

Downtown Calgary Development Incentive Program Guide



Program Guide Downtown Calgary Development Incentive Program



Publishing Information

Title

Program Guide
Downtown Calgary Development Incentive Program

Author

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Published

August 16, 2021

Additional Copies

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Background

Calgary's Greater Downtown Plan: Roadmap to Reinvention was approved by Council in April 2021. The Plan illustrates the vision for the future of Downtown. The vision is based on a 10-year implementation timeframe and is estimated to require a total investment of approximately \$1 billion. In support of this plan and its vision, Council also approved report C2021-0524 Realizing Calgary's Greater Downtown Plan: Initial Investments and Incentives, which outlined an initial investment package of \$200 million comprised of various initiatives and funding programs. Of this initial investment package, \$45 million was dedicated to the Downtown Calgary Development Incentive Program (the Incentive Program).

The main objective of the Incentive Program is two-fold: 1) to reduce downtown vacancy through the removal of office space, and 2) to increase vibrancy through the addition of residential and non-office uses. This can be achieved through building conversions from office to residential and non-office use, or through demolition of existing office buildings. The goal is to encourage the removal of approximately six million square feet of office space in the Greater Downtown over a 10-year period. It is estimated that of the \$1 billion total investment noted above, a dedication of \$450 million into the Incentive Program fund is necessary to achieve this goal.

The Terms of Reference for Phase 1 (August – December 2021) of the Incentive Program were formally approved by Council at the July 26, 2021 Council meeting. This Program Guide outlines the details and submission criteria for Phase 1 of the program which focuses on office to residential building conversions.

Phase 2 of the Incentive Program will consider expanded criteria and potential grant amounts for conversions from office to other adaptive uses (i.e. other non-office uses such as education, health, public amenities or other non-office commercial uses). Phase 2 will also consider criteria and potential grant amounts for demolition and rebuilds to non-office uses. It is anticipated that the Terms of Reference for Phase 2 of the Incentive Program will be presented to Council for approval in late 2021. Additional phases of the Incentive Program may be approved in subsequent years pending program success in achieving desired results and availability of program funding.



Phase 1: 2021 August to December

Office to Residential Conversions

- Office to residential conversions

The Incentive Program is offering a grant for office to residential conversions of \$75 per square foot based on the original gross building area of existing office that will be converted.

The total grant amount will be up to a maximum of **\$10 million** per property/project unless Council approves a greater amount for a particular application.

Phase 2: 2022 January to July

Additional Office Conversions to Residential and other Adaptive Uses and/or Demolition and Rebuild

- Additional office to residential conversions.
- Inclusion of office conversion to other adaptive uses.
- Office demolition and new build to residential.
- Office demolition and new build to non-office use.

Incentive amounts for Phase 2 of the Incentive Program are yet to be determined for all project types listed above and will be brought forward to Council for approval with the revised Terms of Reference in late 2021.



Phase 1 Launch: Application Submission and Evaluation

Applications and Approvals

The application period for Phase 1 of the Incentive Program will be open for submissions from August 16, 2021 to September 15, 2021. All applications received during this time period will be reviewed and evaluated against the criteria before any recommendations for approval are made.

Applications received after September 15, 2021 will be held for evaluation (pending availability of uncommitted grant funding) after the review and approval process is completed for applications received on or before September 15, 2021.

Application Requirements

a. Overview of the proposed project

- Ownership of the subject property
- Intent of project – conversion of xx square feet of office to xx square feet of future use
- Estimated total conversion costs
- Estimated timeline to completion, with key project milestones highlighted

b. Description and background of the existing asset

- Current use and vacancy status

c. Overview of the physical location of the proposed project

- Project address
- Location map
- Surrounding context and neighbouring properties, if relevant

d. Project proposal

- What is being proposed (ie. type of product, unit types, residential amenities, etc.)
- Project scoring considerations, if applicable (see below section)
- Who will be involved in the conversion project (applicant's team and list of consultants such as architects, designers, engineers, or agents)
- How, and from whom, financing and/or capital is to be sourced

e. Project readiness

- Status of financing/funding
- Existing vacancy and/or remaining lease terms
- Any schematics, drawings, renderings available or relevant permits (optional)

Incentives Approval Committee

Applications received will first be reviewed by members of the Downtown Strategy Team as well as other subject matter experts from within The City. The applications will be reviewed against the criteria outlined in the approved Terms of Reference (also listed in Key Criteria section below) and recommendation(s) for grant approvals will be made to the Incentives Approval Committee. The Incentives Approval Committee consists of two members:

1. General Manager of Planning & Development; and,
2. Chief Financial Officer or other Finance designate.

Decision making authority

Approval Range (per Project)	Decision Making
Up to \$10 million	Incentives Approval Committee
Greater than \$10 million	Council

- All application decisions made pursuant to this Incentive Program shall be in the sole and exclusive discretion of the Incentives Approval Committee.
- If a potential grant amount exceeds \$10 million, Council approval will be required. The initial evaluation process will be consistent and conducted by the Downtown Strategy Team, with a recommendation confirmed by the Incentives Approval Committee and forwarded to Council for final approval.

