

Risk Summary

The table below summarizes the risks and response strategies for the initial investments toward downtown vibrancy and providing incentives for office to residential conversion, redevelopment or adaptive use program, based on program results and assumptions outlined in this report.

The identification of risks and response strategies has informed the development of the program, considerations and recommendations. A comprehensive risk register is being maintained and risks will continue to be monitored and managed as the program progresses.

The risk summary is presented in alphabetical order below.

Risk	Risk Description and Risk Response Strategies
Economic	<p>Calgary needs a strong downtown to grow our economy, create jobs and to fund city services we rely on every day. Maintaining the status quo or “do-nothing” scenario is the biggest risk to downtown vibrancy, Calgary’s economic competitiveness, and fiscal sustainability. The structural shift in the economy and the energy industry means that the price of oil no longer has a direct correlation to job creation or office space absorption in the downtown. Our biggest risk is to do nothing, as forecasts show that property values will not come back without significant and sustained action.</p> <p>Risk Response Strategy: This risk is being managed by taking action to transform the downtown to a more balanced mix of residential, office, retail, entertainment, tourism, and culture. Overtime, this will reduce exposure and increase vibrancy, economic competitiveness and fiscal sustainability.</p>
Financial	<p>Although other major cities are facing similar challenges particularly with the changes brought on by COVID-19, the magnitude and duration of the problem facing Calgary’s downtown is unique. Initial and ongoing funding commitments are required to support the implementation of Calgary’s Greater Downtown Plan. The package reflects a proposed initial investment of \$200 million which represents only 20 percent of the overall need to get started. One of the top risks is the significant funding gap for the latter years, outside of the initial investment.</p> <p>Risk Response Strategy: To manage financial risk, a multi-pronged investment program is proposed to enable near-term and medium-term actions. Multi-stakeholder collaboration, partnerships and advocacy to federal and provincial governments is required to support the incentive and capital programs beyond the initial investment.</p>
Legal Risk	<p>Challenges to the incentive/grant program based on the existing legislation, regulations, bylaws, policies.</p> <p>Risk Response Strategy: To manage this risk, Law has been involved from the outset to consider whether incentive proposals fit within the existing legal framework. Discussions have taken place with another municipality (Edmonton) which has recently approved a similar program. A regulatory review has been completed to inform report recommendations.</p>

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Operational	<p>Misalignment with other initiatives including the Real Estate Sector Working and Calgary Economic Development's Real Estate Advisory Committee (RESAC) could result in duplicated efforts or inefficiencies.</p> <p>Risk Response Strategy: To limit this risk, Administration worked in collaboration with industry experts including Calgary Economic Development's (CED), Real Estate Sector Advisory Committee (RESAC) and the Real Estate Working Group on the analysis, considerations and recommendations in response to Notice of Motion C2020-1439. A dedicated team is being proposed to implement and achieve results.</p>
Political	<p>Lack of potential alignment with federal and provincial priorities and initiatives reduces funding opportunities.</p> <p>Risk Response Strategy: The City will continue to advocate and engage with other orders of government to support Calgary's downtown transformation through funding contributions and enabling tools, policies, and programs.</p>
Reputational	<p>Calgarians expect The City to play a leadership role in transforming the downtown to a more balanced mix of residential, office, retail, entertainment, tourism, and culture. This includes growing our economy, creating jobs and funding services Calgarians rely on.</p> <p>Risk Response Strategy: To manage this risk, The City is taking bold action and intentional investment, and working collaboratively with the private sector, community groups and civic partners. This includes investing and implementing an incentive program to reduce downtown vacancy, increase residential dwellings, expedite regulatory approvals, off-set residential developer contributions for +15, increase downtown property values and restore downtown's assessment and tax base.</p>