

CITY OF CALGARY
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JUN 06 2022

ITEM: 14.2.1 C2022-0603
~~Confidential distrib. Presentation~~
CITY CLERK'S DEPARTMENT

Items 14.2.1 & 14.2.2 Downtown Calgary Development Incentive Program – Application Funding Requests C2022-0603, C2022-0630

Combined Meeting of Council (Closed Meeting)

June 7, 2022

ISC: Confidential

Program Goals:

1. Remove office space from the Greater Downtown Plan Area – with a priority area of the Downtown Core
2. Increase downtown residential dwelling units to improve vibrancy
3. Reduce the downtown office vacancy rate and support property values and the non-residential property tax assessment base

Decision-Making & Approval Levels:

- Up to \$10 Million: Incentives Approval Committee
- Over \$10 Million: Council

Program Guide

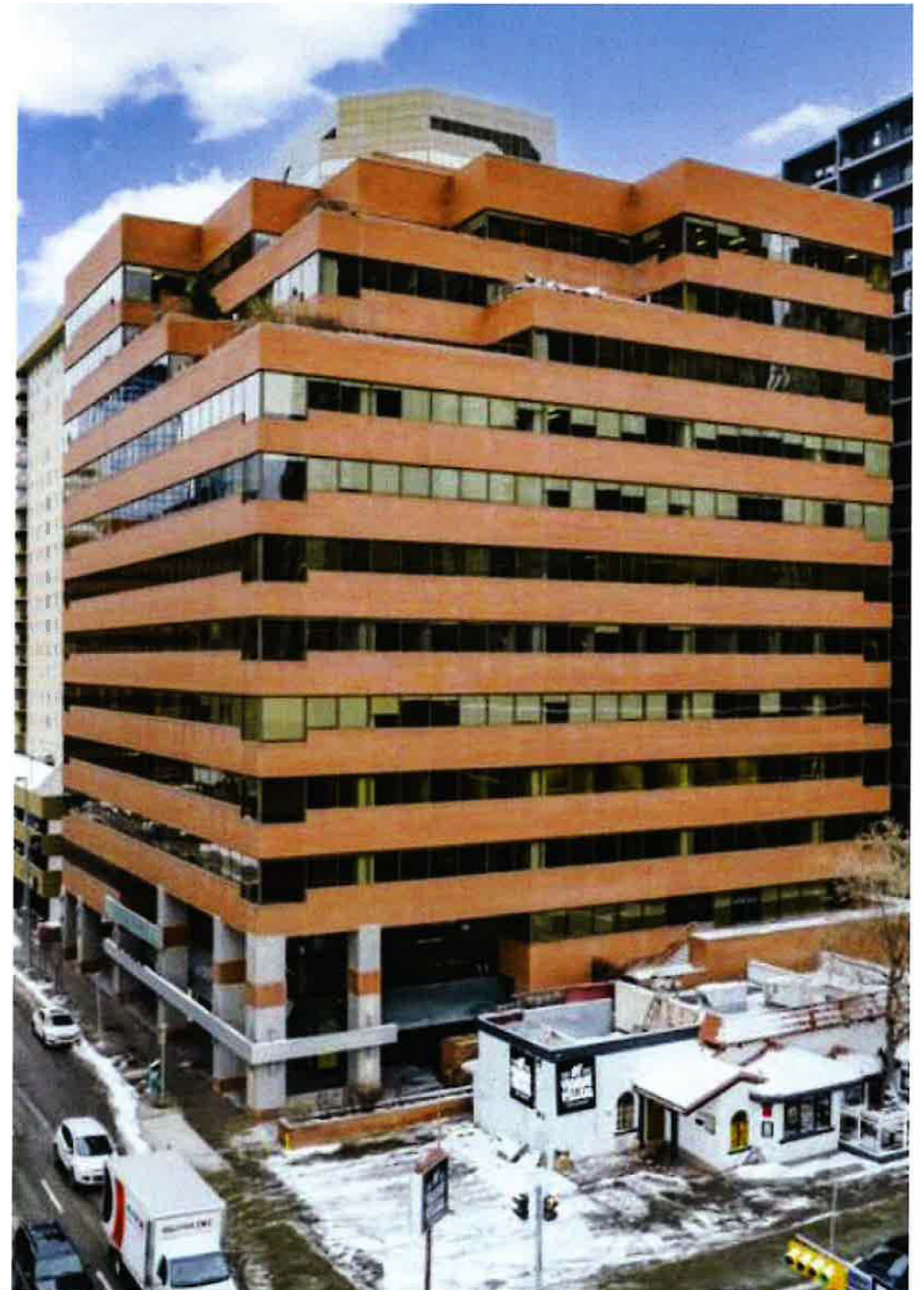
Downtown Calgary Development Incentive Program



