

Background and Previous Council Direction

Background – Downtown Strategy

The Downtown Calgary Development Incentive Program (the Program) was established in 2021 April by Council in report *C2021-0524 Realizing Calgary's Greater Downtown Plan: Initial Investments and Incentives* - with an initial investment of \$45 million to fund the Program. The approved report was presented in conjunction with report *PUD2021-0220 Calgary's Greater Downtown Plan: Roadmap to Reinvention* - that detailed the 10-year implementation plan.

The Program's purpose is to provide financial incentives to assist with the removal of approximately six million square feet of office space in the Greater Downtown Plan Area over the next 10 years (2021 to 2031). The removal of vacant office space can be achieved through conversion to residential or other adaptive uses, or through potential demolition and rebuild of non-office space. Without the Program, office conversions or redevelopment projects will likely not occur.

The overall goals of the Program are to increase overall economic activity in the Greater Downtown Plan Area by:

- Removing office space from the Greater Downtown Plan Area – with a priority area of the Downtown Core;
- Increasing downtown residential dwelling units to improve vibrancy; and,
- Reducing the downtown office vacancy rate and supporting property values and the non-residential property tax assessment base.

Previous Council Direction – Downtown Strategy

On March 14, 2023, Council approved report EC2023-0102, Advancing the Downtown Strategy through Incentive Program Expansion, which included revised Terms of Reference to the Downtown Calgary Development Incentive Program, as well as two new incentive programs: Downtown Demolition Incentive Program and Post-Secondary Institution Incentive Program.

During the November 2022 Service Plans and Budgets process, Council approved an additional \$53 million towards the Downtown Calgary Development Incentive Program to support the implementation of all Phase 2 eligible applications, including \$9 million towards incenting post-secondary institutions to locate in the downtown, amounting to a total Program fund of \$153 million.

On February 15, 2022, Council approved a funding request of up to \$15 million for Phase 1 of the Palliser One office conversion project, comprised of floors 15 -27 (C2022-0157).

During the November 2021 Budget Adjustments process, Council approved an additional \$55 million towards the Downtown Calgary Development Incentive Program to support the implementation of all Phase 1 eligible applications, amounting to a total Program fund of \$100 million.

At the 2021 July 26 Combined Meeting of Council, with respect to report PFC2021-0779, the following was adopted:

1. Receive the State of Downtown Calgary 2020 (Attachment 2) for the corporate record;
2. Approve the Downtown Calgary Development Incentive Program Terms of Reference (Attachment 3);
3. Direct Administration to bring the Downtown Calgary Development Incentive Program Phase 2 -Terms of Reference to Council no later than 2021 Q4;
4. Direct Administration to report on the implementation of the Downtown Calgary Development Incentive Program, the financial status, and recommendations on future program terms of reference to Council no later than 2022 Q4; and
5. Approve Redirection & Reprioritization of Cultural Municipal Sustainability Initiative Budget Funds (Attachment 5), including allocations of previously approved budgets totaling \$15.5M as outlined in Table 1 - Redirection of Cultural Municipal Sustainability Initiative (CMSI) Funds

At the 2021 April 26 Strategic Meeting of Council, with respect to report C2021-0524, the following was approved:

1. Approve **revised** Attachment 3, “Greater Downtown Plan – Initial Investment and Approvals”, including investment categories and allocations, and with the \$200 million initial investment funded by \$60 million from the Budget Savings Account, \$63 million from the Fiscal Stability Reserve and \$77 million from the Canada Community Building Fund subject to receipt of the 2021 increase;
2. Request the Mayor write letters to the provincial and federal governments, advocating for funding and other support for Calgary’s Greater Downtown Plan, and direct Administration to pursue the same support by contacting provincial and federal government officials and departments;
3. Authorize entering into a Housing Agreement on Sierra Place at 706 7 Avenue SW and authorize the Community Services General Manager to develop, approve, and execute the agreements identified in Attachment 7 and necessary to implement the HomeSpace project; and,
4. Direct Administration to report back to Council no later than 2022 Q2.

In 2020 December, Council approved *Notice of Motion C2020-1439 Providing Incentive to Residential Development in the Downtown Core*. That with respect to Notice of Motion C2020-1439, the following be adopted, as amended: NOW THEREFORE BE IT RESOLVED that Council direct City Administration to explore the potential creation of regulatory and financial investment incentives for the development of new high-density residential complexes and the conversion of office buildings to various forms of residential occupancy or other uses within the downtown generally, but with a focus on the Downtown Core, to coordinate with the work of the Real Estate Working Group and Urban Initiatives Downtown Strategy team. AND FURTHER BE

IT RESOLVED that Administration report to the Priorities and Finance Committee with its findings no later than the end of 2021 April.