

Strategic Alignment - Strong Economies

Public

Program Contact:

Ian Hill, Managing Director
Adelaide Economic Development
Agency

Approving Officer:

Clare Mockler, Chief Executive
Officer

EXECUTIVE SUMMARY

Council has delivered a range of grant programs in recent years to support city traders and property owners, by incentivising the improvement of shopfronts and outdoor amenities. Around \$2.67 million in grant funding has been made available with around 370 businesses receiving funding.

Council funded a Shopfront Improvement Grant Program as part of its additional investment in City recovery through the Reignite Adelaide 2.0 decision on 21 January 2022. The program proved to be extremely popular with the requests for support exceeding the funding available.

Subsequently Council expressed its intent to deliver a second round of Shopfront Improvement Grants for city businesses, the details of which are to be informed by a review to be presented to Council in July 2022.

Based on the demand for the recent Shopfront Improvement Grants, it would be reasonable to assume that further funding of this program would again be well subscribed.

To extend the reach of this valued grants program to assist as many businesses as possible, it is recommended that Council approve a further \$300,000 to support a further round of Shopfront Improvement Grants to open in the week beginning 22 July 2022.

RECOMMENDATION

THAT COUNCIL

1. Approves an allocation of \$300,000 for a further round of Shopfront Improvement Grants which will be funded from the 2022/2023 budget.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Strong Economies Activate main streets and develop unique precincts to support a diverse range of businesses and communities
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	\$300,000 plus administrative resource to deliver program from call for applications through to acquittals
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
22/23 Budget Allocation	Funding for a further round of Shopfront Improvement Grants has not been included in the 2022/23 Business Plan and Budget
Proposed 23/24 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Background

1. At its meeting on 14 June 2022, Council resolved:
That Council:
 1. *Notes the enthusiastic uptake of the Shopfront Improvement Grants by city businesses and property owners.*
 2. *Reviews the success of the grant programme and presents a report to council by the end of July 2022.*
 3. *Expresses its intent to deliver a second round of Shopfront Improvement Grants for city businesses, the details of which are to be informed by the above review.*
2. Council has, over a number of years, provided a range of grants to support business owners to enhance the appearance of their shop fronts. The rationale for Council's investment in these programs has varied but has included:
 - 2.1. To improve the operation and functioning of a business.
 - 2.2. To enhance the activation of the area in which they are located.
 - 2.3. To enable greater use of the public realm to support the social distancing requirements of public health directions responding to Covid.
3. These programs have been delivered under various names including Citywide Shopfront Improvement Grants, Mainstreet and Laneway Activation Grants, Outdoor Activation Grants and Market to Riverbank Shopfront Improvement Grants.

Shopfront Improvement Grant (Reignite 2.0)

4. Council approved \$700,000 for a Shopfront Improvement Grant program as part of Reignite Adelaide 2.0 decision on 21 January 2022. There being no specific criteria set for this grant program by Council, the Chief Executive Officer considered and subsequently approved a proposal to allocate \$500,000 of this amount to fund improvements consistent with the previous Mainstreets and Laneways Revitalisation and Improvement Grants and \$200,000 for a Vacant Tenancy Revitalisation program to attract prospective tenants and to bring vibrancy to our retail areas.
5. The process was competitive with 188 applications seeking approximately \$1.6 million of Council funding received. Given the demand for funding, a further \$100,000 was invested in the grant pool from undersubscribed Reignite Adelaide 2.0 initiatives. Following assessment:
 - 5.1. 57 projects were fully funded (i.e. the full amount requested by the applicant) with \$414,772 allocated to these applicants.
 - 5.2. 35 projects were part funded with a total of \$179,300 allocated to these applicants. These projects requested a total contribution from Council of \$333,758. Applicants were asked during the application process whether they would be prepared to accept part funding.
 - 5.3. 96 projects did not receive any funding. These projects requested a total contribution from Council of \$838,317. Of these projects the panel noted there would only be a small proportion that the panel may consider funding, estimated at 20% (either full fund or part), based on meeting the criteria and value for ratepayers' money.
6. Given this program is not yet completed (as it will only be completed when the funded projects have been completed and Council's contribution acquitted), a full review has not yet been undertaken, however a few observations on the program follow:
 - 6.1. The number and quality of applications and related engagement associated with this program make it one of the more popular assistance packages provided by Council. Many of the applicants were highly engaged with the Adelaide Economic Development Agency (AEDA) and City of Adelaide staff. As a result, these prospective applicants had a good awareness of the opportunity being provided by Council, and the method by which funding applications could be submitted. Furthermore, many businesses sought to engage with neighbouring businesses, Mainstreet and/or precinct representatives to inform their applications.
 - 6.2. The program guidelines, eligibility criteria and assessment process proved to be robust enabling an informed and thorough assessment of all applications against the eligibility criteria. The SmartyGrants system used widely across Council was utilised for this program. Applications were individually and collectively assessed by a panel of three staff from across relevant Council areas including City Experience, Development Assessment and AEDA's Business Growth and Investment team.

