

**PROPOSED CENTRE CITY ENTERPRISE AREA: AMENDMENT TO LAND USE BYLAW  
1P2007 – BYLAW30P2017**

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**EXECUTIVE SUMMARY**

In response to the economic downturn and the resultant increase in vacancy rates in the Centre City, Administration proposed a number of initiatives to Council through the Mid-Cycle Budget Adjustment process to address this concern. One of those was an amendment to the Land Use Bylaw to create a Centre City Enterprise Area that would suspend the requirement for development permits for changes of use, exterior alterations and small additions for a period of three years. This idea was more fully developed through PUD2017-0142. The SPC on Planning and Urban Development and Council ultimately directed Administration to bring forward an amendment to Land Use Bylaw 1P2007 for a public hearing to implement the proposed Enterprise Area. This report fulfills that direction.

Administration has met with key stakeholders internally and within the Centre City area to better understand the possible benefits and concerns associated with implementing this idea. This report presents a bylaw that has made a number of specific accommodations to address the scope of the boundary, the types of uses that would not be eligible for the development permit exemptions, the impact on heritage buildings and proximity to the rail corridor.

The proposed Bylaw 30P2017 (Attachment 2) represents a balanced approach to a bold idea. It provides for a short term action and stimulus for building owners and businesses in the Centre City while recognizing some of the possible unintended consequences that may arise as a result of its implementation. Stakeholders are generally supportive of this idea and Administration commits to continuing to work with stakeholders throughout the three year period, and especially through the first year of implementation to ensure unforeseen outcomes can be addressed in a timely fashion and that information can be shared on what is moving through the system.

**ADMINISTRATION RECOMMENDATION(S)**

That Council hold a Public Hearing on Bylaw 30P2017; and

1. **ADOPT** the proposed amendment to Land Use Bylaw 1P2007 (Attachment 1); and
2. Give three readings to Bylaw 30P2017.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2017, March 20, Council approved PUD2017-0142 as follows:

ADOPT, Moved by Councillor Chabot, Seconded by Councillor Woolley, that the SPC on Planning and Urban Development Recommendation contained in Report PUD2017-0142 be adopted, as follows:

That Council direct Administration to bring forward directly to the 2017 June Public Hearing, without going through Calgary Planning Commission, the necessary amendments to Land Use Bylaw 1P2007 to implement the changes to the development permit process for the Centre City as identified in this Report. For the purposes of these amendments, Centre City is defined as the area outlined on the map in Attachment 1.

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On 2016 November 21, Council approved the package of Mid-Cycle Budget Adjustments as follows:

ADOPT, AS AMENDED, Moved by Councillor Sutherland, Seconded by Councillor Pootmans, that Administration Recommendations contained in Report C2016-0863, be adopted, as follows, **and as amended in Attachment 7**, subject to further amendments adopted by Council at this meeting:

1. Approve the proposed Mid-cycle Adjustments in Attachment 1, as follows (excerpt from full recommendation);
  - The Operating Budget Adjustment for Funding Requests, contained on Pages 32 to 65.

Page 42:

<u>Program-Business Unit</u>	<u>Source</u>	<u>2017</u>
651 Urban Strategy	Fiscal Stability Reserve	\$50K

Page 44:

<u>Program-Business Unit</u>	<u>Source</u>	<u>2017</u>
651 Urban Strategy	Fiscal Stability Reserve	\$50K

Page 46:

<u>Program-Business Unit</u>	<u>Source</u>	<u>2017</u>
651 Urban Strategy	Fiscal Stability Reserve	\$50K

**BACKGROUND**

As one action to address the high vacancy rates being experienced in the Centre City, Council has authorized Administration to bring forward an amendment to the Land Use Bylaw to exempt certain types of development from a development permit within the Centre City area. The intent of the amendment is to remove barriers to the opening of new businesses in vacant spaces, particularly at the street and +15 levels. This helps to preserve and enhance the vibrancy of our Centre City area. Further, having active street fronts and +15 paths assists building owners in the leasing of vacant office space. Buildings in the area that have easy access to services and amenities are more attractive to office tenants than ones with vacant store fronts.

Specifically, Bylaw 30P2017 accomplishes the following:

- Establishes a boundary for the Centre City Enterprise Area;
- Exempts change of use applications within the Centre City Enterprise Area from requiring a development permit, provided it is for a listed use in the district;
- Exempts applications for an exterior alteration within the Centre City Enterprise Area from requiring a development permit, unless it is a building on the Inventory of Evaluated Historic Resources; and

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- Exempts applications for an addition less than 1,000 square metres in size within the Centre City Enterprise Area from requiring a development permit, provided the proposed development still meets Section 24 Conditions for Development Permit Exemptions as follows:
  - “(a) complies with the rules of this Bylaw;
  - (b) is not subject to the Calgary International Airport Vicinity Protection Area Regulation;
  - (c) is not located in the floodway;
  - (d) is not subject to any restrictions imposed by the Subdivision and Development Regulation; and
  - (e) has adequate sewage collection, treatment and disposal, water supply, treatment and distribution, storm water collection and storage and road infrastructure capacity necessary to serve the development .”