Canadian Centre Project & Funding Allocation Request (C2022-0603)

Project Highlights:

- B-Class office tower in west end of downtown – 4th Ave & 8th St.
- Converting whole building ~165,000 square feet of office space to residential use
- Creation of ~225 flexible stay residential units
- Standard incentive rate of \$75/sq ft applied
(165,000 sq ft x \$75 = \$12.4 million)
- Wholly funded through the Incentive Program Phase 1 funds



Eau Claire Place II Project Overview & Funding Allocation Request (C2022-0630)

Project Highlights:

- B-Class office tower in Eau Claire – 3rd Ave & 5th St
- Converting whole building ~160,000 square feet of office space to residential use
- Creation of 181 new residential units – mix of 1-bed, 1-bed+den and 2-bed units
- Standard incentive rate of \$75/sq ft applied
(160,000 sq ft x \$75 = \$12 million)
- Wholly funded through the Incentive Program Phase 1 funds

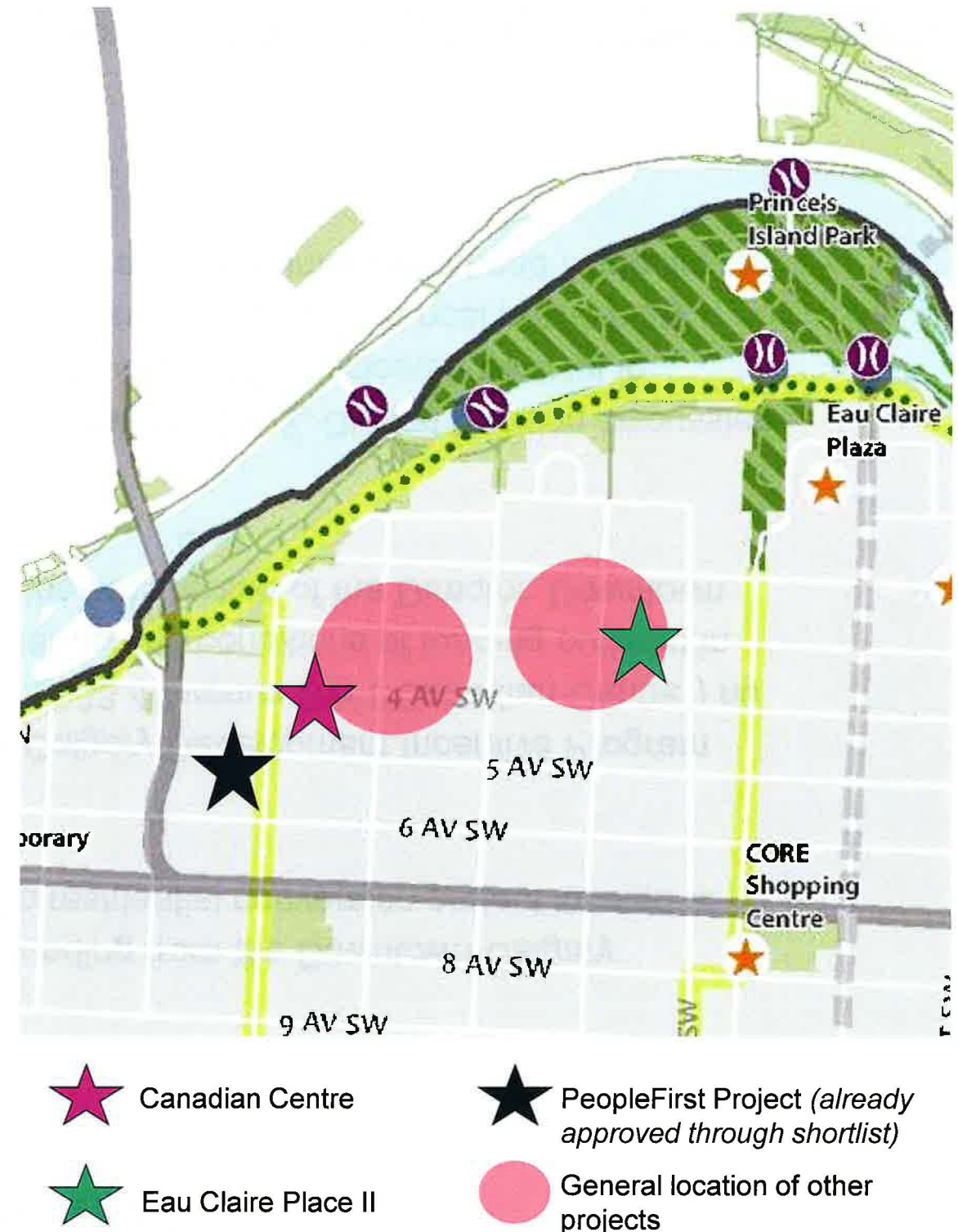


Meets all eligibility criteria:

- ✓ Removal of vacant office space through conversion to residential use
- ✓ Reasonable project readiness
- ✓ Evidence of strong financial backing, capacity and commitment
- ✓ Proven applicant track record

Key Considerations:

- ✓ Located within the Downtown Core Priority Area
- ✓ West End and Eau Claire neighbourhoods
- ✓ Mix of units and rental options; ~406 new residential units
- ✓ Close proximity to other conversion projects – clustering of residential



That Council:

1. Approve an allocation of up to \$12.5 million in funding from the Downtown Calgary Development Incentive Program for the office to residential conversion project located at 833 4 Avenue SW (“Canadian Centre”);
2. Direct Administration to enter into a Downtown Calgary Development Incentive Program funding agreement with the property owner(s) of 833 4 Avenue SW (“Canadian Centre”) no later than 2022 December 31 that outlines the terms and conditions of funding outlined in the Terms of Reference and Program Guide to the satisfaction of the Director, Downtown Strategy; and
3. Direct that this Report, Closed Meeting recommendations 1 & 2, Closed Meeting discussion and presentation be held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 19 (Confidential evaluations), 23 (Local public body confidences), and 24 (Advice from officials) of the Freedom of Information and Protection of Privacy Act, to be reviewed by 2023 June 30.