- 6.3. Wherever possible, the panel sought to explore all avenues to assist including to provide part-funding to applicants who indicated they were amenable to receive less than the total funds requested.
- 6.4. Eligibility and assessment criteria could be refined to:
 - 6.4.1. Make a clearer distinction between projects that are largely maintenance and repair, and those that would substantially enhance the presentation of a building in a manner that attracts visitors, makes a positive and creative contribution to the area and increases access and amenity.
 - 6.4.2. Encourage projects which substantially improve the level of amenity particularly around the interface of elements within the public realm.
 - 6.4.3. Place a low weighting for projects and related funding bids that represent the substantial construction or total refitting of floorspace which are part of a broader redevelopment of city arcades/centres or stand-alone properties that are vacant, de-fitted and for lease.
 - 6.4.4. Reduce weighting for projects that wish to improve internal fittings and fixtures of a business which would not increase access or amenity for customers and/or users.
- 6.5. Better highlight the opportunity for applicants to upload renders or images of their proposed improvement project within the SmartyGrants portal.
- 6.6. Given the timing of providing Shopfront Improvement Grants with round 2 of Mainstreets and Laneways Revitalisation and Improvement Grants, there was some confusion among potential applicants regarding how the two programs differed and why they were named differently.

Other Grant Programs

7. In addition to the most recent round of Shopfront Improvement Grants, Council has funded other projects of a similar nature. These include the following:
 - 7.1. A pilot **Shopfront Improvement Grant Program** was developed in 2016 as a small-scale program to unlock private investment in improvements to building frontages. More than 80 inquiries were received with eighteen businesses receiving funding. Funding was provided on a matched funding basis. A review undertaken of that program concluded:
 - 7.1.1. The straightforward application process encouraged wide take-up of the program and promoted a wide level of interest in the grant program.
 - 7.1.2. The program was well received by city businesses but was resource-heavy in terms of the administrative support and one to one support it required.
 - 7.1.3. The pilot demonstrated the potential in focussing any future program in a particular direction, such as a particular street or type of shopfront improvement.
 - 7.2. The **Market to Riverbank Shopfront Improvement Grants** program in 2018 provided up to \$20k per business for businesses along Bank, Leigh, Bentham and Pitt Streets and Topham with an aim to fund long-term upgrades to shopfronts that would complement and enhance the public realm upgrade. Total funding available for the program was \$200,000, jointly funded between Renewal SA and the City of Adelaide. Ten businesses and property owners applied and were successful with the value of their enhancements ranging between \$1,700 and \$63,000. \$140,000 was allocated as part of this process with the remaining \$60,000 held in reserve for stage 2 applicants from Bentham Street and Pitt Street.
 - 7.3. The **Outdoor Activation Grant** was designed to assist small businesses impacted by COVID-19. Total funding of \$1,150,000 was available (including a contribution of \$300,000 from the Government of South Australia), with offers made to 172 businesses in the city and North Adelaide over two rounds in September and October 2020. To date, over \$982,741 has been paid to businesses with a total work value of \$1,158,968:
 - 7.3.1. Six businesses that had been allocated funding totalling \$19,523 closed or advised they would not be proceeding with their proposals and therefore would not utilise the grant.
 - 7.3.2. Whilst an intent of the grant was to promptly assist businesses to utilise adjacent outdoor spaces, a number of businesses experienced challenges in engaging tradespeople or purchasing outdoor furniture etc. As a result, only 133 businesses completed their works before 30 June 2021 and 15 businesses have submitted their requests for payment during the 2021-22 financial year. Three further businesses have been approved to complete their works totalling approximately \$23,000 during 2022-23 and 15 businesses have been advised that their proposed projects must be completed by 31 July 2022 or the offer of grant funding will be withdrawn.

