



CITY OF
YELLOWKNIFE

**Summary Action Report:
Yellowknife Business Incentive Strategy and
Business Incubation Strategy Framework**
September 2, 2015

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1.0 What are the goals of the City?

The City of Yellowknife is committed to the complementary goals of revitalizing the downtown (with a focus on the redevelopment of 50th Street) and fostering the overall health and sustainability of Yellowknife's business community. This commitment is consistent with the following vision and goals statement which guides all City of Yellowknife activities.

A welcoming, inclusive, vibrant and family-oriented City with a strong sense of community pride. We will strive to be self-sufficient while actively promoting economic development and tourism and protecting our unique history, culture and natural beauty.

Goal 1: Building a sustainable future

Goal 2: Stewards of our natural and built environment

Goal 3: Enhancing communications and community engagement

Goal 4: Creating and sustaining meaningful relationships.

In early 2015, the City received funding from CanNor and the GNWT Department of Industry, Tourism and Investment to undertake the following three initiatives which form part of Phase 1 of its ten-year plan for revitalizing the downtown and fostering a healthy and vibrant business community:

1. Development of design concepts for 50th Street and the 50/50 lot;
2. Development of a *business incentive strategy* focusing on policy, program and/or bylaw amendments to enhance the overall health and vibrancy of Yellowknife's business community; and,
3. Assessment of interest in a business incubation program for start-up businesses and preparation of a *business incubation strategy* framework.

The above initiatives help support the achievement of the City's Goal 1 (building a sustainable future) and Goal 2 (being stewards of our...built environment), plus reflect the vision of a community that actively promotes economic development.

The City opted to combine these three initiatives as part of the '*50th Street and 50/50 Corner Revitalization Project*' which allowed for a holistic approach to conducting public engagement, market research, conceptual design, and policy/program framing tasks, and ensured that the project deliverables complement each other. The terms of reference for the overall *50th Street and 50/50 Corner Revitalization Project* included the following mix of consultation, design, business incentive and business incubation tasks.

50th Street Revitalization Project Terms of Reference

- One-on-one interviews and varied opportunities for engagement with businesses in Kam Lake, Downtown, Old Town and Old Airport Road to determine needs for mentoring, networking, subsidized office space, grants and loans, discounted support services, and development incentives;
- Analysis of Yellowknife’s commercial real estate market to define industry sector trends, impacts and opportunities;
- Analysis of unique commercial district opportunities for Kam Lake, Downtown Old Town and Old Airport Road);
- Working with the YK Chamber of Commerce to help educate the Downtown business community regarding the benefits, and promoting the establishment, of a Yellowknife Downtown Business Improvement District (BID);
- Conducting a micro market analysis of 50th Street;
- Preparing a strategy plan for business incubation (to establish a framework for mentoring, networking, subsidized office space, grants and loans, discounted support services, and development incentives);
- Making recommendations for policies/programs/by-law amendments for enhancing business health/revitalization;
- Making recommendation regarding establishing a BID within the Downtown;
- Developing at least two 50th Street revitalization concepts based on stakeholder input and market data and refining these concepts based on input from downtown stakeholder groups;
- Preparing Class D design estimates for the 50th Street revitalization concepts;
- Identifying a strategy for the implementation of design partnerships, programs and marketing; and,
- Providing the REITs and Council with an opportunity to conduct a final review of and provide input to project deliverables.

This *Summary Action Report* presents key findings as they relate to the business incentive and business incubation components of the *50th Street Revitalization Project*. In reviewing these findings it should be noted that while the design components of the project are solely focused on 50th Street and the 50/50 lot¹, the Project Terms of Reference required that all deliverables related to business incentives and incubation (see definitions on the next page) “*must address all four commercial areas, including the downtown...and...the recommendations for areas outside of the Downtown must be used to complement the City’s goal of Downtown Revitalization*”.

¹ For information relating to 50th Street revitalization concept designs, see the separate report entitled *50th Street/50th Avenue Revitalization, Schematic Design* prepared by Taylor Architecture Group (TAG) and PICEA Landscape Architects Inc. (PICEA).

Understanding the difference between business incentives and business incubation

Business incentives: Municipal business/development incentives are typically financial (e.g., tax abatements, grants or development fee reductions) and are offered to property owners in return for investing in new and/or renovating existing buildings, often in a specific area of a community targeted for revitalization. The business incentives proposed for Yellowknife reflect a mix of financial and non-financial incentives and initiatives that allow for a more comprehensive approach to supporting the health and vitality of Yellowknife businesses.

Business incubation: Business incubators are typically (although not always) structured as a not-for-profit organization with a mandate to nurture the development of entrepreneurial companies and help them survive and grow during their start-up period by providing business support services and resources. These services and resources can include one or more of the following: affordable leased space, access to physical resources (e.g., computer network, phone system), access to financial resources, entrepreneurial start-up support and management services, training and education, access to networking opportunities, and technical assistance. Typically, businesses exit an incubator once they have been in operation for between six months and two years.

2.0 What do we know about business in Yellowknife?

Information related to market conditions in Yellowknife helps to provide a context for the business incentive and business incubation recommendations, as well as for the 50th Street revitalization concept recommendations. As it is intended that the key outcome of the *50th Street Revitalization Project* will be the revitalization of 50th Street and the enhanced occupancy of Downtown commercial space, the following market information provides an overview of: commercial rental and vacancy rates in Yellowknife; market considerations related to the current public library space, and, implications for Yellowknife's business community of a range of business license profile, retail, demographic and labour market information.

Commercial rental rates vary considerably: The following table documents the range of annual rental rates being charged for 61 commercial, office and industrial spaces located in various areas of Yellowknife (this rental rate data reflects a number of gaps due to the difficulty of obtaining 'additional rent cost' information). As shown:

- Space rental costs vary considerably due to one or more of the following factors: quality and nature of the space, location, level of services provided, energy efficiency, tenant profile.
- For the Downtown commercial/retail spaces profiled in the table, annual rents range from \$44,300 to \$60,000 (\$3,700 to \$5,000 per month) assuming a 2000 ft² space.
- Not enough information is available to determine whether there is a pattern of higher commercial rates in the Downtown compared with Yellowknife's other commercial areas (i.e., so the theory that high rents is one of the reasons for high vacancy rates in the downtown, cannot be proven or disproven based on the data available).
- Annual rent costs for office space range from a low of \$35,300 in Old Town (followed closely by \$36,000 in Downtown) to a high of \$85,820 in Downtown, assuming a 2000 ft² space. This latter high-end Downtown rate is attributable to the high market rates charged to and paid by government office tenants.
- For the industrial properties profiled in the table, the full rent (base + additional) is only known for two properties and these rents are \$15.28 ft² and \$25 ft² respectively. Assuming a 2000 ft² space, these rates result in annual total rents of \$30,560 and \$50,000 respectively

