THE RETURN ON INVESTMENT OF BIAS REPORT

ABRIDGED

April 13, 2017

The Ontario BIA Association (OBIAA) and the Toronto
Association of BIAs (TABIA) would like to acknowledge
and thank the following for their support of this
important project:

The Province of Ontario

The City of Toronto

The Toronto Entertainment District BIA

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THE RETURN *ON* INVESTMENT OF BIAS:
A CALL TO ACTION

With a current database of more than 308 BIAs in Ontario alone, OBIAA began a project in March of 2016 to increase understanding of the influences at play in our BIA areas and the role they play in community development. This project came out of an increasing need for collective understanding of the role BIAs play in communities across the province and an interest in quantifying their return on investment. In other words, while many have stories of the positive impacts and challenges faced by BIAs, few held the numbers to support their cause, and no one had any sense of what the collective BIA picture was across the province.

Working with the Toronto Association of BIAs (TABIA), OBIAA established a Consultant Team to carry out the work program, including: Fotenn Planning + Design (Project Manager), Brand Clarity, Cobalt Connects and 360 Collective. An Advisory Committee was also struck to help inform the project and guide the project team through key decisions. Advisory Committee members were carefully selected through an application process to reflect the core elements of BIA practice grounded in the acronym HEART: Heritage, Economy, Arts, Revitalization and Tourism. They were also chosen to ensure regional and geographic representation as well as industry expertise.

The challenge ahead was to create a set of metrics that will allow all BIAs to share their work and unique contributions within their communities while building a cohesive and representative set of data on BIAs.

The Return on Investment of BIAs project is focused on capacity building and, as such, is not a report card on BIAs individually. Rather, OBIAA's goal is to be a catalyst for positive community and economic change by enabling growth in Ontario BIAs. This project will help BIAs around the province increase their capacity and understanding in order to position themselves as historically-rooted and future-focused, as important and recognized community and business hubs.

One of the first deliverable for the Advisory Committee was to establish a collective BIA story that took in the vast array of work happening across the province. Debate ensued, and while there was recognition that the work BIAs do ranges in scope and scale, there was also agreement that the underlying purpose of the work of a BIA is the same regardless. To this end, the AC established the following BIA Storyline to ground the project and to be used as a reference guide for indicator selection.

> **A BIA is integral to advancing a distinct, livable, vibrant and resilient business district within their local community.**

Conversation throughout this project continued to go back to this shared understanding of a BIAs work, and how they achieve this on the ground. Ten methods were highlighted through these discussions:

1. Advocating for the local business economy.
2. Attracting and retaining business.
3. Creating a sense of place and a vibrant public realm.
4. Building inclusive programs and infrastructure.
5. Reflecting an inclusive and diverse community.
6. Reflecting and developing local culture and built heritage.
7. Creating a tourist destination.
8. Sourcing funding for local area improvements.
9. Fostering strong public-private partnerships.
10. Directing investment to revitalization efforts.

From this point, the Advisory Committee and the project team took on the monumental task of determining a pool of indicators to reflect the work of BIAs across Ontario. Everyone involved knew this would be a challenging task. From the beginning, it was apparent that agreement on indicators would be difficult, that there would be data gaps and that this Final Report could not or should not actually be the end. The team recognized the need for ongoing data collection, for creating a repository for the data, for ongoing reporting and for the need to recognize what cannot be measured and managed without new processes and tools. What we found through this project was an immense and emerging body of knowledge. The project team looks forward to sharing it with you.

THE INDICATORS

The study has four primary goals:

1. Establish a set of common indicators for BIAs across Ontario.
2. Create a pool of Tools and Metrics for BIAs to share their impact and analyze trends.
3. Understand what is happening on the ground in our downtowns and main streets and the successes and challenges currently faced by BIAs.
4. Outline existing gaps in the data base and provide recommendations on how to go about filling them.

The project was conducted in four phases:

Background Research: at the outset, the project team undertook background research project to learn and show how various municipalities, BIAs and other jurisdictions around the globe are assessing value and contribution and some of the data currently available. The findings resulted in 13 recommendations to assist the ROI of BIAs project team in the development of a comprehensive set of indicators and build an understanding of data

Establishing the Indicators: Using the information gathered through the primary and secondary research, evaluation of the collective indicators was completed by the project team and Advisory Committee with recurring feedback loops to the membership to arrive at the final list.

Establishing the Monitoring Tools: Once the indicators were determined, this phase consisted of understanding the data sources available among BIAs, municipalities and governments and arriving at initial data sets for the 30 indicators identified during the consultation process.