7.4. During 2021 and 2022 Council provided the **Mainstreets and Laneways Revitalisation and Improvement Grants** program:

7.4.1. A total of 172 applications were received for the two rounds that have been offered to date. Council initially allocated \$400,000 for these two rounds, however on 12 April 2022 Council approved the re-allocation of \$250,000 from the Reignite Adelaide 2.0 Streetside Activation Grant funding to the Mainstreet and Laneways program due to the oversubscribed funding round. This brought the total funding pool to \$650,000 which was allocated across 78 projects, of which 61 received the full amount they requested and 17 receiving partial funding.

7.4.2. Another \$200,000 funding round opened on 8 June 2022 and applications close 11 July 2022. This additional funding round is supported by the City of Adelaide and the Government of South Australia through the Capital City Committee development program. At the time of writing this report, the initial response by businesses is slower than in the first two rounds, with 10 lodged applications and 19 applications partially completed. The grants program is being actively promoted.

8. Each of the above programs differed in scale, focus and funding arrangements – however the nature of improvements eligible for funding were quite similar. These are summarised in the following table.

Program	Funding pool	Applicants	Grants awarded	Maximum funding per grant	Applicant funding requirement	Assessment method	Geographic scope
Pilot Shopfront Improvement	\$70,000	80+	18		Matching		City-wide
Market to Riverbank Shopfront Improvement Grants	\$200,000	10	10	\$20,000	Nil	Assessed against grant criteria	Market to Riverbank Laneways
Outdoor Activation Grants	\$1,150,000	172	172	\$10,000	At least 20% of total project cost	All eligible applications funded until funds exhausted	City-wide
Mainstreet and Laneways Activation (Rounds 1 & 2)	\$650,000	172	78	\$10,000	At least 20% of total project cost	Assessed against grant criteria and ranked against other applicants	Round 1 - designated main streets Round 2 - designated main streets and laneways
Shopfront Improvement Grants	\$600,000	188	92	\$10,000	At least 20% of total project cost	Assessed against grant criteria and ranked against other applicants	City-wide
Mainstreet and Laneways Activation (Round 3)	\$200,000	Applications closed 4 July		\$10,000	At least 20% of total project cost	Assessed against grant criteria and ranked against other applicants	Designated main streets and laneways

Timing of Delivery

- The process of conducting a grant round of this nature will generally take around six to seven weeks from program release to offer being provided to successful applicants. Of this, four weeks is provided for businesses to prepare their applications including sourcing quotes for the proposed works, one to two weeks for assessment (both individual and collective assessment) and one week for internal approvals of panel recommendations and notification of outcomes being issued to successful and unsuccessful applicants.
- Given caretaker provisions take effect from Tuesday 6 September 2022, if another round of Shopfront Improvement Grants is to be offered mid-year, the latest date that the program can be opened would be the week beginning 22 July 2022. Alternatively, a further funding round could be opened following the cessation of caretaker provisions later in the year.

Conclusion

- Over the past few years Council has delivered a range of grant programs aiming to incentivise the improvement of shopfronts. To this date, around \$2.67 million of grants have been made available with around 370 businesses receiving funding (noting a small number of businesses received funding in more than one program).
- Based on the demand for the recent Shopfront Improvement Grants, it would be reasonable to assume that further funding of this program would again be highly subscribed. To extend the reach of the program to assist as many businesses as possible, it is considered that \$300,000 of funding should be allocated for a second round, again offered to businesses from across the City of Adelaide, rather than for specific designated locations. The additional funding would need to be found within existing budgets as there is no budget allocation for a further round.
- To better ensure the criteria meets the intention of the program, delivers value for money to Council and provides greater clarity to applicants, the guidelines will be amended to reflect the changes suggested in paragraph 6.4 of this report. In addition, the application process will highlight the opportunity for applicants

to upload renders or images of their proposed improvement project within the SmartyGrants portal. Given this would be a new funding round, the opportunity will be promoted broadly to the business community. Unsuccessful applicants for the recent Shopfront Improvement Grants and Mainstreets and Laneways Revitalisation and Improvement Grants would be eligible to re-apply.

14. Should Council at some stage resolve to offer further grant programs of this nature, it would be beneficial if there was standardised and clear naming to reduce confusion among potential applicants; consistent guidelines; and consistency in payment and acquittal processes. Should Council wish for any specific policy objectives or locations to be heightened in subsequent rounds, this could be reflected in the assessment criteria rather than the grant program name or design itself.

ATTACHMENTS

Nil

- END OF REPORT