Commercial, Office and Industrial Space Rental Rate Profile by Area of Yellowknife							
Space Type and Area of Yellowknife	# of Units	Unit Size Range Ft ² (low to high)	Total Ft ²	Lowest Rent Ft ² (Base + Add'l Rent)	Highest Rent Ft ² (Base + Add'l Rent)	Annual Lowest Rent (for 2000 Ft ²)	Annual Highest Rent (for 2000 Ft ²)
Commercial (Retail)							
Downtown (includes 1 space just outside DT)	6	1,734 to 6,500	19,042	\$22.15 (\$10.13 + \$12.02)	\$30.00 (\$17.98 + \$12.02)	\$ 44,300	\$ 60,000
Old Airport Road	10	1,143 to 58,333	84,694	Total Unknown (\$12.75 + ??)	Total Unknown (\$26.00 + ??)	n/a	n/a
Sub-total	16	n/a	103,736	n/a	n/a	n/a	n/a
Office							
Downtown (SWM)	23	400 to 45,614	128,699	\$18.00 (\$7.38 + 10.62)	\$42.91 (\$29.95 + \$12.96 est.)	\$ 36,000	\$ 85,820
Downtown (CB)	1	5835	5,835	n/a	\$39.00 (breakdown unknown)	n/a	\$ 78,000
Old Airport Road (SWM)	3	412 to 2587	3509	Total Unknown (\$17.68 + ??)	Total Unknown \$20.00 + ??)	n/a	n/a
Old Airport Road (CB)	2	1965 to 2150	4115	\$24.00 (breakdown unknown)	\$25.00 (breakdown unknown)	\$ 48,000	\$ 50,000
Old Town	3	3,950 to 10,586	21,136	\$17.65 (breakdown unknown)	\$31.44 (\$24.84 + \$6.60)	\$ 35,300	\$ 62,880
Sub-total	32	n/a	163,294	n/a	n/a	n/a	n/a
Industrial							
Old Airport Road	4	2,800 to 8,800	19,400	Total Unknown (\$13.44 + ??)	Total Unknown (\$16.00 + ??)	n/a	n/a
Kam Lake (SWM)	7	768 to 6,444	16,181	\$15.28 (breakdown unknown)	Unknown	\$ 30,560	n/a
Kam Lake (CB)	2	960 to 1000	1,960	n/a	\$25.00 (breakdown unknown)	n/a	\$ 50,000
Sub-total	13	n/a	37,541	n/a	n/a	n/a	n/a
The data in this table was obtained from the following two sources: 1) Stewart, Weir MacDonald Ltd. entitled "Rental Study at City of Yellowknife, Northwest Territories. July 15, 2015. 2) Coldwell Banker Commercial Rentals webpage as of July 27, 15							

Downtown has the highest commercial vacancy rate: As shown in the following two tables, commercial vacancy rates in Yellowknife vary by commercial area. The first table below presents a summary of commercial vacancy rates in Yellowknife's various commercial areas as of August 2015 while the second table below presents combined occupancy data for the three Downtown Malls (i.e., YK Centre, Upper Centre Square Mall, Lower Centre Square Mall). As shown:

- The four areas of Yellowknife shown in the table support a total of 348 commercial properties representing more than 2.4 million ft² of space. Of this space, 56,002 ft² (2.3%) was vacant at the time of writing.

Commercial Vacancy Rates by Area of Yellowknife				
Area	# of Properties	Est. Minimum Area (ft ²)	Unoccupied Area (ft ²)	Vacancy Rate
Downtown	57	429,382	33,380	7.8%
Old Town	53	130,980	9,274	7.1%
Airport Road	32	890,522	11,091	1.2%
Kam Lake	206	985,755	2,257	0.2%
Total	348	2,436,639	56,002	2.3%
The data in this table was obtained from the following sources: Altus Group Limited. <i>Retail Vacancy Analysis, Yellowknife NT</i> . August, 18, 2015. Updated occupancy data from one of the mall REITS.				

- Kam Lake is home to the greatest number of Yellowknife’s commercial properties (206 or 59%) and these properties represent just over 40% of the City’s total commercial space.
- Kam Lake also has the lowest commercial vacancy rate for the four areas reviewed (0.2% as of August 2015).
- There are 57 commercial properties in the Downtown (representing 16.4% of the commercial properties and 17.6% of the commercial space available in Yellowknife as a whole).
- Downtown currently has the highest vacancy rate in Yellowknife at 7.8%, representing 33,380 ft² of empty space.

Downtown Mall Space Profile (Combined data for 3 Downtown Malls)	
Total commercial space (ft ²)	94,578
Amount of space occupied (summer 2015) (ft ²)	70,045
Amount of space empty (summer 2015) (ft ²)	24,533
Percent of space empty	26%
Total # of commercial units	55
# of commercial units occupied (spring 2015)	41
# of units empty	14
Percent of units empty	25%
Sources: Northern Property REIT; McCOR Management; Holloway Lodging Corporation (as of Summer 2015)	

- As shown in the adjacent table, the three Downtown Malls located near the 50/50 corner (YK Centre, Upper Centre Square Mall and Lower Centre Square Mall), offer a total of almost 95,600 ft² of commercial space (about 22.3% of total Downtown commercial space) and 55 commercial units.
- At the time of writing, 26% (24,533 ft²) of the space and 25% of the units (14) represented by these three Downtown malls was vacant. This vacancy rate is significantly higher than the 7.8% vacancy

rate for the Downtown as a whole and is a key reason for the City’s focus on the revitalization of the 50/50 corner.

Market considerations for the current library space: The 50th Street revitalization concept designs include a proposed new civic building (see Figures 3 and A1 in the *50th Street/50th Avenue Revitalization Schematic Design Report*). This building could serve as a new location for the Yellowknife Public Library which is currently housed on the second floor of the Centre Square Mall. Should the library be relocated, then the City of Yellowknife would need to decide what to do with the existing library space which is 17,986 square feet in size and, in 2012, had an appraised value of \$3,200,000². The main options for this space include leasing it to another tenant or selling it. If the City chooses to sell the current public library space it would net the sale price achieved and future annual property tax revenue but would forego future lease revenue potential. If the City chooses to lease the library space, it has the potential to generate an ongoing monthly revenue flow.

² Stewart, Weir, MacDonald Ltd. *Appraisal of a Commercial Condominium at Yellowknife, Northwest Territories*. April 2012.

Downtown Yellowknife is home to less than 5% of the city’s population but 23% of its businesses. This situation highlights the importance of increasing the Downtown resident population, and encouraging visitors and residents generally to patronize Downtown businesses and participate in Downtown activities, in order to protect and support the ongoing health of Downtown businesses.

Total Business Licenses in Yellowknife (April 2015)			
License Category	Total Licenses	Downtown Licenses	% of Total Downtown
Entertainment Services	13	4	31%
Hospitality, Food and Beverage	144	53	37%
Personal Services	150	44	29%
Professional Services	124	60	48%
Retail, Sales, Rentals & Services	283	67	24%
General Contractors/Journeymen	357	26	7%
Delivery Services	85	5	6%
General Business Services	664	166	25%
Agriculture & Animal Services	14	2	14%
TOTALS	1834	427	23%
Source: City of Yellowknife			

The population of downtown Yellowknife is small: Yellowknife’s relatively small Downtown resident population (e.g., <800 people and <5% of Yellowknife’s total population) limits the potential of downtown revitalization initiatives that are dependent on downtown residents. Instead, the ability to achieve downtown revitalization goals will depend on being able to increase the Downtown resident population and to attract visitors and residents from other areas of town to patronize Downtown businesses and participate in Downtown activities.