Evaluation

- The Downtown Strategy Team will review applications based on the criteria set out in the Terms of Reference (see below).
- The Downtown Strategy Team will endeavour to review applications within four weeks from the close of the intake period. This timeline is subject to extension based on a variety of factors, including the completeness of information submitted. To ensure timely review of an application, the applicant and the Downtown Strategy Team must work collaboratively with document sharing to facilitate these timelines.
- Following review by the Downtown Strategy Team, application(s) will be brought forward to the Incentives Approval Committee for decision (approval or refusal) within two weeks.
- Applicants will be informed by the Downtown Strategy Team of the final status of their application once the Incentives Approval Committee has decided to approve or refuse the application.
- All application decisions made pursuant to this Incentive Program shall be in the sole and exclusive discretion of the Incentives Approval Committee or Council if applicable.
- Whether to provide a grant will be a purely discretionary decision on the part of The City. The City may refuse to issue a grant for any reason. In addition, grants are always subject to funding approval, and grants may no longer be issued if funding is no longer available or if there is a question of whether there is sufficient funding remaining in the program. There is no ability for appeal from any decision on whether to provide a grant.
- For applicants that submit viable conversion proposals, but where funding is not available in Phase 1 of the Incentive Program, those applicants will have their applications rolled over and prioritized for consideration under future phases of approved funding.

Application decisions, including approvals, made pursuant to this Incentive Program do not: (1) constitute the granting by the municipality of The City of Calgary of any approval or permit as may be required pursuant to the **Municipal Government Act (Alberta)** or any other legislation in force in the Province of Alberta, including approvals of subdivision and permit applications and any land use redesignation applications, or (2) restrict the municipality of The City of Calgary, its Council, officers, employees or agents in the full exercise of any and all powers and duties vested in them in their respective capacities as an approving authority over subdivision and permit applications and land use redesignation applications, or as a governmental authority.

Approval of Applications

Approvals may be provided under the following categories as applicable:

**a. Pre-approval of Application
(pre-approval commitment letter)**

Subject to satisfactory receipt of financing commitment from a Charter Bank or other recognized financial institution within a timeline of 6 months. If this condition is not satisfied within the timeline established herein, the pre-approval may be unilaterally revoked. If an applicant elects to self-fund, evidence of internal financing is required.

b. Approval of Application

All conditions have been satisfied and applicant is ready to proceed to entering into a Funding Agreement upon receipt of satisfactory financing commitment from a Charter Bank or other recognized financial institution. If an applicant elects to self-fund, evidence of internal financing is required.

c. Formal signing of Funding Agreement

Final commitment for the Incentive Program. A Funding Agreement will be prepared for signing by the applicant and The City of Calgary, laying out the responsibilities and obligations of both parties. If stage gates during the construction process are not met, the Funding Agreement may be terminated. When a Funding Agreement is signed, a building permit approval needs to be in place within no more than six months following the conditional pre-approval of the project.

Successful applicants must provide regular reports to the Downtown Strategy Team on progress towards completion – the details of reporting requirements will be outlined fully in the Funding Agreement. These reporting requirements may include copies of progress draws from lenders or other supporting documentation to confirm ongoing progress on the project. If an applicant elects to self-fund, evidence of internal financing is required and may be in the form of a letter of intent to provide private or internal financing.

Key Criteria

To be considered eligible for grant funding through Phase 1 of the Incentive Program, applicants must satisfy the criteria outlined below.

1. Elimination/removal of office space.
2. Conversion from office space to residential space.
3. The property is located within the Greater Downtown Plan Area (see boundary map).
 - Eligible projects located within the "Downtown Core" will be given priority in the review and project approval process.
4. The applicant is the property owner¹ or their designated agent, or the applicant provides authorization from the property owner that is satisfactory to The City of Calgary.
5. Evidence of project financing.
6. Applicant track record.
 - a. The applicant shall submit their project experience similar to scope and size contemplated in the application. If the applicant has no conversion experience, the consultants/ advisors that have conversion experience shall be named complete with their relevant experience. The development manager(s) or development consultants must have a proven track record in office to residential conversions or major urban renovation projects. The City's previous dealings with the applicant, if any, including the applicant's history of compliance with previous agreements and/or requirements of development, may also be considered.
 - b. The applicant shall prove to the satisfaction of the Incentives Approval Committee that the applicant has the human resources from a project management, supervision and execution perspective (if not own staff then via consultants) available in Calgary.
 - c. Details about the applicant shall be provided with the application as follows:
 - Age of entity/corporation;
 - Type of entity/corporation (legal and industry); and,
 - Proof of good standing with respect to annual filings, corporate standing, and financial capacity.

