



Subject:	Future City Centre Programme: Vacant Premises Update
Date:	6 th April 2022
Reporting Officer:	Cathy Reynolds, Director of City Regeneration & Development
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report or Summary of main Issues
1.1	To update Committee on progress of the Vacancy programme, and in particular the proposed pilot capital grant programme, 'Vacant to Vibrant' as reported to CG&R Committee in November 2021, including the emerging findings of the recent EoI process, and to agree next steps for the grant process.
2.0	Recommendations
2.1	The Committee is asked to:

	<ul style="list-style-type: none"> • Note the update in relation to the overall Vacancy Programme including data; the ‘matchmaking’ service to assist potential occupiers; a revised Retail & Leisure Performance Strategy; targeted acquisition and the ‘Vacant to Vibrant’ grant scheme as detailed below. • Note the outcomes of the Expression of Interest regarding the proposed ‘Vacant to Vibrant’ pilot capital grant scheme, including the potential demand for both capital funding and wrap around business support services. • Note that officers will continue to establish demand for the grant programme and the requirements for wrap around support services (for example, business plan preparation) and that a future report will be brought forward should additional services be required. • Agree that the grant application process is due to open May / June 2022 with further updates to be brought back to this Committee. • Note that officers will continue to explore other funding opportunities to support the capital grant programme, given the anticipated level of interest. • Note the launch of the Department of Finance’s ‘Back in Business’ scheme offering businesses a 50% rates discount for up to two years if they occupy a vacant shop unit.
3.0	Main report
3.1	<u>Background</u>
3.2	<p>Members will recall that a programme of work has been developed in response to the rise in the number of vacant properties across the city centre. Given the range of global and local factors contributing to vacancy, and taking into account approaches from best practice across the UK and Ireland, a ‘toolkit’ approach has been taken comprising a number of forms of intervention, including, a mix of grant support to third parties and Council-led or delivered projects, such as targeted acquisition of property.</p> <p>An overview of this work was presented to CG&R meetings in October and November 2021, and work has continued on developing a number of strands:</p> <ul style="list-style-type: none"> • Data: Vacancy data work has been progressed to align multiple existing data sources within Council, and to explore the potential to add value through analytical tools such as the ‘Economic Analyser’. • Retail and Leisure Performance Strategy: Officers are working with Pragma Ltd who have been commissioned to review their 2018 study and produce a detailed report containing the evidence-base in relation to existing Retail / Leisure performance in the city centre, gaps, potential demand, challenges and opportunities. This will inform both strategy and implementable recommendations. This report will be completed in April and presented to a future meeting of the CG&R Committee.

- **Matchmaking Service:** Procurement is underway to appoint a commercial agent (on a pilot basis) to work alongside officers to provide a 'matchmaking' service that will provide dedicated and expert resource to aligning business opportunities and demand from various sectors with potentially suitable vacant space.
- **Targeted Acquisition:** completion of 2 Royal Avenue acquisition, and review of other opportunities for direct Council intervention/delivery. A report will be brought back to Committee in the near future on 2 Royal Avenue.
- **Capital Grant Pilot Programme - 'Vacant to Vibrant':** alongside the above actions, a grant programme has been developed to incentivise uptake of vacant properties in the city centre - further detail outlined below.

3.3 **Capital Grant Pilot Programme - 'Vacant to Vibrant'**

Reports were brought to the City Growth & Regeneration Committee in October and November 2021, and in November 2021 Members approved the development of a pilot city centre capital grant scheme, 'Vacant to Vibrant'. While this scheme is focused within the city centre in order to respond to need and maximise impact with limited funding, a further programme was also agreed by Committee - 'Supporting Vibrant Business Destinations', which will provide a complementary tailored approach to support businesses outside the city centre along the arterial routes. As reported to this Committee in February 2022, £475k of funding has been secured from DfC and Officers are continuing to work through the programme with future reports to be brought to this Committee at the relevant points.

3.4 Through the 'Vacant to Vibrant' capital grant it is proposed that property owners, businesses and organisations wishing to renovate or repurpose a vacant space could apply. Grants would cover the following capital costs:

- smaller financial support to pop-up shops and meanwhile test space;
- larger grants to encourage uptake of vacant units;
- external capital works to façades to improve look and feel of the high street;
- internal capital works to make a vacant property fit for purpose and support long term occupation;
- diversification of unoccupied space to help existing businesses survive.

3.5 As previously agreed by Committee the pilot grant would seek to support local independent businesses and SME's, social economy businesses and creative and cultural organisations that would provide a unique or distinct offer for the city centre, and would prioritise support for:

- vacant ground floor units in the primary retail core
- properties in areas where vacancy is above average
- properties which are visually prominent
- proposals for significant external improvements, particularly where the property has fallen into disrepair due to an extended period of vacancy.

3.6 As previously presented to Committee funding brackets have been proposed based on floorspace (up to a maximum grant of £25,000), and applicants would be expected to contribute a minimum of 10% match funding, while also demonstrating quality assurance and clear commercial viability, evidenced through a robust three-year business and financial plan. The funding brackets outlined are for up to £15k for applicants seeking for a space with a footprint of up to £150 sqm, £25k for a floor space above 151 sqm, and up to £2.5k for applicants seeking to test space in the city centre for 1 year or less (min 4mths).

