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Date: 3/14/2018 2:28:10 PM
Subject: Small Businesses - response to information request - RTS 12437

Greetings Mayor and Council,

On February 20, 2018, staff from Finance and Business Planning and Project Support (BPPS), in conjunction with Development, Buildings and Licensing (DBL), Engineering Services, and Planning, Urban Design and Sustainability (PDS), brought forward information and a presentation to Council relating to supporting small businesses. This email memo provides a response to a question from Councillor De Genova during that Council discussion, where-by staff were requested to provide Council with information relating to why and how many businesses have moved out of Vancouver.

Summary Response

Business licences are issued by the City's License Office using a licensing program that contains a record of each licensed business and includes information such as owner information, location of business, and type of business. Business licenses are renewable on an annual basis, prompting many businesses that have made changes throughout the year to do so at renewal, or to notify the license office of the closure of their business. The licensing database does not currently have the ability to record the reasons why a business has closed, or whether that business has gone to a different jurisdiction. As such, staff can only provide statistics on the types and numbers of businesses that have closed each year.

In 2017, approximately 3,600 businesses closed out of a total of 49,535 business that were licensed to operate in Vancouver in other words about 7%. This is lower when compared to year over year trends, as evidenced in the chart below:

Year	Total Issued	Closed Licenses	% of closed
2008	48,742	4,830	10%
2009	49,458	4,700	10%
2010	50,745	4,631	9%
2011	51,441	5,918	12%
2012	51,361	4,980	10%
2013	50,664	5,146	10%
2014	49,388	4,580	9%
2015	48,969	5,285	11%
2016	49,341	6,792	14%
2017	49,535	3,577	7%

Staff have heard anecdotal information about the reason for business closure from various partners – ranging from increased property assessments, tax rates, high rents, low pedestrian access, decreases in parking availability, and competition from other businesses. In order to assess whether this data is tracked elsewhere, staff reached out to partners in various Business Improvement Associations and partners at the Vancouver Economic Commission to determine if they have data related to the request.

Of everyone we contacted, only the Downtown Vancouver Business Improvement Association has pursued this enquiry, and they provided the following summary of their findings:

"In September 2017 the DVBIA began collecting information about why businesses are closing within the downtown district. 27 businesses that closed during the subsequent 7 months have responded to the survey.

Although no significant conclusions can be drawn due to the small time period and sample size, it is worth noting that 14 of the 27 businesses pointed to high rents as the main reason for closing. The survey does not ask if lease expiration was a factor in the decision to close.

The survey also found that 19 of the closing businesses had plans to re-open elsewhere, usually outside of the downtown core.

The DVBIA will continue to collect this information going forward to form a more robust picture of business closures."

Staff will review further opportunities to ascertain the reasons in which businesses close, and potentially relocate to other jurisdictions, as part of scoping future small business related work. Staff will also reach out to our partners at the Provincial Government to determine whether the BC Registry system contains and tracks data relating to the number of active businesses as well as information relating to changes in jurisdiction. Any information received will be provided during future Council updates associated to the small business motion.

If you have any further questions regarding this matter, please contact Kaye Krishna at 604.873.7160 or Kaye.Krishna@vancouver.ca.

Best,
Sadhu

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