Yellowknife has a significant home-based business sector: At the time of writing, 722 (39%) of 1,834 Yellowknife’s business licenses are for home-based businesses. This situation highlights the importance of creating a business environment that helps nurture and support home-based and small start-up businesses as these businesses can play a critical role in economic diversification and growth.

Competition from online and big box shopping is increasing: Downtown Yellowknife retailers (like retailers in many other areas of Canada) have been facing growing competition from online and big box shopping. In other communities, malls and other brick and mortar retailers are responding to this competitive situation by offering unique shopping and entertainment experiences (e.g., entertainment, etc.) to draw customers. These trends suggest that the revitalization of the Centre Square Mall and its ongoing sustainability will be at least partially dependent on the provision of ‘experiences’ and socializing opportunities that are appealing to customers.

Yellowknife’s overall population has recently declined. Recent negative population growth and modest projected population growth will limit both potential demand for the services of existing businesses as well as future labour supply (i.e., workers).

Yellowknife has a declining youth population and a growing seniors population. This trend points to the potential for: decreases in demand for goods and services related to the youth market; decreases in younger workers (who often fill entry level service positions in the labour market); increases in demand for goods and services related to the seniors market; and, increases in older workers.

The importance of immigrants to the Yellowknife economy is growing. Immigrants represent an increasingly important source of new workers, and potentially new businesses, in Yellowknife. Efforts to effectively engage and support new immigrants will help encourage them to stay in the community (e.g., after they move from foreign worker status to permanent resident status).

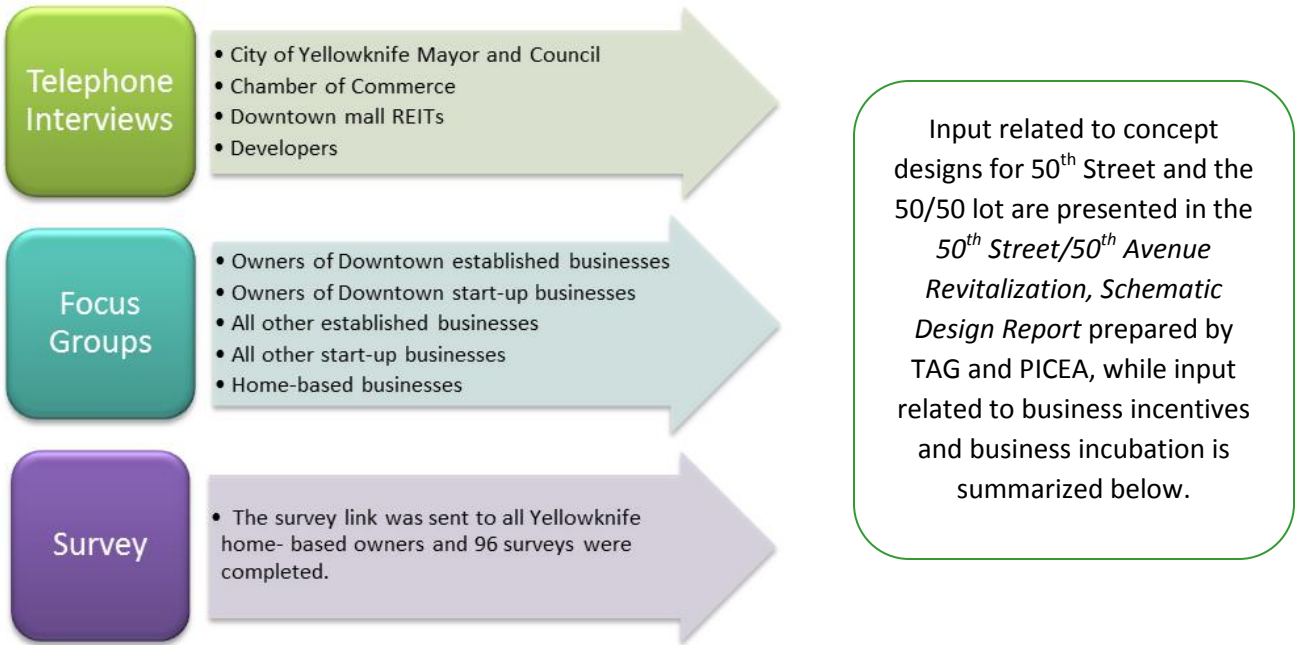
The tight labour market is a problem for some Yellowknife businesses. In July 2015, Yellowknife had a 3.1% unemployment rate which is very low and considered almost “full employment” (i.e., a situation where almost all those who are willing and able to work are working). This rate suggests that very few workers are available to fill empty positions. A tight labour market can negatively impact business health and viability if, for example, a company does not have enough staff to meet customer requirements, or lowers their expectations and hires staff who are not qualified. The result can be lost business opportunities, lost wages and lost tax revenue.

Growing tourism will contribute to downtown revitalization: Continuing to support tourism and attract more visitors to Yellowknife will help support the overall and downtown business community because visitors bring new dollars into the community and support a wide range of business sectors. A vibrant downtown can be a significant tourism asset by contributing to the quality of visitors’ experiences and encouraging them to stay longer and spend more in the community.

Trends in MFD development could benefit downtown. Yellowknife housing data shows a gradual shift in the proportion of total dwellings that are multi-family dwellings versus single-detached dwellings which could point to future increased demand for MFDs in the downtown area, but may also be a reflection of the higher cost of purchasing a SFD.

3.0 What we heard from Yellowknife businesses

A range of consultation activities were undertaken as part of the *50th Street Revitalization Project* in order to seek input regarding business incentive and business incubator issues and opportunities, as well as concept design considerations for 50th Street and the 50/50 lot. These consultation activities included:



Business Incentives Input – Focus Groups

Focus group participants provided a range of input regarding business incentive issues and opportunities which is summarized below using the following categories: Business-friendliness; Communication; Employee Recruitment and Retention; Fairness; Grants and Tax/Fee Abatement Programs; Infrastructure, Services and Beautification; Local Business Support; Security; Zoning; and Other.

Continue to promote a business-friendly environment

- New/start-up businesses would greatly benefit from access to an information package and a website that clearly lay out all of the government requirements (municipal, territorial, federal) associated with starting a business (e.g., permitting, licenses, inspections, etc.) and all related fees, and which identifies all available grant programs (municipal, territorial, federal) and provides links to business-related services (e.g., business planning guides, business toolkits, etc.) provided by other organizations (e.g., BDIC, Chamber of Commerce, CDETNO).

- Continue having a contact person at City Hall to help guide business owners through the government's business-related paperwork process (i.e., a one-stop shop) would encourage business activity and be very beneficial to business operators, especially new immigrants.
- Continue identifying planning and development requirements at the outset of a development project.
- Businesses would appreciate the time-savings of being able to apply for business license online and receiving business licenses via email.