Knowledge Sharing: The indicators, data analysis, data gaps and tools developed through this study will continue to be shared with government partners and the

membership to create a common understanding around the importance of data to highlight the role BIAs play in building resilient commercial districts.

Through each phase, the project team underwent an engagement process that consisted of a series of interviews with key BIA leaders, municipal leaders, Ministry stakeholders to ascertain priorities and challenges in the daily function of BIA organizations, and understand the data measurements to help BIAs share their story. The consultation program included two multi session webinars with BIAs across Ontario and series of 10 surveys issued to BIA leaders and BIA members. Six Advisory Committee meetings were also held to discuss findings and determine key indicators and directions.

Based on this consultation process, an initial list of over 200 potential indicators under eight possible themes was refined to create a comprehensive list of 30 indicators under four key goals. The list of 30 indicators were then further prioritized by the project team, Advisory Committee and membership based on a poll of overall interest in the metric over the long term down to seven key indicators.

STREET APPEAL

Physical

1. Streetscape and façade investment
2. Placemaking

3. Visitor Experience
4. Actual event attendance
5. Conversion rate
6. Average Dwell Time within the BIA
7. Quality of Life (including livability measures and perceptions)

ECONOMIC DEVELOPMENT

1. Employment
2. Building permits
3. New business openings
4. Assessed property values
5. Gross District Product
6. Business mix
7. Anchors

BIA Zone of Influence: Assessed value of surrounding area + Housing prices in surrounding area.

SUPPORTING SMALL BUSINESS

Business Impact

1. Retail sales
2. Business hours
3. Visitor satisfaction
4. Gross leasable area
5. Business Resiliency + Business turnover
6. Business longevity + Vacancy rates
7. Customer Draw Potential: Number of independent businesses + Number of chains

Visitation, Movement and Marketing

8. Things to do in the BIA/Region
9. Parking utilization
10. Pedestrian counts
11. Marketing Effectiveness: Visitor recall of BIA marketing + Visitor reviews and testimonials.

COMMUNITY BUILDING

Internal Community Building

1. Strategic plan achievement

External Community Building

2. Municipal Capacity Building: Amount of collaboration with municipality and BIA submissions and presentations to Council
3. Local Capacity Building: Engagement with neighbourhood organizations and number of non-BIA events held in the BIA
4. Safe environment

KEY SEVEN INDICATORS

2. Sales – actual numbers
3. Gross District Product (sales and employment by square acreage)
4. Employment
5. Business mix – anchors, critical mass, plan alignment
6. Business resiliency – turnover, vacancy and longevity
7. Money leveraged for streetscape
8. Visitor satisfaction

KEY OBSERVATIONS

Street Appeal

- Streetscape and Façade Investment: 55% of reporting BIAs had members leveraging façade programs, which generated an average 2.5:1 private sector to municipality investment ratio with an average of $0.17 per capita invested.

- Placemaking:
  - BIAs report a median spend of $32,500 annually dedicated to beautification.
  - 75% have a significant stock of properties that are either heritage-designated or of heritage interest.
  - All BIAs reported having multiple transit stops.
  - A significant cluster of cultural facilities tends to land within 500m of a BIA.
  - BIAs have an average of 4 schools within 500m.
  - Significant affordable housing stock is within 500m of a BIA.
  - An average of 10 churches fall within 500m of BIA.

Economic Development

- Employment:
  - The project team found both BIAs that can attract employees to an area increasing the daytime population by over 800% and BIAs that account for a significant proportion of the of the jobs in a

community (ranging from 0.2:1 to 0.9:1).

- The greatest average daytime employment shift (the increase from residential population to daytime employment population) occurs in BIAs in municipalities with a population of 100,000 to 500,000, where the average shift is a 177% increase.

- Building Permits: From 2011 to 2016, the value of building permits in reporting communities increased by a value of 263% (commercial) and 228% (residential), while the number of permits remained relatively stable.

- New Business Openings: An average of 6% of their membership representing new businesses. The strongest performers in new business are BIAs within communities between 500,000 to 1M population, who are hosting on average 17 new businesses per year.

- Assessed Property Value: Average: Assessed value was $216,428,280. In communities with a population between 100,000 to 500,000, this value was 25% higher than the average, whereas in communities between 500,000 and 1M in population, the value was 125% below average.

- Business Mix:
  - 1% of the business mix in BIAs, with communities between 500,000 to 1M (5%) and 25,000 to 100,000 (6%)

having the greatest representation.

