

**Name of Project: The Heart of the New East- Incubation Project**

**Sponsor:** Councilor Chabot

**Address:** 17<sup>th</sup> Avenue SE in the communities of Greater Forest Lawn

**Affected Business Units and or Departments:** Planning, CNS

**Amount of Funds Requested:** \$98,500

**Summary Description of Project:**

The Heart of the New East has two parts. The first part is a research study and the second part is a demonstration project. The research aims to develop the hypothesis about how creating community support for entrepreneurs at a neighbourhood scale and investing on existing social capital can bring economic development and cultural integration to multicultural and low income communities. This is particularly important in today's economic climate. Second part is a demonstration project. It will evaluate the role and effectiveness of business incubation pop-ups, targeting local immigrant entrepreneurs and an underemployed population at International Avenue in Greater Forest Lawn in Calgary.

The project will investigate if it is possible to diversify the economy while creating inclusion and urban prosperity at a neighborhood scale. International Avenue has traditionally been home to new Canadians looking to start a new life. Many of the existing businesses some 35% are considered ethnically diverse. These business people have skill sets that are not directly applicable immediately. Many cultures have entrepreneurial aspirations that are often not realized due to land use issues, funding, and knowledge of local customs. Many new arrivals still resort to survival jobs, where they are poorly paid and are often the first to be laid off. Others exhaust employment insurance and turn to income support. 90,000 Calgarians work for less than a living wage, and 140,000 Calgarians are living in poverty. Poverty continues to be a grinding and miserable reality for more than 1 in 10 Calgarians.

Often language, cultural differences and networking opportunities are barriers for new immigrants. The program will target immigrants and adjust the program to immigrant needs. It is anticipated to uncover a multitude of issues that can be rectified. The project will connect innovators and immigrant entrepreneurs to local resources and provide a collaborative environment for them. This strategy will in turn revitalize neighborhoods into sustainable communities of choice and opportunity while improving the local economic development.

The initial phase, will include research on the feasibility of community support for entrepreneurs at the neighbourhood scale. Then a demonstration project will be created to evaluate the role and effectiveness of business incubation pop-up targeting local immigrant entrepreneurs and underemployed population to improve a community's economic development potential in the area. By improving urban form

for an adequate and affordable workspace it will create a low cost alternative in a hope to increase business opportunities developing at a micro-economic community level. The following questions will be explored.

1. What are challenges facing entrepreneurs in regards to having affordable workspace in an appropriate location?
2. How can Calgary's urban form, land use regulations, and space design motivate/support immigrant entrepreneurs to start their business in Calgary?
3. Whether Business Incubation is workable?
4. What are some available funding resources and models?
5. What are opportunities for portable business incubator units?
6. Who are the right partners?
7. What are opportunities to use co-op model for business incubation targeting immigrants and under employed?
8. What are the physical characteristics of environments where start-up entrepreneurs started their business and were successful (example: location; transportation; proximity to affordable housing and amenities and services, affordability of space; shared space; proximity to other businesses, access, parking, the land use district; access to temporary locations to test the market)?
9. Research other models, cities

The research will form a much larger community economic development strategy on International Avenue. The long-term vision includes harnessing all of the resources, which exist within the community (financial, human, and physical). The goal is to lead to a larger vision to leverage existing social capital within the community for desired and vibrant business development while adding meaningful community work experiences through retail retainment and business diversity.

Demonstration Phase: The second phase will be a demonstration project to evaluate the role and effectiveness of a business incubation pop-up targeting local immigrant entrepreneurs and the under employed population. The pop-up will utilize vacant commercial spaces and structures on vacant sites. The project is two fold to test the interest of emerging entrepreneurs and fill vacant holes within the district. With the imminent construction of the 17 Avenue SE road way anticipated in 2017, the learnings will also be used to provide solutions for displaced or disrupted businesses during construction of the main street.

The incubation location will be a multi-functional support space, which will be mobile if relocation is necessary during construction or other common business interruption issues. Too often businesses do not have a way to test the market and this will be an excellent introduction into the business community. Pop-up portable stores can

provide inexpensive temporary space for entrepreneurs to pilot and sell their products and services in appropriate locations prior to a wide scale roll out.

Entrepreneurs will receive coaching and on-going support for business ideas through our partner, Momentum. The development of a “Brain Trust Committee” will include business leaders, scholars and social innovators. The “Brain Trust committee” will select potential businesses to locate in two different spaces; one a portable facility, the other an existing underutilized storefront. As demonstrated at ArtBOX on 17E, the implementation needs time to respond to be flexible with any issues etc.

**Proposed Timeline: May 2015- June 2016**

Research Phase: seven months      Demonstration Project: six months

**How does this project meet the criteria of the fund set out in the Terms of Reference?**

The City of Calgary has a competitive advantage to strengthen its global position by largely tapping into an underutilized resource- immigrant entrepreneurialism and under-employed. The project will research and look into ways to advance economic diversification and growth. It will create a number of partnerships within the business community to create social conscience to maximize the business potential of new Canadians and the under-employed, which is in keeping with the Calgary Poverty Reduction Initiative.

**What does success look like and how will it be measured?**

Success will be the development of a pilot project to launch two incubation businesses within the International Avenue zone to determine business viability. If these pop up businesses are successful, the longer-term strategy will look at alternative funding models to create permanent work opportunities and increase local capital.

**Budget:**

**Revenue:**

In Kind:	Momentum:	\$ 32,000
	International Avenue BRZ:	34,000
	Alberta Co-operation Assoc of AB	5,000
	WSP Urban Design/Engineering	5,000
	Misc. Suppliers/ discounts:	6,500
	Community/Volunteer Labour:	7,500
	<b>Innovation Grant:</b>	<b><u>\$ 98,500</u></b>

Total Revenue: **190,000**

**Expenses:**

Research (includes surveys, round tables etc.)	\$39,000 (Phase 1)
Training/ screening candidates	32,000 (Phase 1)
Office/ Project Management:	14,000 (Phase 1 and 2)
Marketing/ signage:	5,000 (Phase 2)
Administration/Accounting:	2,500 (Phase 1 and 2)
Financial Modeling:	7,500 (Phase 2)
Permits/ blue prints/ architectural plans:	10,000 (Phase 1)
Shipping containers:	10,000 (Phase 2)
Moving costs/ rental:	4,000 (Phase 2)
Utilities:	2,300 (Phase 2)
Solar:	6,000 (Phase 2)
Legal/ Insurance	3,000 (Phase 2)
Interior/ exterior renovations:	40,000 (Phase 2)
Maintenance, preparing sites:	3,200 (Phase 2)
Contingency:	<u>10,000 (Phase 1 &amp; 2)</u>

**Total cost of project: \$ 190,000**