

DEFERRAL BRIEFING

Item # 5.1.2

**Planning & Development Deferral to
Executive Committee
2021 December 14**

**ISC: UNRESTRICTED
EC2021-1691**

**Deferral request for Downtown Incentive Program Phase 2 (PFC2021-0779) due
Q4 2021, to return by Q3 2022**

PURPOSE OF BRIEFING

This briefing note provides an update on Phase 1 of the Downtown Calgary Development Incentive Program (the Incentive Program) and seeks a deferral for the report back to Council on the Phase 2 Terms of Reference and associated funding request by Q3 2022.

SUPPORTING INFORMATION

At the 2021 July 20 meeting, Council approved the Terms of Reference for Phase 1 of the Incentive Program (PFC2021-0779) and directed Administration to return no later than Q4 2021 with the Phase 2 Terms of Reference and associated funding request. Since then, Council approved additional funding for the expanded and accelerated implementation of Phase 1. As such, more time is required to finalize Phase 1 and subsequently develop Phase 2 of the Incentive Program.

Phase 1

Through the Downtown Strategy Initial Investment Package (PFC2021-0524), Council approved an initial amount of \$45M for the Incentive Program, reflecting approximately 10 percent of the total program need. At the time of the program launch in August 2021, the Downtown Strategy Team had an initial estimate of up to six applications to Phase 1, and not exceeding the allocated \$45M. However, the level of industry response far surpassed the early estimates with 11 eligible applications received, amounting to approximately \$100M in funding requests. Given the overwhelming response and industry's current appetite to invest in office conversion projects, an additional \$55M budget request was made to be allocated to the Incentive Program to allow for the expanded roll-out of the Phase 1 proposals. Council approved this additional funding in November 2021, enabling Administration to advance all 11 eligible applications received. With this expanded implementation of Phase 1, the anticipated timeline to finalize funding agreements for the full allocation of the \$100M is the end of Q2 2022. Note: allocated funds will only be dispersed to applicants upon project completion.

Phase 2

While Phase 1 of the Incentive Program focuses solely on office-to-residential conversion projects, Phase 2 is intended to support office conversions through a range of adaptive uses. Phase 2 requires a fulsome review of all potential uses, conversion options, costing analyses, determination of appropriate incentive rates, consideration of unique elements such as heritage and climate, and a review of the Land Use Bylaw. With the expanded implementation and acceleration of Phase 1, more time is needed for the development of the Phase 2 Terms of Reference in collaboration with industry, and to allow for the inclusion of lessons learned from Phase 1. Along with the Terms of Reference, Administration will include a funding request for Phase 2 of the Incentive Program that will be presented through the 2023-2026 service plan and budget cycle. At this time, there is no funding allocated for Phase 2.