3.7 In order to test the parameters of the scheme and to gauge interest generally as well as the types of proposals it might attract, businesses, organisations and property owners were encouraged to complete an Expression of Interest to help shape both the grant scheme, and the level of support services which may be required alongside it. The Expression of Interest process ran from 31st January to 28th February 2022. While the submissions are still being reviewed, initial analysis of responses has indicated that the level of interest for the grant is likely to exceed the currently available funding of £700,000 over the identified two-year period.

3.8 Summary findings from the Eol include:

- 145 expressions of interest submitted;
- Of this total, 15 were submitted by property owners, with the remainder from businesses/organisations;
- Of the submissions by businesses/organisations, c50% do not have a business plan in place, 80% identified needing support to find a suitable property and 75% have stated that they need leasing advice;
- Approximately 33% of the submissions by businesses/organisations were from cultural sector, with an additional 5% from Voluntary/Community/Social Enterprise, 23% were from hospitality, 10% retail and 7% from Health and Leisure;
- In terms of space required, 56% need 150 sq metres or less and 36% need 150 sq metres or more, with 8% having not yet determined what space they would require;
- 43% of businesses/organisations are seeking space for one year or less, 51% are seeking space for 2-5 years and 6% are seeking space for 5 years or more.

It is also anticipated that there will be further interest at application stage as interested parties develop proposals in preparation for the grant going live.

3.9 It is also worth noting that while a number of those seeking support will be eligible for existing Council business support programmes (such as support to develop a business plan), these programmes may not be suitable for certain organisations. Where possible, officers are seeking to use existing council support for businesses to ensure that applicants have access to relevant technical and specialist support.

3.10 The EoI also gathered information regarding demand for various forms of support for businesses seeking to occupy a vacant space, and work is ongoing to fully consider the range of wrap-around support required.

3.11 It should be noted that while there is considerable demand for the grant, there are a significant number of responses to the Expression of Interest that refer to proposals not yet sufficiently developed to avail of this scheme. Some will require support to develop a business plan and financial forecasting to prove they can sustain themselves within a premises or will need assistance to identify a suitable property.

3.12 Many from the cultural sector have indicated that they are seeking maker space and their property requirements also may not align with the parameters of this grant, which will primarily seek to occupy and activate vacant ground floor space in prominent areas of the city centre. Further work is however being undertaken across City Regeneration & Development, Tourism, Culture, Heritage and Arts and Enterprise & Business to consider how support can be provided to this sector.

3.13 The feedback on the EoI was positive in terms of the parameters as set out within the EoI and to this end Officers are continuing to develop the scoring criteria to bring forward the applications to be delivered within this funding allocation, with a focus on the parameters in terms of location as identified within item 3.5 of this report as well as an assessment of the applicant's demonstration of quality assurance and clear commercial viability, evidenced through a robust three-year business and financial plan. In the case of temporary pop-up proposals the applicants will be required to provide evidence of commercial viability for the duration of their intended lease (min 4mths to 1yr). Further information on the proposed eligibility criteria for the assessment and award of the grant scheme is as per attached Appendix 1.

3.14	<p>It is proposed that, subject to Members approval, the capital grant will open in May / June 2022 and that the application process will remain open for two years or until the available funding has expired. It is proposed that the grant will be allocated on a first come, first serve basis, provided that the application achieves a minimum quality threshold of 75% in the scoring criteria. Where applicants have indicated that they need support in finding a suitable location or leasing advice they will be able to avail of the Council 'matchmaking' service referenced above which will include support via a Commercial Agent under the Vacancy Programme.</p>
3.15	<p>Members may also be aware that the Finance Minister has recently launched the 'Back in Business' scheme offering businesses a 50% rates discount for up to two years if they occupy a vacant shop unit. A previous version of the scheme, that expired in 2017, supported over 550 businesses across Northern Ireland. The scheme is due to open for applications in May 2022 and will grant a discount for 24 months beginning on the day the unit becomes occupied.</p>
3.16	<p>The timing of the scheme will complement the 'Vacant to Vibrant' grant as an additional incentive for new businesses and organisations seeking to occupy space in the city centre. Through our Expression of Interest for the 'Vacant to Vibrant' scheme respondents identified 'Access to Capital' as the most common challenge to occupying vacant space in the city centre; this was closely followed by 'Rent' and 'Rates', with around 50% highlighting rates as one of the main obstacles. It is worth noting however that the 'Back in Business' scheme only applies to premises which were previously used for retail purposes, and if the property has never been occupied before then it must be used for retail purposes when it becomes occupied.</p>
3.17	<p>Financial & Resource Implications</p>
	<p>As previously reported to Committee in October and November 2021 a two-year pilot of £350,000 p.a. ie total £700,000 is proposed, funded via the Covid Response Reserves, to enable the delivery of a capital 'Vacancy Grant Programme'.</p>
3.18	<p>Equality or Good Relations Implications / Rural Needs Assessment</p>
	<p>An equality Impact Assessment will be undertaken on the grant prior to allocation of funding.</p>
4.0	<p>Appendices – Documents attached</p>
	<p>Appendix 1: 'Vacant to Vibrant' Pilot Capital Grant Process</p>