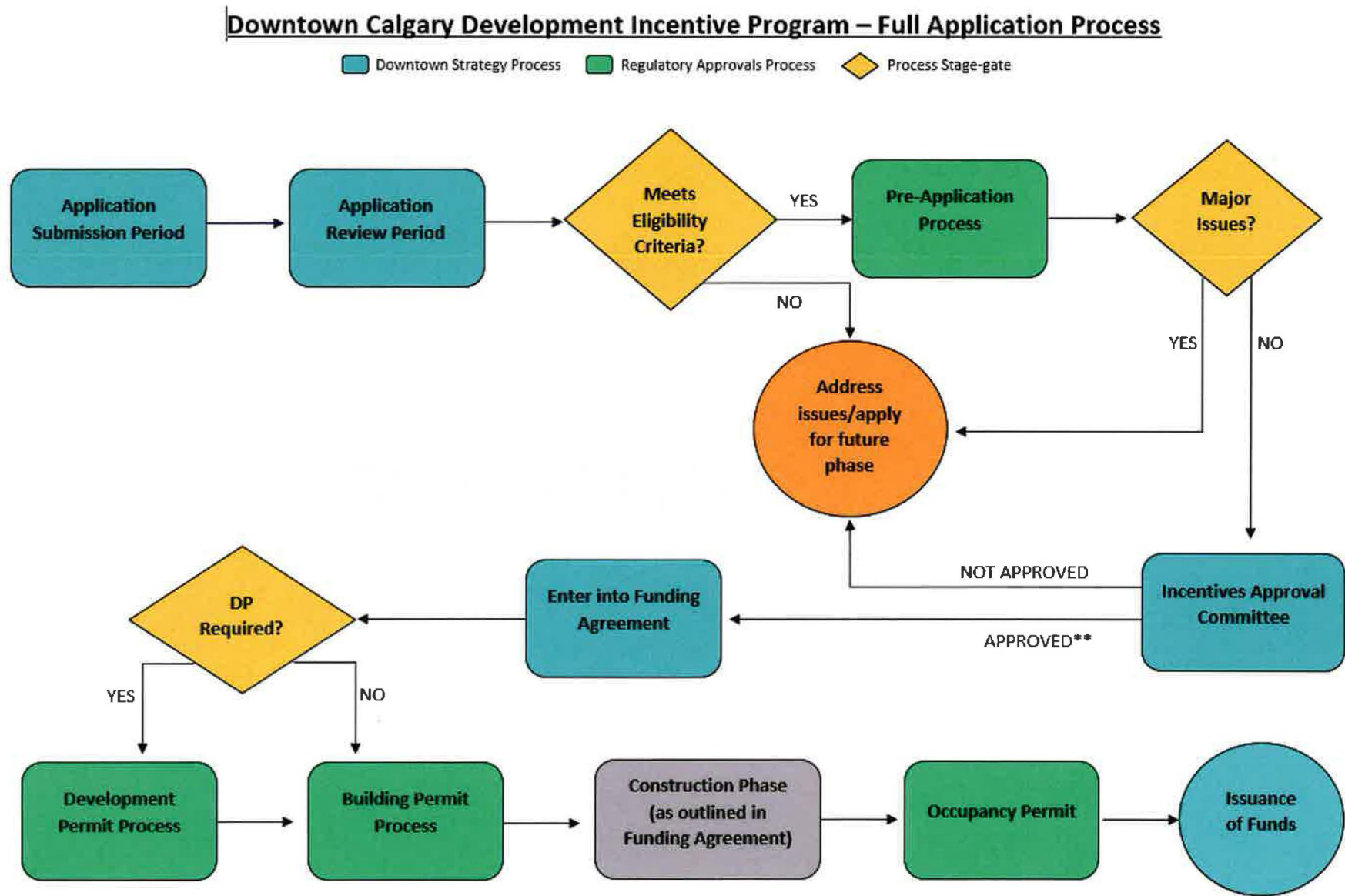
That Council:

1. Approve an allocation of up to \$12 million in funding from the Downtown Calgary Development Incentive Program for the office to residential conversion project located at 521 3 Avenue SW (“Eau Claire Place II”);
2. Direct Administration to enter into a Downtown Calgary Development Incentive Program funding agreement with the property owner(s) of 521 3 Avenue SW (“Eau Claire Place II”) no later than 2022 December 31 that outlines the terms and conditions of funding outlined in the Terms of Reference and Program Guide to the satisfaction of the Director, Downtown Strategy; and
3. Direct that this Report, Closed Meeting recommendations 1 & 2, Closed Meeting discussion and presentation be held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 19 (Confidential evaluations), 23 (Local public body confidences), and 24 (Advice from officials) of the Freedom of Information and Protection of Privacy Act, to be reviewed by 2023 June 30.

Questions?