- Anchors: BIAs are primarily comprised of five NAICS codes: Retail Trade (25%), Other Services (19%), Accommodation and Food
- (18%), Health Care & Social Services (9%) and Professional, Scientific and Technical Services (7%). All other NAICS fall under 3%, with the vast majority having none.
- BIA Zone of Influence: the sale price of a single-family home or condominium within 500m of a BIA rose on average 46% between 2011 and 2016.

Support Local Business

- Vacancy: On average, there were 11.7 vacancies per BIA on an annual basis. This figure is significantly raised in communities with a population of 100,000 – 500,000 population, having an average of 21.6 vacancies per year.
- Number of chains: On average, chains make up 7% of BIA membership in Ontario, with cities 100,000 to 500,000 in population reaching as high as 12%.
- Things to do within the area of influence of a BIA: On average a BIA has 10 places of worship, 12 public parks, and two cultural facilities within 500m of the BIA -- making them prime

civic spaces for public engagement.

Community Building

- Strategic Plan Achievement: 40% of BIAs review their strategic plan annually and that 76% review their plan within 1-5 years.
- Municipal Capacity Building:
  - 84% of BIA staff rate their level of collaboration with their municipal partners between 7-10 (10 being excellent).
  - While 97% report having a relationship with municipal staff, they only rate the effectiveness of these relationships at 81%.
- Local Capacity Building:
  - BIAs produce an estimated total of 1200 events each year, and another 1300 produced by other community organizations land within the BIA.
  - Safe Environment:
  - Of the BIAs surveyed, 60% have at least one policing centre within 500m
  - 30% of crime within a BIA was theft and shoplifting, 24% was alcohol or quality of life related, and 14% was considered violent crime.

BIA DIVERSITY: RURAL AND URBAN

From the onset of this project BIA staff, OBIAA Leadership and the Advisory Committee members have all been clear in articulating that there is a diverse range of BIAs across the province. From major urban centres to small towns, industrial BIAs to niche shopping districts, up and coming neighbourhoods to those struggling with larger social issues – there is no one definition of a BIA. Acknowledgement of this fact and a careful attention to steer away from setting benchmarks or ranking BIAs against one another has been at the forefront of our analysis.

One of the more common conversations on this topic led to a desire to understand how urban and rural BIAs perform differently, or what factors exist in their environments that enable or encourage them to do so. While this wasn't a focus of our data gathering, to uncover this divide, there are a number of indicators that hold rich enough data for us to present a few areas where we see trends.

For the purposes of this exercise we will be extracting data on communities with a population of 100,000 or less, and comparing it to the more general findings of BIAs across the province.

Based on these population divisions there are two vital indicators, employment and business mix, where we have enough

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representation from rural BIAs to draw some comparisons.

EMPLOYMENT

Employment is an indicator where we heard considerable concern from smaller BIAs when considering how they would stack up against larger city BIAs. Instead of focusing on the total jobs present, one should really look at the ability of the BIA to drive employment as a percentage of the local economy and the value of those jobs. Below we review ways to look at a BIA's capacity for job creation and value

PERCENTAGE SHIFT

This figure speaks to the BIAs' ability to attract working population during the day. As one can see from the figures below larger urban centres drive approximately 26% more jobs to their BIAs than rural communities, but rural community BIAs still perform incredibly well at 128% increased population during working hours.

Understanding the percentage of the population during those peak times that are working versus residential is also key to understanding population shifts and employment. As one can see rural communities are attracting a comparable percentage of working population during peak day time hours

RATE OF INCREASE	POPULATION
128%	Under 100,000
157%	100,000 - 1,000,000
154%	Over 1,000,000

PERCENTAGE WORKING

Understanding the percentage of the population during those peak times that are working versus residential is also key

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to understanding population shifts and employment. As one can see, rural communities are attracting a comparable percentage of working population during peak day time hours.

PERCENTAGE WORKING	POPULATION
50%	Under 100,000
57%	100,000 - 1,000,000
51%	Over 1,000,000

JOBS PER CAPITA

Finally, we consider the ratio of employment within the BIA to the population of the host community. Here we can see rural communities having a

completely different effect than larger city BIAs. In rural BIAs, we see the BIA account for 1 in 5 jobs in the community, where in larger cities the rate falls to 1 in 100.

JOB/POPULATION RATIO	POPULATION
.2:1	Under 100,000
.03:1	100,000 - 1,000,000
.01:1	Over 1,000,000

BUSINESS MIX

As shown in the chart below the typical business mix in a rural BIA versus an urban BIA highlights the reality that rural BIAs are home to a broader mix of

business types than in urban centres.

