

**Urban Strategy Report to
Priorities and Finance Committee
2019 October 08**

**ISC: UNRESTRICTED
PFC2019-1028**

Centre City Enterprise Area Update

EXECUTIVE SUMMARY

Since the economic downturn began in 2014, our Centre City has experienced high vacancy rates in both the office and retail sectors. The Centre City Enterprise Area (Enterprise Area) was instituted as a pilot in July of 2017 to make it easier for tenants and new businesses to set up operations and for building owners to make improvements to their buildings to accommodate and attract new tenants. Specifically, bylaw changes have accomplished the following:

- Established a boundary for the Centre City Enterprise Area (Attachment 1);
- Exemptions for change of use applications within the Enterprise Area from requiring a development permit, provided it is for a listed use in the district;
- Exemptions for applications for exterior alterations within the Enterprise Area from requiring a development permit, unless it is a building on the Inventory of Evaluated Historic Resources; and
- Exemptions for applications for additions less than 1,000 square metres in size within the Enterprise Area from requiring a development permit, provided the proposed development still meets Section 24 Conditions for Development Permit Exemptions.

The Land Use Bylaw update that enables the Centre City Enterprise Area and above exemptions, expires in July 2020. Administration has been monitoring the impact of the Enterprise Area and has found that it is having a measurable impact.

As a result, Administration is seeking to make permanent the exemption of change of use applications within the Enterprise Area and to extend the exemptions for exterior alterations and additions, for an additional year, to July 2021.

ADMINISTRATION RECOMMENDATION:

That with respect to Report PFC2019-1028, the following be approved:

The Priorities and Finance Committee:

1. Forward the amending bylaw to the Land Use Bylaw 1P2007 in Attachment 2, to accommodate the required advertising, and this report, directly to the 2019 November 18 Combined Meeting of Council.
2. Recommend that Council hold a Public Hearing for the proposed amending bylaw at the 2019 November 18 Combined Meeting of Council; and give three readings to the proposed Land Use Bylaw Amendment in Attachment 2.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018, July 23, Council approved PUD2018-0627 as follows:

ADOPT, Moved by Councillor Magliocca, seconded by Councillor Farrell, that with respect to Report PUD2018-0627, the following be adopted:

That Council give three readings to Proposed Bylaw 52P2018.

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On 2017, June 12, Council, Moved by Councillor Woolley, Seconded by Councillor Carra, adopted Bylaw 30P2017, an amendment to Land Use Bylaw 1P2007 that established the Centre City Enterprise Area. The amendment suspended the requirement for development permits for changes of use, exterior alterations and small additions for a period of three years within a specific area of the Centre City experiencing high vacancy rates due to the economic downturn.

Please refer to Attachment 3 for a full list of Previous Council Direction / Policy.

BACKGROUND

In July of 2017 Council approved the Centre City Enterprise Area, to make it easier for tenants and new businesses to set up operations and for building owners to make improvements to their buildings to accommodate and attract new tenants. Specifically, bylaw changes have accomplished the following:

- Established a boundary for the Centre City Enterprise Area;
- Exemptions for change of use applications within the Enterprise Area from requiring a development permit, provided it is for a listed use in the district;
- Exemptions for applications for exterior alterations within the Enterprise Area from requiring a development permit, unless it is a building on the Inventory of Evaluated Historic Resources; and
- Exemptions for applications for additions less than 1,000 square metres in size within the Enterprise Area from requiring a development permit, provided the proposed development still meets Section 24 Conditions for Development Permit Exemptions.

The Land Use Bylaw update that enables the Centre City Enterprise Area and above exemptions, expires in July 2020.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Since the adoption of the Land Use Bylaw amendments to implement the Enterprise Area, the development industry and business community have adapted well to the revised processes and they have become part of normal business.

Interviews with businesses and applicants have shown that the streamlining of the process to getting to construction and revenue operations is a significant benefit. Further, the reduced time and risk associated with a project in the Enterprise Area makes it a more attractive investment proposition and improves Calgary's competitiveness against other jurisdictions. It has also created momentum amongst Centre City property owners to move ahead with improvements to their buildings. Currently there are a significant number of buildings that are being considered for both interior and exterior upgrades.

As the time limit to the expiry of the Enterprise Area approaches (currently July 2020), this will create uncertainty. In order to ensure that projects currently under consideration for future improvements do not face future risk relative to permitting, and to provide greater assurance to businesses and developers, Administration is recommending two actions:

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1. Make permanent the exemption for a development permit for a change of use in an existing building as currently provided for in the Enterprise Area
2. Extend the exemption from a development permit for exterior alterations and additions for an additional year to July 2021.

