

Greater Downtown Implementation Initial Investments and Approvals

Initial Investment Package (2021-2024)

To achieve Calgary's Greater Downtown Plan vision, a complementary suite of implementation methods is required. The initial investment package is a holistic proposal to support downtown vibrancy implementation. The package reflects a total \$200 million initial investment which represents only 20 percent of the overall need to get started. We will need to look hard at alternate sources of funding and support from other orders of government to help address 80 percent of the funding gap.

Investment Categories	\$ Allocation	Administration Recommends that Council:
A. Incentive for office to residential conversion, redevelopment, or adaptive use (only represents 10% or first year of 10-year need)	45 M	<ul style="list-style-type: none"> Approve the budget. Direct Administration to report back with the incentive program terms of reference and criteria to the Priorities and Finance Committee no later than 2021 Q3.
B. Incentive to offset +15 Fund contribution for residential development	5 M	<ul style="list-style-type: none"> Approve the budget.
C. Downtown Vibrancy Capital Program (P152-002)	55 M	<ul style="list-style-type: none"> Approve a capital budget of \$2M for discretionary purposes for downtown projects. Other capital project business cases will go through regular budget processes.
D. Programming (2021-2024)	5 M	<ul style="list-style-type: none"> Approve one-time budget of \$1.25 M per year to the City Planning and Policy budget for a total of \$5 M over 4 years.
E. Dedicated Downtown Team (2021-2024)	10 M	<ul style="list-style-type: none"> Approve one-time budget of \$2.5 M per year to the City Planning and Policy budget for a total of \$10 M over 4 years.
F. Arts Commons Transformation Phase 1 (Capital Program 639-010) <ul style="list-style-type: none"> \$77M upon receipt of funding through the Canada Community Building Fund \$3M from Budget Savings Account 	80 M	<ul style="list-style-type: none"> Approve the funding allocation subject to receipt of the 2021 increase.
Total	\$200 M	

Accountability and Transparency

- Investment decisions will be communicated on a regular basis on recommendations from the Downtown Strategy Leadership Team as an attachment to accompany the Downtown Quarterly Snapshot.

- Capital investment decisions will be approved through the regular budget processes and will be included in the annual State of Downtown Calgary Report.
- To ensure accountable and timely decision making, robust internal governance processes will be established to include all required stakeholders to develop the final recommendations for executive approval as authorized by Council.

A. Incentives for Office to Residential Conversion, Redevelopment

Purpose

- Remove, convert, or adapt 6M sq. ft. of office space over 10 years.
- Reduce downtown office vacancy from 30% to 14% in 10 years.

Guiding Principles

- Scale: ~\$450M investment needed over 10 years.
- \$45M initial City contribution to incentives is ~10% of overall need.
- Grant rebate program based on per square feet calculation, payable at time of completion. Grant calculation to reflect individual proposals.
- A 'bundling' approach using per square feet calculation (considers municipal tax holiday, permit fee reductions, and costs for conversion).
- First come, first serve approach based on funding availability.
- Maximum per project grant cap at \$10 million.
- Strategic and catalytic.
- Program will include deal making and deal closing mechanisms.
- Leverage funding, partnerships and expertise.
- Transparency and accountability to Council and the public.
- Fast, agile, and operate at the speed of business.
- Program guided by the Downtown Strategy Leadership Team.

Metrics

- Decrease downtown office vacancy
- Increase downtown residential dwelling units
- Increase downtown property values and assessment base
- Increase economic activity

Timeline to Launch

- Target launch of incentive program as soon as possible
- Incentive program details to be completed following approval of the proposed initial investment commitment.
- The Downtown Strategy Team will work with CED RESAC and industry to finalize the program details prior to official launch.

Program Area: Greater Downtown area

In Scope

- Office to residential conversion
- Office adaptation to other uses

- Office demolition and rebuild to non-office use (for buildings on the Inventory of Evaluated Historic Resources, preference will be given to projects proposing conversion and adaptive re-use)

Out of Scope

- Build brand new office development
- Build brand new residential development on current vacant parcel

B. Incentive to offset +15 Fund contribution from developers

Purpose

- Attract residential development in downtown.
- Reduce cost barriers.