Highlighted in blue are 6 NAICS code sectors that only show up in rural BIAs,

while highlighted in grey are two sectors where urban BIAs have a significantly

higher percentage representation including retail and other services.

The project advisory committee is comprised of 17 industry and governmental

leaders from across the province, reflective of the regional, geographical and varied

SECTOR BY NAICS	UNDER 100K	OVER 100K
Accommodation and Food services	14%	19%
Administrative and support, waste management and remediation services	0%	0%
Agriculture, forestry, fishing and hunting	1%	0%
Arts, entertainment and recreation	5%	4%
Construction	1%	0%
Educational Services	2%	0%
Finance and Insurance	9%	5%
Health care and social assistance	9%	12%
Information and cultural industries	2%	3%
Management of companies and enterprises	0%	0%
Manufacturing	2%	0%
Mining, quarrying, and oil and gas extraction	2%	0%
Other services (except public administration)	18%	25%
Professional, scientific and technical services	5%	4%
Public Administration	3%	1%
Real estate and rental and leasing	6%	2%
Retail trade	19%	24%
Transportation and Warehousing	1%	0%

interests of BIAs across Ontario. This group represents the Ontario Ministry of Agriculture, Food, and Rural Affairs (OMAFRA) and MMA regions; small, medium and large municipalities in urban and rural setting and private industry expertise. Most importantly it pulls on the

elements of BIA HEART (Heritage; Economy; Arts; Revitalization; and Tourism). It will provide strategic direction on the project and guide the development of indicators. The advisory committee met once a month for the duration of the project.

NEXT STEPS

NEXT STEPS: COLLECTING DATA

Building out the Indicators: While this study starts to create that toolkit, more work is needed in the future. This project has identified a number of data collection tools to help the membership and municipalities provide indicator data. Some of these tools already exist, some need to be augmented to provide information to address certain indicators and some are brand new. A handbook for BIAs on these tools and their relationship to each indicator should be developed to equip BIAs with easy to use collection measures and help outline the emerging and critical role of data in their daily practice.

Funding Critical Data: In order for BIAs to track some of the critical metrics which help define their return on investment, funding support is needed. This project has identified a select group of indicators which are attainable but at a cost.

Building a Database: In order for data to continue to be gathered and easily accessed, a central data portal should be created. The data portal would provide substantial improvements to both data entry by the membership and municipalities, and data availability for all.

NEXT STEPS: BUILDING CAPACITY

For BIAs and Their Members: Each BIA should be recognized as unique and should not be forced into a one-size-fits-all approach. The intent here is to provide each BIA with the tools needed to share their story and their success without attempting to sterilize the unique nature of each business district.

For Associations: OBIAA and TABIA have an important role to play in leading BIA organizations into their next phase of growth. Overwhelmingly, key successes for BIAs are related to community-building within the BIA organization. OBIAA and TABIA are looking to better address these challenges and support the membership in their own professional development, but must engage both the province and local municipalities in these efforts to ensure success.

NEXT STEPS: BUILDING PARTNERSHIPS

Provincial: This report calls for continued multi-ministry partnership with OBIAA to support the foundation of data and metrics formulated through this initiative

both on a broad basis and localized scale.

Municipal: Stronger municipal partnerships between their administration and their BIAs will undoubtedly improve access to data, reduce uncertainty about sharing information and build mutual trust.

Institutional: There is currently institutional capacity to both assemble, analyze and house the data for each indicator of this project. Direct alignment with a partner institution would engrain continued research on BIAs as part of the community fabric. OBIAA/ TABIA would like to work with a preferred institution to create a research hub for Small Business and Business Improvement Areas in the future.

Commercial: Private Sector partnerships offer BIAs an opportunity to leverage additional knowledge, market share and in some cases financial support to assist them in day to day function. While some strong partnerships with private sector firms exist on an individual BIA level, these could be further explored to see what opportunities are available on a broader scale. BIAs are in a unique position to foster these partnerships.

NEXT STEPS: SHARING KNOWLEDGE

Communications will play a vital role in the ongoing success of the project, from keeping members and stakeholders engaged and excited to providing the key mechanisms for encouraging collection and gathering of data. A long-range communications plan is being currently developed to support this initiative as the future unfolds. Bilingualism and improving engagement will key to successful

communications and knowledge-sharing.