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Subsequent to the 2017, March 20 direction from Council to bring forward an amendment to the Land Use Bylaw to implement the Centre City Enterprise area, Administration has continued to engage both internal and external stakeholders to further refine the scope and details of the amendment. In addition, at the Council meeting, Administration verbally committed to reviewing the boundary of the proposed enterprise area, particularly as it related to the communities of East Village, Chinatown and Eau Claire. A summary of engagement, research and communication is detailed later in this report. Below is a summary of the major adjustments made to the proposed bylaw amendment Bylaw 30P2017 that is now included as Attachment 1 to this report.

**1. Boundary**

The boundary has been revised to exclude the communities of East Village, Chinatown and most of Eau Claire. The rationale for each area is as follows:

Community	Rationale for exclusion
East Village	This community is now subject to the Centre City Guidebook and has a brand new Area Redevelopment Plan and set of land use districts that was developed through extensive engagement with the Calgary Municipal Land Corporation, area developers and the community over a number of years. The result is one of the most flexible regulatory environments in the Centre City. Including East Village in the enterprise area would not give the new policies and bylaws a chance to be implemented based on the extensive public engagement.
Chinatown	Chinatown has recently been the subject of intensive community and stakeholder engagement toward the preparation of a new Area

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	Redevelopment Plan (ARP). In order to respect the work and efforts of stakeholders to date and not to bias the direction of the future, it is preferred to leave the regulatory system in place and allow the future planning work to occur at its planned pace.
Eau Claire	The majority of development in Eau Claire is primarily single use residential buildings with large vacant parcels that are still to be developed. Including Eau Claire in the Enterprise Area would have minimal impact on vacancy rates. However, the office buildings with ground floor retail spaces south of 2 AV SW have been included in the Enterprise Area in order to encourage the attraction of new tenants. The Eau Claire Market site will be addressed through the current Land Use amendment in process and scheduled to come to Council in 2017 September.

## **2. Rail Corridor Setback**

In order to respect the direction established in PUD2017-0123 Development in Proximity to the Rail Corridor Update, approved by Council 2017 March 20, the proposed Bylaw 30P2017 includes a section that will still require certain uses to obtain a development permit for a change of use when located within 30 metres of a freight rail corridor property line. Those uses are:

- Addiction Treatment;
- Assisted Living;
- Child Care Service;
- Dwelling Unit;
- Emergency Shelter;
- Home Based Child Care – Class 2;
- Hospital;
- Jail;
- Residential Care;
- School – Private;
- School Authority – School; and
- Temporary Shelter.

This will allow for a site specific risk assessment to be made as part of a development permit application prior to one of these uses being established.

## **3. Heritage Properties**

Through stakeholder discussions, questions were raised concerning the potential impact to alterations of buildings on the Inventory of Evaluated Historic Resources. If no development permit was required for exterior building alterations or additions, significant changes to these buildings could occur without any opportunity for The City or the heritage stakeholders to provide input or suggestions prior to a development proceeding to building permit. In order to minimize this risk, the proposed amendment will still require a development permit for an exterior alteration or addition to a building listed on the inventory. However, changes of use within the building will still be exempt in the Enterprise Area. This is a potential benefit to

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heritage building owners to facilitate the attraction of tenants to re-use such buildings. For an example, if a new tenant moves into a heritage building and only does interior alterations, then there will be no development permit required. However, if they seek to alter the exterior or make an addition to the building, then a development permit will still be required.

**4. Other Exceptions from the Enterprise Area**

The Land Use Bylaw currently has a number of uses defined that have specific restrictions or separation distance requirements because of the potential that their concentration or proximity to residential area could have on local residents and perceptions of safety. One of the risks identified in report PUD2017-0142 was that these restrictions would no longer apply if such uses did not require a development permit. In order to address this concern Administration is proposing to exempt the following uses from the Enterprise Area:

- Custodial Care;
- Liquor Store;
- Medical Marijuana Counselling;
- Nightclub;
- Pawn Shop; and
- Payday Loan.

While this may limit the possible locations of such uses, in most cases, it will just allow for a discretionary review of a proposed use and where appropriate or necessary, some conditions could be applied to mitigate impacts and allow for community consultation. It will also retain the ability for a person to appeal a decision of the development authority.

**Stakeholder Engagement, Research and Communication**

Through the month of April 2017, Administration met with representatives from the Calgary Downtown Association, The Victoria Park Business Improvement Area (BIA), and the 17 Avenue Retail and Entertainment District and the Beltline Neighbourhood Association as the main groups and communities affected by the proposed amendment. Through these discussions a better understanding of the possible benefits and concerns were identified. Generally, there is a high degree of support for the Enterprise Area concept as a way to address the vacancy issue. The proposed changes incorporated into the proposed bylaw to address uses such as pawn shops, pay day loans and liquor stores is in response to some of the concerns raised during these conversations.