Communication

- Communicate information on the City's existing development incentive programs with the business/development community.
- Identify the City's business signage requirements and have this information readily available.
- Develop a communications and marketing program that encourages business owners to keep their business frontage clean and well-maintained.
- Facilitate the opportunity for the business community and governments to share information on business issues and opportunities.

Employee recruitment and retention

- Compile information on incentive program for companies trying to recruit and retain skilled workers (e.g., grants to cover moving costs, etc.) as many companies and organizations are finding it very challenging to fill available positions which limits their ability to operate effectively and/or to grow.
- Work with exiting service providers in the community to provide support mechanisms for new immigrants (e.g., access to immigration services, a cultural centre where immigrant communities can meet) in order to help support the Yellowknife economy as immigrants are a key source of needed workers and the demographic most likely to start new businesses.
- Continue to promote Yellowknife as a place to live and work including access to the outdoors, the range of available amenities, quality of life, and the availability of the northern allowance to balance the higher cost of living.

Fairness

- Review the business licensing requirements pursuant to the City's Business License By-law.
- Review the current two-government (i.e., municipal and territorial) licensing process for direct sellers (e.g., Tupperware, Avon) and determine if it can be streamlined.

Grants and Tax/Fee Abatement Programs

- Providing grants or tax abatements to business owners who invest in significant physical upgrades to their building would benefit both the community as a whole (by preventing buildings from

becoming/looking rundown) and the economy (by contributing to the ongoing viability of the business).

- Allowing a new, start-up business to defer development permitting and other start-up fees until after a business has been operating and generating revenue for one full year would ease the financial pressure on new, start-up businesses and contribute to a viable start.
- Basing commercial property tax levies for new, start-up businesses under construction (and not yet earning any revenue) on the pre-development assessed value of the property, would ease the financial pressure on new, start-up businesses and contribute to a viable start.
- A grant or tax abatement program that supports the retrofitting of buildings (e.g., commercial to residential; enhancing accessibility, etc.) will make it more feasible for building owners/developers to modify the use of a building to better meet market demand.
- Access to a façade (for non-heritage buildings), signage and landscape improvement grant would encourage business owners to improve the visual appearance and appeal of their business. The façade grants could be tied to design requirements related to an architectural theme (e.g., heritage, mining, etc.) and/or to painting/finishing guidelines that require the use of bright colours.
- Parking in the downtown was identified as an issue by a range of stakeholders but the nature of parking issues and preferences for solutions varied significantly (e.g., there's too little parking – there's too much parking; parking downtown is too expensive – parking downtown is too cheap; etc.)

Local Business Support

- Continue programs for supporting local businesses (e.g., a 'shop local' marketing program).
- Continue initiatives to celebrate Yellowknife's small and home-based business communities to help raise awareness of the scope, potential and economic contribution of small businesses (e.g., creation and posting of an online, searchable home-based business guide; acknowledging the economic value of small and/or home-based businesses, etc.).
- Use the Our Yellowknife Campaign to recognize businesses who contribute to downtown health/improvement.
- The establishment of a Business Improvement District should be supported.
- Local businesses would benefit if they were made more aware of City tender opportunities.
- A municipal northern business incentive policy would benefit Yellowknife businesses.
- Revamping restaurant-related liquor laws to make them more family friendly (e.g., adults eating out with children can order a glass of wine) will both contribute to the viability of, and attract more families to, downtown foodservice establishments.
- Continue to assist new businesses/developments by providing market information (community profile).

- Home-based and small start-up businesses would benefit from facilitated networking sessions that could also include presentations on topics of direct relevance to their businesses.
- As long as the 50/50 lot is undeveloped, an immediate step towards enhancing downtown revitalization could occur if this lot was made available for use during the summer months at no or very modest cost, to the farmers' market and/or home-based artisans to sell produce and products. Additionally, some of this space could be used by adventure tourism operators to staff kiosks where visitors can sign up for tours. Similarly, as long as the Centre Square Mall is under-utilized, there is an opportunity to work with the REITs to arrange for these kinds of vendors to set up kiosks in the mall hallways during the winter months.
- Businesses would benefit from access to specialized and general professional development training courses (e.g., business skills boot camp; business planning; introduction to accounting, etc.).

Zoning

- Avoiding rezoning industrial areas to allow for residential infill development will minimize future potential disruption to industrial business activity resulting from conflicting residential versus industrial interests.

Business Incentives Input – REITs

The input of the three REITs that own the Upper and Lower Centre Square Malls and the YK Centre Mall (i.e., Holloway Lodging Corporation, McCOR Management, Northern Property REIT) was critical to the overall *50th Street Revitalization Project* given that a key reason for the City's focus on 50th Street and downtown revitalization is the high level of commercial space vacancy in the vicinity of the 50/50 lot and especially in the Centre Square Mall. The REIT representatives indicated that the following factors are largely responsible for this high level of vacancy:

- relatively high lease rates
- competition from online shopping
- a sense that the downtown is unsafe and unsavoury due to poor social behavior by the homeless
- lack of police support to deal with people who are aggressive with or abusive to employees and shoppers
- inadequate parking
- inadequate maintenance and cleaning of the downtown

A REIT representative also noted that as commercial units are vacated, the number of people coming downtown to shop and do business appears to be declining. In turn, this situation is creating the perception that the downtown is in a downward spiral which is having a negative effect on the viability of remaining businesses.

In general, the Centre Square Mall REITs have indicated support for the City's overall plans to redevelop 50th Street and the 50/50 lot. More specifically, the REIT that owns the upper portion of the Centre Square Mall (which is immediately adjacent to the 50/50 lot) has indicated support for the concept designs proposed for the 50/50 lot which includes the redevelopment of the mall wall that faces 50th Street to include a new mall entrance and new entrances to the individual retail units that face 50th Street. However, while the Upper Mall REIT has indicated that they like the proposed concept design but, at the time of writing, no formal confirmation regarding their investment position in the project had been provided.

Business Incubation Input

The primary target market for business incubator services are home-based businesses. In order to determine the potential interest of this sector in a business incubator space and services, an online survey was conducted and was completed by 93 home-based business owners. The key findings of the survey were as follows:

- Home-based businesses represent a range of industry sectors with 'consulting' being the most frequently identified sector.
- Thirty-nine percent (39%) of home-based businesses have been in business for more than three years while an almost equal number (38%) have been in business for less than three years. It's also interesting to note that more than 11% of home-based business operators are planning to expand in either Yellowknife or beyond.
- Just over 90% of home-based businesses operate year-round while just under 10% operate seasonally (typically spring-fall).
- Just over half (51%) of home-based business owners indicated that they are looking to grow or expand their business while just under half (49%) said they are not looking to grow or expand. The main reasons cited for not expanding are: satisfaction with their current size and level of work; getting ready to retire; the work is intended to be part-time; and, lack of interest in having staff.
- Of home-based business owners interested in growing their business, 24 said they might consider moving into a commercial space. The main reasons cited for not being interested in moving into a commercial space are that the cost is too high or that they don't need a commercial space.
- Of home-based business owners interested in moving into a commercial space, 21 indicated they would be interested in moving into shared, discounted commercial space in the Downtown if it was available.
- Home-based business owners interested in shared, discounted commercial space were asked what kind of space(s) they would require. The responses to this question varied considerably with the most commonly cited space requirements being office space and meeting/board room space.