NEXTSTEPS:DEMONSTRATINGTHE RETURNONINVESTMENT

One of the primary goals of this study was to determine the return on investment of BIAs. The work completed to date provides a snapshot of their influence, as well as clarity around the indicators needed to share the wide variety of successes and challenges faced by BIAs across the province. In addition, this work also look to provide a series of tools to both collect needed data, and equip the membership to share what they have. Ideas around future tools for BIAs to use in sharing indicator metrics were developed, including:

Street Appeal

- Asset Mapping
- Aerial image
- Asset mark up

Benefit: Provides a visual tool for BIAs and municipalities to understand existing assets (both physical and social) within the BIA area. For example, a map that populates total number of street benches, lampposts, garbage cans etc. should be combined with statistics on public art, parkettes, natural features, place of worship and key businesses to provide a full picture of the assets of that district.

The determination of assets can be completed by the Board of Management or through a membership survey, and supplemented by municipal infrastructure data. This sort of tool could be kept up by the BIA executive and shared with government partners and the broader

membership to show ROI.

Economic Development

- Gross District Product
- Sales (HST)
- Employment
- Land area

Benefit: Provides a simple ROI measure of the relative impact of the BIA area on sales/employment/building permits on a per square foot basis. Allows for comparable metrics to other geographies, the city as a whole or other commercial areas.

Supporting Local Business

- Sales Index
- Common good/commercial land use sales tracking across the province

Benefit: Select a common denominator good that would likely be situated within BIAs across the province. This common good should be determined through more rigorous analysis, but for example a business such as a Tim Horton's or Subway or a convenience store. OBIAA would Index this sales trend to reflect a BIA average trend line over time, to represent the health of our downtowns and main streets.

The index could be added to OBIAA or local BIA communications with their members to show a trend line built over time.

It should be noted that this is one of a couple of sales tools contemplated over the course of the study. The Index is meant to provide trending on sales at a broader scale, to which local BIAs and their membership could compare their own sales figures. It would provide an index of overall health of BIAs.

Community Building

- Network mapping
- Municipal capacity-building
- Local capacity-building
- Safe environment

This work is only the first step in creating a clear toolkit for the BIA membership and government partners to utilize and showcase these indicators over time.

Benefit: Similar to an asset map, this tool provides a visual depiction of the networks created through the work of the BIA. An important role of the BIA is to act as an advocate and connector both internal to the organization and with external stakeholders. While anecdotally we know of many connections made through BIA effort, a visual map of key relationships would solidify the influence BIAs specifically have in furthering the position of small business, main streets, and downtowns in the broader civic conservations.

This map would look much like a web – with the BIA at the centre, and various network connections branching off of it i.e. municipal departments, community associations, key industry leaders, special advocacy groups, not-for profits, key event holders, etc. This sort of tool could be kept up by the BIA executive and shared with government partners and the broader

membership to show ROI

STEERING COMMITTEE

Kay Matthews Executive Director
Ontario BIA Association

John Kiru
Executive Director
Toronto Association of BIAs

Sarah Millar
Project Manager
Fotenn Planning + Design

John Archer *360 Collective*
Toronto, Ontario

Susan McGibbon *360 Collective*
Toronto, Ontario

Corien Kershey *Brand Clarity*
Ottawa, Ontario

Jeremy Freiburger *CoBALT Connects*
Hamilton, Ontario

Sarah Millar Phil Busby
Fotenn Planning + Design

PROJECT TEAM:

ADVISORY COMMITTEE

Andrew Marks
Councillor
City of Timmins

Gil Meslin
Research and Development Manager
Artscape

Kevin Narraway Marketing Manager
Municipality of Port Hope

**Angela Scanlon Jamie
Hurst** Invest Ottawa City of
Ottawa

Jack Dougan
President
Markets on Main Street

Laurie Brownlee
Coordinator,
Northern Policy and Planning Unit Ministry of
Tourism,
Sport & Culture

Carlo Gorni BIA
Coordinator City of Hamilton

Jeff McIntyre
Owner/Chair
Fuel Media/Sudbury BIA

Mike Major
Manager
Toronto BIA Office

Craig Stevens Executive
Director Downtown Barrie BIA

Jim Mountain
Director, Regeneration Projects National Trust
for Canada

Marty Williams Executive
Director Downtown Guelph BIA

Darren Shock
Economic Development Specialist Ontario
Ministry of Agriculture, Food and Rural Affairs
(OMAFRA)

Judy Morgan
Judy C. Morgan Consulting

Rebecca Johnson
City Councillor

City of Thunder Bay

Geoff Wright
Economic Development Officer Municipality of
Chatham

Kenna Kozak Executive
Director Port Perry BIA

Rob Spanier
Partner and Principal Live Work
Learn Play Inc.