed into a forgivable loan when repayable loans were deemed insufficient to meet the needs of establishments suffering significant revenue losses. It provided up to US\$20,000 to businesses that demonstrated gross sales of no more than US\$2 million and a loss of sales due to Light Rail Transit construction, forgivable at a rate of 20 percent each year over a five-year period. As of November 2013, the fund supported 200 businesses (one-third of eligible businesses).

To further support small businesses, the Business Resources Collaborative (BRC) was established as a partnership of business coalitions, nonprofit community developers, local and regional governments. It also established the University Avenue Business Preparation Collaborative (U7), that hired small business consultants for extensive outreach to businesses along the corridor. The

consultants went door-to-door talking about current state of business for owners, handed out written materials (in owners' primary languages), and provided one-to-one technical assistance. Speaking to business owners in their primary languages was especially valuable as it ensured clear communication and built trust and rapport within communities. Assistance was offered to help businesses stabilize during construction in the form of:

- Accounting and Tax Filing support to help businesses apply for Ready for Rail forgivable loan program; and,
- Marketing Support including website development, establishing social media and online presence, setting up customer email database, etc.

In addition to the supports provided by the University Avenue Business Preparation Collaborative (U7), the Metropolitan Council hired several community liaisons to facilitate communications with residents and business owners. They also provided incentives to contractors to work with businesses to minimize disruptions and hired a marketing firm to build an exclusive website highlighting commercial districts as well as individual businesses along the corridor.

2. Los Angeles' Crenshaw/LAX Line

For the construction of Los Angeles' Crenshaw/LAX Line, a Business Interruption Fund was established that awarded more than US\$20.1 million to over 230 unique "mom and pop" businesses long the project corridor. Further, a Business Solution Center provided hands-on business development, support services and referrals to more than 300 small businesses in the Crenshaw and Inglewood communities.

The Eat, Shop, Play Program was designed to promote and support small businesses impacted where 150 businesses located along the corridor received free marketing assistance (such as print/digital ads on Metro's bus and rail system, social media, email marketing).

3. Seattle, Washington (Rainier Valley Community Development Fund)

Rainier Valley is one of Seattle's most diverse neighbourhoods with small, local, minority-owned businesses. It has roughly 300 businesses employing 2,500-3,000 people along the corridor with 72% of the businesses owned by people of colour. The construction of the Link light rail in Rainier Valley negatively impacted these local businesses. After protests and a lawsuit by the local community, a \$50 million Community Development Fund was created to address long-term impacts on businesses of Light Rail Transit construction.

The City of Seattle, King County, and Sound Transit contributed to the fund, which provided:

- Re-establishment payments, available to businesses that were forced to physically relocate, as non-repayable grants covering moving expenses, site improvements at the new location, and up to 24 months' rent;
- Business interruption payments, available to compensate businesses on the corridor for loss of sales due to construction impacts;
- Working capital advances to cover operating expenses for businesses;
- Three types of low-interest loans were also made available to business; and,
- Equipment and tenant improvement advances covering expenses related to relocation.

From 2003-2008, roughly 180 businesses received some sort of business mitigation assistance and by the end of the construction period in 2009 the retention rate was 85% for all businesses, and 90% for businesses that received assistance. The racial mix of business owners stayed the same mostly since construction began, as did the overall mix of businesses.

4. Portland, Oregon Light Rail Transit Construction

During construction of Portland's Interstate line, the creative "Lunch Bus" initiative was launched that brought 14,000 people to UpTown Portland restaurants, resulting in \$12,000 income revenue to businesses and 51 new businesses after the Light Rail Transit construction.

TriMet (the transit authority) was able to provide management and financial assistance to businesses as a result of collaboration among the City, Portland Development Commission, Albina Bank, and Cascadia Revolving Fund, a non-profit community development financial institution. Business assistance was also offered in the form of pre-development assistance, business loans, and storefront façade improvement funds. Additionally, a small loan program (up to \$100,000) was made available to businesses if their cash flow was impacted, and they could not meet their obligations.

NEXT STEPS

Staff will complete this scan and bring forward to the Light Rail Transit Sub-Committee annually in Q4 if there are changes to information on potential small businesses, or Business Improvement Areas during the Light Rail Transit (LRT) major construction. This will include continued collaboration with Metrolinx, Federal Economic Development Agency for Southern Ontario (FEDDEV Ontario), and other funding agencies that enable the implementation and marketing of these small business supports ahead of the Light Rail Transit major construction.

APPENDICES AND SCHEDULES ATTACHED

Not applicable.