- Home-based business owners interested in shared, discounted downtown commercial space were asked to identify the maximum monthly rent they would be willing to pay. The responses range from \$0 to between \$1,200 and \$1,500, with \$500 being the most frequently cited amount.
- Fifty-six responses were received to the survey question asking respondents to identify the top three business services in which they are most in need of. Of these 56 respondents, 21 (37.5%) indicated that they have all the services they require. According to remaining respondents, the most frequently cited businesses services needed are accounting/bookkeeping and marketing, followed by legal advice and business planning. Only two respondents indicated that they require skills training or website hosting services.
- The survey asked home-based business owners to indicate whether they would use the business services they identified (in the previous survey question) as being most in need of, if these services were available on a discounted basis. Of the 41 people who answered this question 39 (95%) said yes and 2 (5%) said no. A couple of respondents indicated that their interest in using discounted business services would depend on the quality of the service (versus the cost).
- Eighty-three home-based business owners responded to the question asking whether they would take advantage of networking opportunities if they were available. Of these respondents, 55 (66%) said 'yes' and 28 (34%) said 'no'. In terms of the kind of networking opportunities that would be of most interest, a range of responses were provided including, for example:
 - networking with like businesses;
 - networking that allows for the promotion of the respondent's business;
 - networking for the purposes of exchanging goods and services;
 - networking via a public (City) database that lists all Yellowknife businesses and the services they provide; and,
 - tradeshows; meet and greets; and workshops and webinars.
- Eight-five home-based business owners responded to the question asking whether they would take advantage of mentoring opportunities if they were available. Of these respondents, 51 (60%) said 'yes' and 34 (40%) said 'no'.
- A range of responses were provided to the question "What are the top 3 things that the City of Yellowknife could do that would have a positive impact on your business?". All responses cited by *two or more* respondents are listed below. The most frequently cited response was that the City should reduce business license costs for home-based businesses (noted by 13 respondents).

Affordable/business space

- Provide affordable commercial/office space; cheaper rent (6)
- Offer office space with shared space and administrative support; develop and operate a business start-up centre (2)

City services

- Reduce the wait time to obtain a business license (2)
- Streamline the permitting and licensing process and have one contact person with whom applicants communicate; reduce regulation and red tape (2)

Communications and Promotions

- Provide more information on the City's website; provide a website with current resources and information for new and/or home-based business owners; have a dedicated small business website that identifies all locally available resources (4)
- Create a directory of local/home-based businesses and the services they provide; post business listings on the City's website (3)
- Promote the fine arts as a northern tourist attraction; promote modern/contemporary art (2)
- Change the City's website back to the old version; improve the City's website (so applications, forms, information are more easily accessible) (2)
- Host a Twitter account and website for visitors to access information on food vendor activities (2)

Downtown/community issues

- Clean up the downtown, change downtown (4)

Fees, taxes and licenses

- Lower the business license fee for home-based businesses (13)
- Lower property taxes; reduce business tax burden (7)

Incentives/grants

- More grants for small businesses; grants and micro loans for start-up costs (3)
- Provide incentives to help grow home-based businesses (e.g., build a new room for a studio) (2)

Local business support

- Hire local; hire/use my business (6)
- Provide crash courses for new entrepreneurs; provide business workshops (on bookkeeping); (3)
- Support more live stage productions/presentations; hold more events; increase support for tourism, arts and cultural events and products (3)
- Shop local as much as possible; give preference to locally owned and operated businesses for City procurement (2)
- Set up a mentorship program (2)

Parking

- Offer monthly parking passes for businesses that only have street parking (in lieu of plugging the meter every 2 hours); offer parking passes; (2)
- Provide dedicated parking on Franklin (between 11:00 a.m. and 2:00 p.m.) (2)
- Improve access to parking; provide more parking downtown (2)

Miscellaneous

- Reduce the cost of living; lower housing costs; reduce costs (6)
- Hold more boutique/artisan craft shows; hold studio tours (2)
- Reduce the cost of utilities for businesses (2)
- Improve relationships with indigenous people and communities; promote settlement of land claims with the Akaitcho and Yellowknives; (2)
- Make Kam Lake more affordable; reduce Kam Lake land prices (2)
- Speak out against national/international trade agreements that kill local economies; seek exemption from national and international trade agreements (2)

4.0 What issues are we trying to address?

The overall intent of the business incentives and business incubation components of the *50th Street Revitalization Project* is to identify key business incentive and business incubation issues and opportunities over which the City of Yellowknife has some control, and to make recommendations for addressing these issues and leveraging these opportunities. More specifically, the two-fold intent of the business *incentive* recommendations is to:

- identify business incentive activities that will enhance the overall health and sustainability of Yellowknife's business community; and,
- identify development incentives, as applicable, that will contribute to the achievement of specific development objectives and/or will help address specific development constraints, as they relate to 50th Street and Downtown Revitalization.

The specific intent of the business *incubator* recommendations is to:

- identify the next steps that the City can take regarding a small business incubator for Yellowknife based on input from small start-up and home-based businesses.

Business Incentive Issues

With regard to business incentives, the key issues to be addressed, as identified by business stakeholders, are:

- Continue to be business-friendly
- Raise awareness of development requirements and incentives
- Improve information sharing (i.e., governments-business) and networking opportunities for businesses
- Review of the business licensing system
- Implement initiatives that support and celebrate local and home-based businesses
- Support downtown revitalization
- Enhance the City's development incentives by:
 - supporting downtown revitalization generally, and
 - supporting the revitalization of 50th Street and the 50/50 lot specifically, through the provision of development incentives that will encourage the REIT that owns the Centre Square (Upper) Mall to invest in capital improvements to the mall that complement the proposed 50/50 lot design concepts.

Business Incubation Issues

With regard to business incubation, the key questions to be addressed are as follows:

- Is there demand for shared, discounted, small business incubator space and, if yes, what kind of space is required and how much are business owners willing to pay for such space?
- Is there demand for other small business incubator services and, if yes, what services are of interest (e.g., networking, mentoring, business support, etc.) and what is the level of interest in these services?

5.0 What business incentive tools are available?

In order to provide a context for the business incentive and business incubation recommendations it is helpful to understand both the tools available to the City to support business and development activity, as well as the incentives which the City and other organizations already have in place to support business and development activity.

Business Incentive Tools³:

The City can employ a range of business incentive and revitalization tools to support business and development activity such as the following:

Various grant and loan programs:

- Façade improvements
- Signage improvements
- Landscape improvements
- Building conversion, restoration and/or upgrading
- Office tenancy/improvements
- Multi-use conversions (e.g., adding residential units above commercial space)
- Feasibility studies

Municipal tax abatement/rebate programs - Reduction in municipal portion of property taxes (typically for a set period of time) for, for example:

- Building rehabilitation work resulting in increased property assessments
- Building conversion work (e.g., commercial into residential)
- Leasehold improvements
- Job creation incentive
- New buildings
- Affordable housing

³ In considering these business incentive and revitalization tools, it is also important to note that the City's business incentives and revitalization activities are constrained by a range of Territorial legislation and National Agreements as described in the *Background Report: City of Yellowknife Business Incentives Strategy and Business Incubation Strategy Framework*. The *Background Report* (Appendix A) also provides examples of business and revitalization incentives used in other Canadian municipalities.