Backup slides

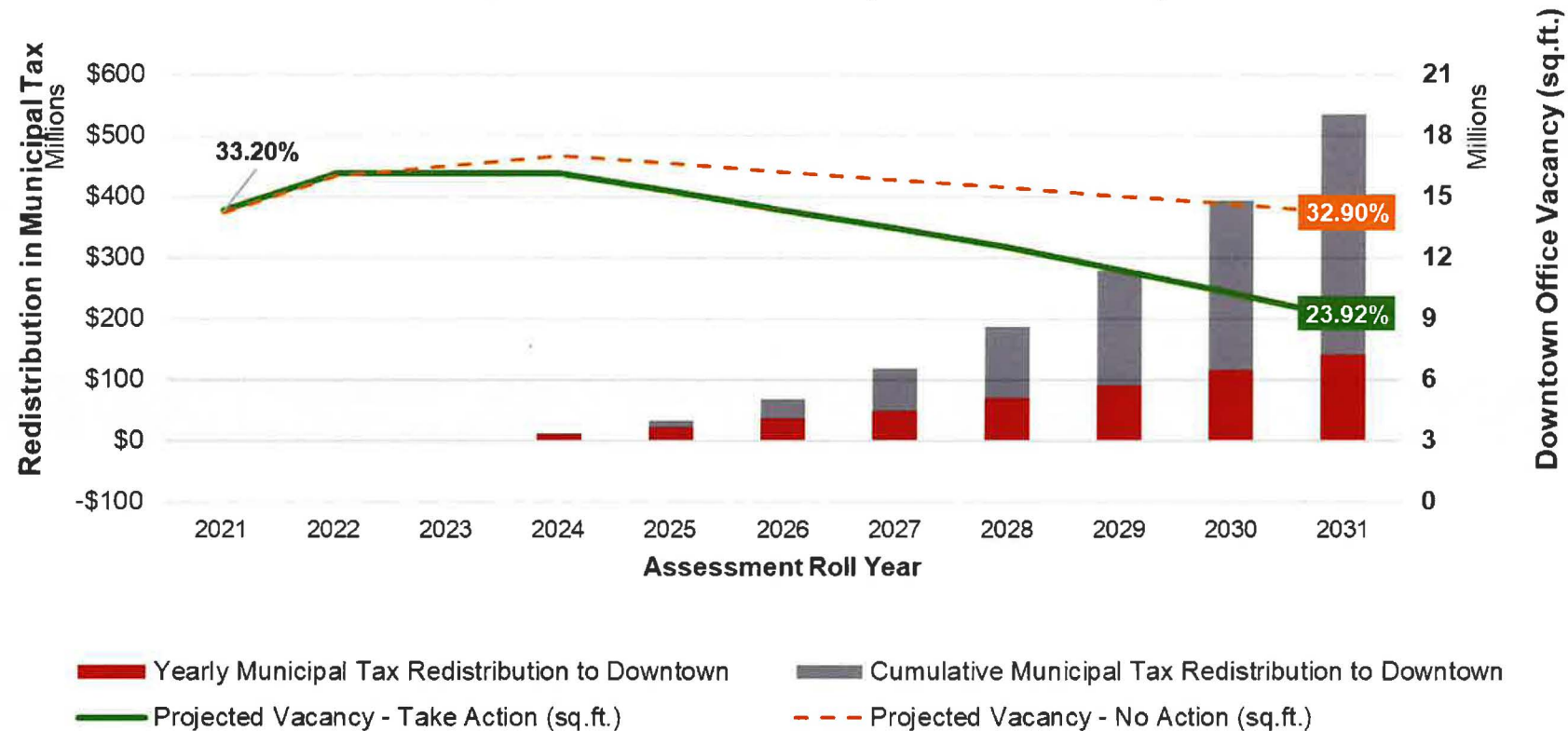
Program Process Flow Chart



**Incentives Approval Committee may approve project funding requests up to \$10M only. Projects exceeding \$10M funding request must be approved by Council.

Future State: Reduce Office Vacancy

Taking Action: Turning the Curve
Predicted Cumulative Municipal Tax and Vacancy



Hypothetical 100,000 sf Office Building Converted to Residential

	2021 Assessment	2022 Assessment	2022 Est. Municipal Taxes	Municipal Tax Difference
Office Building (C class)	4,270,000	3,590,000	\$64,568	
Apartment Conversion (lower range)		26,780,000 (95% Res; 5% Non Res)	\$146,367	+\$81,799
Apartment Conversion (higher range)		32,810,000 (94% Res; 6% Non Res)	\$174,729	+\$110,161