¹ For the purposes herein, "property owner" means the registered owner of the fee simple estate of the subject property as registered at the Alberta Land Titles Office.

Project Scoring Considerations

In addition to the above key criteria, other aspects may be considered and used as a means for scoring projects and allocating funding based on how proposals rank against one another. Generally, proposals that can demonstrate additional alignment to the vision and goals of the [Greater Downtown Plan](#) will be scored higher than those that only achieve the key criteria. Specific aspects that may be considered in the scoring of applications are listed below, in no particular order, and are not limited to the following:

- Active uses at grade and at Plus 15 level, where applicable
- Façade improvements
- Public realm improvements
- Heritage building preservation
- Inclusion of below-market housing
- Sustainable building design & improvements, beyond building code standards and requirements (i.e. emissions reduction, climate adaptation, etc.)
- Other unique features as highlighted in the application that contribute to downtown vibrancy and resilience.

Confidentiality

For the purposes of this section, “**Confidential Information**” means information considered proprietary to an applicant and disclosed to The City pursuant to this Incentive Program, and includes all material, data and information (regardless of form and whether or not the same is protected by copyright, patent, or other applicable law) which is not available to the public. “Confidential Information” does not include any information that: (i) is now in or subsequently enters the public domain through means other than by the direct or indirect disclosure by The City; (ii) is already in the possession of The City; (iii) is lawfully communicated to The City, free of any confidentiality obligation; (iv) The City has received the applicant’s prior written approval to disclose; or (v) The City is required to disclose pursuant to the Municipal Government Act (Alberta), the Freedom of Information and Protection of Privacy Act (“**FOIP Act**”), or any subsequent legislation of similar effect, or The City is required to disclose pursuant to any law or order of a court having jurisdiction over the matter.

Applications may include the Confidential Information of the applicants. The City shall make all reasonable efforts to maintain in confidence the Confidential Information. Without limiting the generality of the foregoing, The City will make reasonable efforts to keep, file and store all Confidential Information, together with any notes or other material incorporating or relating to the Confidential information, in a manner consistent with the FOIP Act, as well as in a manner consistent with its confidential nature and to take all reasonable action, whether by instruction, agreement or otherwise, to ensure that its employees do not disclose or use the Confidential Information directly or indirectly, for any purpose other than the purposes for which it was provided.

Notwithstanding the foregoing, The City may be required to disclose Confidential Information pursuant to its public disclosure obligations as contained in the FOIP Act. Should such disclosure be required, The City shall use its reasonable efforts to limit that disclosure and, in any event, shall make that disclosure only to the extent so required. The City shall communicate its disclosure obligations to all applicants and advise them that any disclosure of Confidential Information pursuant to The City’s obligations under the FOIP Act shall not breach any obligation of confidentiality that may exist between The City and applicant.

Downtown Calgary Development Incentive Program Map



Application Requirements

- ☐ Project address and location map
- ☐ Ownership of the subject property
- ☐ Current use and vacancy status

- ☐ Overview of the proposed project
- ☐ Intent of project – conversion of xx square feet of office to xx square feet of future use
- ☐ Estimated total conversion costs
- ☐ Estimated timeline to completion
- ☐ Description and background of the existing asset
- ☐ Overview of the physical location of the proposed project
- ☐ Project proposal

- ☐ Who will be involved in the conversion project (applicant's team and list of consultants such as architects, designers, engineers, or agents)
- ☐ Project scoring considerations (if applicable)
- ☐ How, and from whom, financing and/or capital is to be sourced
- ☐ Project readiness
- ☐ Status of financing/funding
- ☐ Optional: schematics, drawings, renderings available or relevant permits

Application Submission

Applications can be submitted any time during the submission period of August 16 – September 15, 2021. Upon receipt, submissions will be checked for completeness of information however full application review will not take place until after the submission period closes.

Applications to the Incentive Program must be submitted via email to downtownincentiveprogram@calgary.ca. Email confirmation of receipt will be issued within two business days.

Documents and information should be packaged into one file where possible. PDF format is preferred with max file limit of 25MBs.

For all questions and inquiries regarding the Downtown Calgary Development Incentive Program, please email downtownincentiveprogram@calgary.ca.

calgary.ca/downtownincentiveprogram