Municipal fee, planning exemption and land pricing incentives

- Reduced licensing, permitting and/or infrastructure fees
- Development cost charge (reduction/grant) programs
- Designated 'no fee' zones
- Favourable land pricing (for purchase of municipally owned land) and staggered land payments
- Parking requirement exemptions

Environmental incentives

- Landfill tipping fee reductions
- Environmental study grants
- Environmental remediation grants
- Energy efficiency grants/rebates

Municipal investment

- Infrastructure programs
- Land /site acquisition

Municipal governance

- Business friendly bylaws
- Expedited planning and processing
- Business Improvement District legislation
- Zoning, including Restrictive Zoning (to prevent undesirable businesses)

Small business excellence/enterprise/incubation programs

Research and statistics

Current City of Yellowknife development incentives

The City of Yellowknife currently offers the following development incentive programs.

Current City of Yellowknife Development Incentive Programs		
What is Eligible?	Target Areas	Incentive
Residential Intensification Incentive		
New residential construction or adaptive re-use of existing buildings, including ground floor commercial improvement or development	Primary Area - Downtown Zone	100% property tax abatement for five years. Potential for additional five-year abatement period based on revitalization merits of the project. As of April 2015, the Up-front Residential Intensification Incentive (granted at Council's discretion) is paid up-front in year one and as a grant through the Downtown Reserve in subsequent years.
	Secondary Area – includes Old Airport Road	100%-80%-60%-40%-20% declining property tax abatement over five years. Potential for additional five-year abatement period based on the revitalization merits of the project.
Industrial Relocation Incentive		
Industrial developments relocating from lands throughout the City to the Engle Business District	Sender Lands - Old Airport Road, Imperial Oil Lands, Old Town, Downtown, Kam Lake Industrial Park	100%-90%-80%-70%-60%-50%-40% declining property tax abatement over seven years. Abatement applies to either 'Sender Lands' or 'Receiver Lands' but not to both.
	Receiver Lands – Engle Business District	
Brownfield Redevelopment Incentive		
Developed sites requiring remediation and redevelopment where site contamination has a significant impact on site redevelopment costs.	City-wide, including portions of Giant and Con Mine	100%-80%-60%-40%-20% declining property tax abatement over five years. An additional full year of tax abatement may be granted if LEED incentive criteria are met.
LEED Incentive		
Building and site improvements that reflect LEED Gold or Platinum certification standards.	City-wide	100%-80%-60%-40%-20% declining property tax abatement over five years.

Current City of Yellowknife Development Incentive Programs		
What is Eligible?	Target Areas	Incentive
Heritage Preservation Incentive		
Projects to restore or preserve architecturally significant elements of a designated heritage buildings or a property eligible for heritage designation	City-wide	Total abatement will be the lesser of: i. 50% of eligible work costs ii. \$50,000 iii. 10 years of total property taxes
Integrated Parking Structure Incentive		
Improvements to residential, commercial and office developments requiring >15 off-street parking spaces and can integrate these requirements within the building footprint.	Downtown Zone	100%-80%-60%-40%-20% declining property tax abatement over five years
Downtown Parking Structure Development Incentive		
Multi-storey or below ground parking structures containing a minimum of 100 parking stalls	Downtown Zone	100%-80%-60%-40%-20% declining property tax abatement over five years
City Property Rental Rate Reductions		
Groups interested in using City property to generate business	City property	Lowered rental rates

Other incentive programs available to Yellowknife businesses

A number of other organizations also offer business incentive programs that can be accessed by Yellowknife businesses as illustrated in the following table.

Key Incentive & Business Support Programs Offered by Organizations Other than the City of Yellowknife	
Program	Description
Arctic Energy Alliance (with funding from GNWT)	
Energy Efficiency Incentive Program	This program is in the form of a mail-in rebate after the purchase of energy efficient appliances, heating appliances, LED light bulbs and drain water heat recovery systems. Business can apply for more than one rebate to a maximum of five products per category.

**Key Incentive & Business Support Programs Offered by Organizations
Other than the City of Yellowknife**

Program	Description
Commercial Energy Conservation and Efficiency Program	Rebates of up to \$15,000 are available for energy upgrades. This amount is calculated as the lower of one-third of renovation costs or five times annual energy savings.
Business Renewable Energy Fund	Provides funding for renewable energy sources such as solar, wind, wood pellet heating, biofuel/synthetic gas and ground source heat pumps.
Government of the Northwest Territories (GNWT)	
NWT Film Rebate Program	Provides incentives to productions filming on location in the NWT including financial rebates for the purchase of goods and services, travel to and within the NWT and wages for the training and hiring of local residents. Up to \$250,000 a year will be given out. For productions to be eligible they must spend at least \$100,000 in the N.W.T.
NWT Mining Incentive Program	Prospectors licensed to operate in the NWT can apply for up to \$15,000 in funding. Mineral exploration companies licensed to operate in the NWT can apply for up to \$100,000 in funding (up to 50% of eligible expenses)
Support for Entrepreneurs and Economic Development (SEED Program)	<p>SEED provides financial support to qualified applicants to start businesses, improve their capacity or skills and help communities expand their economy. Funding is available in five categories of which the following four apply to individual businesses:</p> <ul style="list-style-type: none"> • Entrepreneur Support: Up to \$15,000/year to assist with: Start-up, Capital Assistance, Operational Support, and Market Development and Product Promotion. • Sector Support: Includes a Capital Expansion Incentive and a Sector Research Support component for businesses in the fields of E-commerce, Energy and Environmental Sustainability, Industry Focused on Import Replacement, and Tourism. • Micro Business: Offers funding for individuals or small business (revenues <\$50,000) in the fields of Film, Arts & Crafts and the Prospector's Grubstake to pay for equipment, raw materials, and other necessary expenses. • Business Intelligence and Networking: Provides up to \$3000 to offset costs associated with attending seminars and trade shows. Eligible businesses must invest a minimum of \$1000 towards the trip.
Tourism Product Diversification and Marketing Program	This program provides funding to eligible tourism business and operators who are expanding into new markets or developing new products. Funding is available in the following four categories of which the following three can be accessed by

**Key Incentive & Business Support Programs Offered by Organizations
Other than the City of Yellowknife**

Program	Description
	<p>businesses:</p> <ul style="list-style-type: none"> • Business Planning and Transition Assistance (\$25,000 total) • New Product Development or Enhancement of Existing Product (\$250,000 total) • Marketing Assistance for Tourism Businesses (\$10,000 per year)
NWT Business Development and Investment Corporation (BDIC)	
Contributions and Loans	<p>BDIC offers six financial support programs for businesses of which the following three are the most applicable to individual businesses:</p> <ul style="list-style-type: none"> • Business Development Project Fund (BDPF) provides up to \$10,000 in any 5-year period (\$20,000 in level II communities) to help fund start-up expenses, expansion, raw materials (for arts and crafts production) and short-term projects that create employment. • Standby Letter of Credit (SLC) can be used by businesses bidding on contracts requiring contract security or if suppliers require security of payment. It offers assurance that the BDIC will make payments in the event that a business is unable to meet its obligations to third parties. • Term Loans: Two categories of loans are available including General Term Loans (loans to viable businesses unable to obtain financing elsewhere) and Specialty Term Loans (one for Winter/Summer Resupply Financing and the other for Seasonal Production Financing).