Administration has been monitoring the impact of the Enterprise Area and has found that it is having a measurable impact. Most notably, the exemption for change of use applications has reduced total customer permitting timelines by 1,333 days from June 26, 2017 to June 13, 2019. On average, it saved approximately 15 days per application/customer. A further breakdown of time saved and permit fee impacts for both staff and customers is identified in Attachment 4.

In addition, no major issues have been identified with the change of use permitting and Administration will continue to actively monitor any trends that may arise. Administration has had regular discussions with the development industry and the response to the exemption provisions has been very positive in both time saved and reduction in risk. Business Improvement Areas have not reported any significant concerns within their boundaries.

Administration continues to examine and consider refinements to our permitting processes and application requirements to ensure that technical requirements such as storm water and sanitary can continue to be evaluated prior to building permit issuance. This is only applicable to large scale building conversions from office to residential or some other use. As the pace of these types of conversions has been quite slow, there is minimal risk in the short term. Administration will be working on revised internal processes to ensure servicing impacts can continue to be monitored and evaluated prior to building permit approvals.

With respect to exterior alterations, Administration is proposing only a one-year extension at this time to allow for further evaluation as a number of large projects work their way through the permitting and construction periods. Matters of design and changes to site plan that impact the public realm and public infrastructure are still being considered. Productive and collaborative discussions on these issues are occurring through a voluntary process that The City and applicant engage in prior to building permits. Learnings gained through these applications will inform future amendments to the Land Use Bylaw and the development permit process.

Stakeholder Engagement, Research and Communication

Permits related to the Enterprise Area were reviewed from June 26, 2017 to June 13, 2019. All exemptions were captured through Tenancy Changes and Building Permits that did not require a Development Permit. No major issues resulting from the exemptions, were identified. Time and cost savings are identified in Attachment 4.

Administration has had on-going discussions with Calgary Economic Development, Business Improvement Areas and community associations in Beltline and Downtown West. There have been no concerns identified with respect to the implementation of the Enterprise Area to date. In addition, specific discussions with architects and property owners on larger projects has been very positive and are supportive of continuing the program or making it permanent. A letter of support from Strategic Group is included in Attachment 5.

The Enterprise Area is now being integrated into the overall communications plans for both Business and Local Economy and Downtown Strategy initiatives.

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Strategic Alignment

The Centre City Enterprise Area initiative is being considered as part of the overall Business and Local Economy initiative and the Downtown Strategy. The program is also fully aligned with Calgary's economic strategy, "Calgary in the New Economy", led by Calgary Economic Development. Future changes or evolution to the program continue to be evaluated within the context of these Council strategies.

Social, Environmental, Economic (External)

The Enterprise Area was initiated as a result of the economic challenges being experienced by businesses and properties in our downtown. The streamlining of approvals has been supportive of private investment, as building owners and businesses work to respond to the economic challenges. Better-enabling investment in downtown businesses and properties will help to sustain property values and support the economic resilience of our downtown. A strong downtown will help to support our overall financial health as a municipality in order to continue providing services for citizens (including social supports). Helping smooth the transition of buildings to new uses may help to avoid demolition of older buildings, which is a significant benefit to the environment, reducing waste to the landfill.

Financial Capacity

Current and Future Operating Budget:

There are no operating budget implications as a result of this report. While, there is a reduction in fees collected due to permit exemptions, there is an associated reduction in staff time and resourcing required.

Current and Future Capital Budget:

There are no capital budget implications as a result of this report.

Risk Assessment

A number of potential risks of implementing the Enterprise Area were identified in report PUD2017-0142 prior to Council adopting the enabling bylaw amendments. A summary of those risks is included as Attachment 6 to this report. To date, none of the risks have been realized in any significant way that would cause any hesitation in extending the program. As mentioned, Administration continues to actively monitor the program.

REASON(S) FOR RECOMMENDATION(S):

Administration is making these recommendations based on the positive impacts the Centre City Enterprise Area has provided to date and its alignment with Council priorities regarding economic recovery and resilience. The Enterprise Area is a proactive means to implementing the Downtown Strategy by making it easier for businesses to move and locate in the downtown and for building owners to make improvements to their buildings to attract tenants as the downtown transitions to the new economy.

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ATTACHMENT(S)

1. Map of Centre City Enterprise Area
2. Proposed Amendments to Land Use Bylaw 1P2007
3. Previous Council Direction
4. Summary of Permit Types and Process Time Savings
5. Letter of Support from Strategic Group
6. Risk Assessment from PUD2017-0142