Guiding Principles

- Commercial Residential CR-20 Land Use District includes a variety of density bonus provisions that allow for increased density if applicants provide additional amenities at their cost.
- Depending on the proposed scale of development, a contribution to the +15 Fund is required.
- The proposed financial incentive program includes \$5M that Administration can use to reimburse the developer.
- Maximum cap at \$1 million per project.
- Eligible projects need to be completed in a specified period, set out in an agreement that will be executed prior to the development permit release.
- Strategic and catalytic.
- Deal making and deal closing mechanisms.
- Transparency and accountability.
- Fast, agile, and operate at the speed of business.
- Program governed and managed by the Downtown Strategy Leadership Team.

Metrics

- Increase downtown residential dwelling units
- Increase downtown property values and assessment base
- Increase economic activity
- Increase connectivity

Timeline to Launch

- Target launch of incentive program as soon as possible
- Incentive program details to be completed following approval of the proposed initial investment commitment.

Program Area: Greater Downtown area

In Scope

- New residential development in downtown.

C. Downtown Vibrancy Capital Program

Allocating and appropriating funding towards capital program delivery is critical to beginning implementation of Calgary's Greater Downtown Plan. Having capital funding earmarked specifically for downtown creates certainty that impactful projects big and small, may have a chance to move from paper to reality. Projects on the list may be added or changed. Each project will complete detailed business cases per corporate standards. Project prioritization and budget authorization will be managed through the downtown vibrancy capital program.

Example of Potential Projects
• Future of Stephen Avenue
• Downtown West Promenade from the Peace Bridge to 14 Street SW
• 8 th Street SW (North-South connectivity)
• Downtown Public Market
• Northwest Travelers Building and Historic Firehall #1
• Downtown District (Olympic Plaza)
• Downtown Innovation District
• Other emerging projects

Guiding Principles

Investing in downtown vibrancy projects should contribute to one or more of the following objectives:

- Activate places & spaces;
- Catalyze private investment;
- Increase attractiveness to residents;
- Pilot, experiment, & prototype longer term projects;
- Promote tourism; and,
- Enhance safety & security.

D. Programming

- Activate places and spaces to increase vibrancy.
- Leverage and enable partners to support delivery.
- Support Tomorrow's Chinatown implementation.
- Sustain 9 Block program (coordinated safety and security and Downtown Ambassadors)
- 25+ activations being planned by Downtown Strategy Live pillar.

E. Dedicated Downtown Team

- The team needs to have capacity and resources as soon as possible to advance implementation of The Plan.
- Organizational focus with a dedicated team with the right set of skills and experience, and financial resources will be required drive execution and results.
- The team composition is based on the model for successful "innovation teams" used by many start-ups and includes the disciplines of financial analysis, marketing, design, and project management/delivery.

F. Arts Commons Transformation Project (ACT) Phase 1

Purpose

- The Road House comprises a new 1,200 seat theatre, 2 smaller theatres, and related amenities.
- A new theatre will address growing demand (600 events a year are being turned down).
- Aligns with and supports the objectives of the Greater Downtown Plan and is a component of its implementation strategy.

Governance & Management

- Based on Council approving ACA2019-0948, detailed design of the Arts Commons Transformation (ACT) project is underway.
- The project is governed by an Oversight Committee comprising The City, Arts Commons, and CMLC.
- It is being managed by the Office of Partnerships through a joint Development Management Agreement among the three parties.
- As part of its 2022 business plan, CMLC will be requesting approval for remaining funding allocations from the Community Revitalization Levy (CRL) for Phase 1 of the Arts Commons Transformation.

ACT Capital Budget (Capital Program 639-010)

- Phase 1 Road House: \$240 million

Budget	Government of Canada	Government of Alberta	City of Calgary
	<i>Canada Community Building Fund</i>	<i>CRL Provincial Portion</i>	<i>CRL City Portion, MSI, and BSA</i>
\$240 M	\$77 M	\$80 M	\$55 M (CRL) \$25 M (MSI) \$3 M (BSA) <hr/> Total \$83 M

Estimated Schedule for Phase 1:

Milestones (Estimated complete by:)	2021	2022	2023	2024	2025	2026
Procurement (for Design)	Q3					
Design Development (& Technical Review)		Q4				
Final Due Diligence, Approvals & Agreements			Q2			
Development Permit			Q4			
Procurement (for Construction)				Q1		
Construction & Substantial Performance				Q1	to	Q4