6.0 What can be done to address business incentive issues?

While municipal business and development incentives are typically financial (e.g., offering property owners tax abatements, grants or fee reductions in return for investing in new and/or renovating existing buildings), the 28 business incentive actions that are recommended as part of this strategy reflect a mix of financial and non-financial incentives and business support initiatives that allow for a more holistic approach to enhancing the overall health and vitality of Yellowknife's business community, while also supporting the achievement of its downtown revitalization goals.

The recommended business incentive actions are divided into the following nine strategic categories. Actions related to strategies A to E apply to the overall Yellowknife business community while actions related to strategies F and G apply to the Downtown.

- A. Business-friendliness
- B. Development requirements and market conditions
- C. Communications and information sharing
- D. Business licensing
- E. Local business support
- F. Revitalization
- G. Financial Incentives

Business Incentive Action Plans – Overall Yellowknife Business Community

Business-friendliness strategies and actions

A. Continue to have a business-friendly, customer-service culture at City Hall

Action 1: Continue to provide business services to individuals and business for the purpose of helping them navigate the requirements to start and grow a business in Yellowknife. Help guide business owners through the government's business-related paperwork requirements (i.e., a one-stop business information shop).

Action 2: Create an information package and webpage targeting new/start-up businesses and developers to ensure they are aware of all relevant paperwork requirements and support services, and to provide a helpful tool for the City's Business Ambassador program. This package could include: a checklist(s) identifying all municipal, territorial and federal requirements and fees for starting/operating a business (e.g., permits, licenses, inspections) by type of business (e.g., mobile food vendors, retail, industrial, etc.); a list of all grant and incentive programs available through the City and other organizations; and, a list of links to webpages that provide information on business-related

training courses provided by other organizations (e.g., BDIC, Akaitcho Business Development Corporation, CDETNO, etc.).

Action 3: Continue to provide regular customer-service and train-the-trainer training to front-line City staff to assist business owners and developers. Training should be provided for new staff while refresher customer service training should be provided to existing staff at least every three years. City staff should be encouraged to contribute their ideas regarding ways of providing better customer service and a more business-friendly environment.

B. Enhance awareness of development requirements and market conditions

Action 4: Continue and enhance City initiatives aimed at educating developers regarding all applicable building and development bylaws, at the outset of a project. Implementing this action would include continuing the current efforts of the Planning & Development Department to raise developer/business owner awareness of the full range of building and development requirements (this action could partially be achieved through the “information package and checklist” referenced under earlier), encouraging City staff to ensure that developers and business owner who ask questions regarding building and development requirements clearly understand the responses provided.

Action 5: Continue to provide new business/development proponents with current available market information. People considering investing in a new business or development opportunity typically consider a range of market factors as part of determining whether their plans are financially feasible. To help remove business investment barriers resulting from a (perceived) lack of information, it is recommended that the City regularly update the City’s market profile handout (i.e., *Time to Look up – Business in Yellowknife*) and expand the information included on this handout based on feedback from potential investors regarding information that would be of use to them. Additionally, it is suggested that the City develop and maintain a list of links to other sources of market data that are of relevance to potential investors and include these links on the City’s ‘Business’ webpage.

Communications strategies and actions

C. Support information sharing and business networking opportunities

Action 6: Continue to undertake initiatives to market and promote the City’s development incentive programs to existing and new businesses. Awareness of the City’s development incentive programs can be enhanced by: providing development incentive program information to developers who apply for a development permit; including incentive information as part of the Information Package for businesses and developers; providing development incentive program information to all known development companies, to companies that deal with developers (e.g., engineering, architectural, environmental management firms, etc.) and to the Chamber of Commerce; and, including a link to the City’s development incentive program information on the City’s “Doing Business” web-page.

Action 7: Continue to facilitate information sharing and networking opportunities for home-based and small start-up businesses. The viability and business growth potential of home-based and small start-up businesses would be enhanced if owners of these businesses had opportunities to share information and to network with each other. As such, the City, working with community partner organizations, should consider organizing and hosting an initial series of three or four quarterly networking and information sharing events targeting the home-based and small start-up business sector.

Action 8: Continue to help facilitate forums for business owners and City and GNWT representatives to share information on business issues and opportunities. This action involves working with the Chamber of Commerce and/or sector associations to organize discussion forums (perhaps twice yearly) attended by representatives of business, the City and the GNWT. The purpose of these forums would be to review key issues affecting and/or opportunities facing businesses (and over which government[s] have some control) and discussing opportunities for addressing issues or leveraging opportunities. This action should be implemented on a pilot (test) basis and the forums should be ‘issue-focused’ (i.e., address a particular issue or opportunity rather than a wide-range of issues and opportunities).

Business licensing strategies and actions

D. Investigate the business licensing requirements for mobile, direct-selling and home-based businesses

Action 9: Investigate the requirements for mobile businesses. Implementing this action will involve reviewing the relevant sections of the *Zoning Bylaw* and the *Business License Bylaw* to determine the implications of adjusting the physical address requirements for mobile business with employees (e.g., if changes are made, what are the implications, if any, for other business license categories?). Possible options for addressing this issue include: allowing a mobile business with employees to obtain a home-based business license as long as all other home-based business requirements (as per *Zoning Bylaw* Section 7.2 [6]) are met (e.g., only one commercial vehicle on the property); OR, allowing a mobile business with employees to obtain a business license without a commercial address (e.g., instead, they could use a box office address, or the address of their accountant, etc.).

Action 10: Investigate opportunities for streamlining and reducing the costs associated with the licensing requirements for direct sellers and other home-based businesses. Suggested approaches for achieving this recommended action include: automatically issuing a City business license (for no fee) to direct sellers who present their MACA direct sellers license; eliminating the requirement for home-based businesses (who are not altering their home in any significant way to accommodate their business) to apply for a Development Permit; and, reducing the business license fee for home-based businesses (e.g., from \$200 to \$100).

Local business support strategies and actions

E. Undertake marketing and communications initiatives that support and celebrate local and home-based businesses

Action 11: Continue and enhance the ‘#shopyk’ shop local marketing program. This action could be supported by collecting input from residents and store owners regarding opportunities to enhance the current ‘#shopyk’ shop local program, reviewing shop local programs in other communities to see if there are program elements that could be incorporated into the Yellowknife shop local program in order to enhance the program (e.g., loyalty cards which are available as an app and which can be used to collect points, etc.), and increasing the promotion of ‘#shopyk’ contests and profiling of contest winners.