The exemption from a development permit for alterations and small additions has also raised some concerns relative to the risk of undesirable design outcomes as a result of no City design review or opportunity for comment from the BIA's or the community. However, there is a willingness to proceed and monitor the outcomes, rather than waiting to discuss alternate design review processes or methods. Administration has committed to sharing information during the 3 year time frame regarding the changes going through other City processes such as business licenses and building permits, especially during the first year in order to enable collaborative discussions regarding the outcomes being realized through the implementation of the Enterprise Area.

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Following the drafting of the proposed bylaw, the communities of Cliff-Bungalow-Mission, Lower Mount Royal, Downtown West, Eau Claire, Chinatown and East Village were sent copies of the proposed bylaw and offered opportunities to meet with Administration to understand and discuss the impact of the proposed bylaw in advance of the public hearing. A copy of the proposed bylaw was also circulated to the Calgary Economic Development Real Estate Sector Advisory Committee.

**Strategic Alignment**

This report is directly aligned with Council's priorities as approved in 2016 November through the Mid-Cycle Budget Adjustment process. It is also aligned with the recent Council approved Notice of Motion moved by Councillor Farrell and seconded by Councillor Woolley to hold a Downtown Economic Summit and with the outcomes generated from that Summit. Urban Strategy will ensure the work recommended in this report will be coordinated with any other action plans coming out of the summit.

This proposal is also in alignment with Principle 5 of the Centre City Plan which is to "ensure the Centre City remains and grows in reputation as a location of choice for business". This initiative can help to market our Centre City and downtown in particular as an area The City is focused on to enable the start-up of new business and attract new employers.

**Social, Environmental, Economic (External)**

The proposal outlined in this report is a direct outcome of the Action Plan Mid-Cycle Adjustments that had a focus on addressing the impacts of the economy on the community. The Centre City has been one of the hardest hit areas in terms of employment loss and vacancies. There are also significant social impacts on business and employees of those businesses relative to job loss and financial hardship. This proposal could help enable business start-ups and create new jobs to replace those lost as a result of the downturn.

**Financial Capacity**

**Current and Future Operating Budget:**

Council approved funding of \$150,000 for all of Mid-Cycle Budget Adjustment Initiatives and \$50,000 specifically for the Enterprise Area. To date, none of this funding has been spent; all work to this point has been done as part of normal business operations. As internal processes are re-tooled to implement these new measures, this money may be utilized to facilitate implementation of the Centre City Enterprise Area.

**Current and Future Capital Budget:**

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

**Risk Assessment**

The following risks have been identified with the implementation of the Centre City Enterprise Area:

- Policies relating to the clustering of drinking establishments and licensed restaurants may not apply.

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- Localized parking issues may be generated where there are no other nearby parking alternatives.
- Tracking of businesses and activities in existing buildings will be more challenging without the development permit process. While building permits and business licensing will still apply, not all businesses will require a building permit nor do all businesses require a business license. As a result some tenancy changes may occur without The City being aware. This may lead to some confusion and uncertainty regarding the legality of a use with respect to the Land Use Bylaw (conforming or non-conforming) after the three year suspension period is concluded.
- There will be some lost application fee revenue from processing the development permits, this is estimated to be in the order of \$75,000 per year.
- The City will not be able to collect development levies through the development permit process for additions to buildings. The number of development permits for additions less than 1,000 square metres is very small. Since 2010, there have only been 42 such developments in the Enterprise Area.
- Design review would not be applicable which may have the impact of a renovation or addition reducing street level pedestrian interest or comfort.

These risks have largely been mitigated by making the proposed amendment time limited to three years. Administration commits to continuing to communicate with impacted stakeholders and where undesirable outcomes are being identified, Administration will bring the matter to Council's attention with proposed adjustments to address the concerns.

Lastly, there is some risk to applicants that without the development permit process, some city or other regulation may not be identified until later in the process, such as through the building permit or business license process. This will be mitigated through education and communication to applicants to still talk to or meet with The City prior to submitting business license or building permits to ensure they understand the appropriate application process and information requirements. Pre-application meetings for larger scale projects will still be available to applicants even without the need for a development permit. This will allow applicants the same level of due diligence as currently available through a development permit process should the applicant choose to select that approach.

**REASON(S) FOR RECOMMENDATION(S):**

Administration is making this recommendation based on strong consensus from both internal and external stakeholders that the proposed bylaw amendment will provide some stimulus and incentive for new business to locate in the Centre City. The Centre City Enterprise Area concept can also be used as a communication tool to demonstrate The City is taking an active approach to addressing the current economic challenges. This may help to generate interest in the Centre City from both local and external business interests.

**ATTACHMENT(S)**

1. Proposed Amendments to Land Use Bylaw 1P2007
2. Proposed Bylaw 30P2017