Action 12: Continue and enhance initiatives to celebrate home-based businesses. Yellowknife has more than 700 home-based businesses (which account from almost 40% of all business licenses). These businesses represent a key business development opportunity for Yellowknife and would be supported and encouraged by the creation and maintenance of an online home-based business directory to raise awareness of and attract more customers to these businesses.

Action 13: Consider alternative ways of advertising construction tenders and other procurement opportunities. City construction and procurement tenders are available on the City’s Bids and Tenders webpage. However, local businesses would have a greater likelihood of seeing and considering these tenders if they were more broadly published.

Action 14: Continue working with business partners to help promote specialized and general business training courses available in the community. Currently, BDIC, Akaitcho and CDETNO (as well as the college) offer various online and other business-related courses. In order to help raise awareness of these training opportunities, the City could include links to the course information webpages of other agencies on its current ‘Business Resources and Services webpage and as part of the Information Package for new/start-up businesses.

Business Incentive Action Plans – Downtown Focus

Downtown revitalization strategies and actions

F. Implement initiatives that complement downtown revitalization goals

Action 15: Continue to support the business community in facilitating discussions, educating the public, and assessing the feasibility of a Downtown Yellowknife Business Improvement District (BID). Implementing this action could include: continuing to support the work of the Chamber to hold events aimed at educating business property owners and tenants regarding the nature and benefits of a BID; as requested by the business community, participating in activities aimed assessing the feasibility of a BID;

and, if the business community submits a formal request to the City of Yellowknife, supporting this request by establishing a BID bylaw and levy process.

Action 16: Pending the development of the 50/50 corner, make this site available for use at low/no cost to home-based artisans and other festival/event users that will attract people Downtown. In support of this action the lot use application process should be as easy as possible (e.g., first come, first serve; no fee for site use; immediate decisions on applications for use, etc.).

Action 17: Consider relaxing the current parking requirements associated with new or redeveloped commercial developments in the Downtown. A number of stakeholders have identified the Downtown parking situation as a constraint to business development. The City has recently eased the parking requirements for residential developments in the Downtown in order to help spur such development. It is recommended that consideration also be given to relaxing the parking requirements for new or redeveloped commercial development in the Downtown. This would involve determining what these relaxed requirements will be (as they relate to both space and cash in lieu of space requirements) and making the appropriate amendments to Part 9 of *Zoning Bylaw 4404*.

Action 18: Make best efforts to accommodate food & beverage operators who wish to establish outdoor seating areas by waiving development permit and building permit requirements and waiving lost parking revenue fees. Providing outdoor patio eating areas can provide both a significant boost to restaurant revenue and serve as a revitalization tool for the Downtown and other commercial areas of Yellowknife as appropriate (by attracting more patrons and helping create a buzz of activity). The City can help encourage more outdoor eating opportunities by supporting applications for temporary patios/boardwalks, waiving development permit and building permit fees for the first year or two of patio operations, and not charging for lost parking meter revenue. After the first year or two of patio operations, a space leasing arrangement can be established and include a charge for the use of municipal space.

Financial incentives strategies and actions

G. Enhance the City's Downtown-focused development incentive programs

Action 19: Consider offering a tax abatement incentive and waive all municipal building and development fees related to significant physical upgrades undertaken by Downtown business property owners to improve or maintain the integrity of their building in a manner that complements the City's downtown revitalization goals. Key steps associated with implementing this action include: establishing, in consultation with the REITs, the parameters of the tax abatement and fee waiver incentives and their related administration processes (i.e., Downtown-focused, simple and quick administration, etc.) and amending *Development Incentive Program By-law No. 4534*. Once in place, information on the tax abatement and fee waiver incentive should be included in an information package and distributed to downtown property owners.

Action 20: Consider options for ensuring that the benefits from the Downtown Residential Intensification Incentive program benefits developers (versus residential unit purchasers) and, thus, better achieves the goal of incenting development. The City's Residential Intensification Incentive program tends to benefit homeowners and not developers because the tax abatement occurs after ownership has transferred to homeowners from developers and the benefit of these future savings has been difficult to communicate to potential purchasers and, therefore, difficult to include in the sale price. In order to address the issue, the City could either work with developers to develop an effective way of communicating the tax abatement benefits to potential purchasers and explaining the reason for the higher upfront purchase price, or, provide an upfront tax abatement grant to developers of multi-family in the downtown based on a standardized formula. This money would come back to the City as the homeowners would pay annual property taxes as normal.

Action 21: Re-consider a façade improvement grant program for businesses in the Downtown zone. While the City of Yellowknife recently discontinued its city-wide façade improvement grant program, such a program can play an important role in downtown revitalization. As such, it is recommended that consideration be given to re-establishing a business façade improvement grant program specifically for the Downtown. Key steps associated with implementing this action include the following: re-establishing the parameters of a façade improvement grant and its administration; amending the *Development Incentive Program By-law No. 4534*; raising awareness of the relaunching of the façade improvement grant program via a media/PR program; and determining the process that City administration will follow for reviewing and deciding on grant applications.

7.0 What can be done to address business incubation interests?

Business incubators can play an important role in nurturing small and start-up businesses and helping them to succeed and grow. Additionally, while most of Canada's incubators are located in larger communities, it is possible to operate a successful and financially sustainable incubator in a smaller community. The results of a survey of Yellowknife's home-based businesses indicate that there is a modest level of interest in a physical business incubator space (and quite a variation in the type of space required) and a higher level of interest in access to selected business incubator services, especially mentoring and networking.

In light of the modest level of demand for incubator space, together with anticipated high incubator space lease rates and the limited willingness or ability of potential incubator space tenants to pay (see Background Report for detailed information) it is expected that a fairly high level of public subsidization would be required in the short to medium term to support a physical incubator space.

If the City of Yellowknife is open to subsidizing a physical incubator space (or can source subsidization funds from other levels of government) and wishes to move forward with plans to help facilitate the establishment of a physical business incubator, then the following key steps should be undertaken:

- Step 1:** Identify the ideal mix of incubator facilities and services for Yellowknife:
- Step 2:** Research the availability and cost of suitable incubator space
- Step 3:** Prepare high level financial projections for the incubator
- Step 4:** Create a basic business plan for the organization
- Step 5:** Identify and pursue capital/start-up funding sources
- Step 6:** Establish the governance structure and board of directors for the organization
- Step 7:** Hire a Business Incubator Manager
- Step 8:** Develop and launch a website, programs and initial networking events

Alternatively, if the City of Yellowknife does not wish to subsidize a physical incubator space (or cannot source subsidization funds from other levels of government) and does not wish to move forward with plans to help facilitate the establishment of a physical business incubator space, the option still exists to help facilitate the provision of selection business incubation services.

As noted earlier, there is reasonably strong interest in networking and mentoring opportunities amongst home-based business operators. These findings confirm the results of previous (2014) consultations conducted by City staff with representatives of businesses and business organizations which led to the mentorship and networking recommendations profiled on page 5 of the October 14, 2014 CED memo to the Municipal Services Committee. As such, whether or not a physical incubator space is established,

the City can enhance its role in helping to facilitate networking and mentoring opportunities for small and home-based businesses in partnership with other community business organizations as described in the Oct. 14, 2014 memo.