

Date

The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance
Office of Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

Dear Minister Freeland,

The City of Calgary (“The City”) is pleased to submit recommendations for your consideration in preparation of the Government of Canada’s Budget 2023-2024. Our submission highlights partnership opportunities to further social, economic, and environmental resiliency along with measures the Government of Canada can take that will leverage existing local investments and expertise to achieve our shared priorities.

Despite recent commodity prices, Calgary has not seen the traditional corresponding job opportunities that have followed in the past. This paired with lasting impacts of the pandemic, including office workers shifting to a hybrid work style, has compounded the challenge of addressing downtown vacancies and revitalization. Calgary continues to actively engage new and diverse businesses, create safe, vibrant and lively communities where people of all backgrounds can thrive, and action our commitment to reconciliation all while striving toward a transition to the green economy.

Economic Resiliency

Calgary is one of Canada’s greatest economic engines, with a total GDP and population larger than six provinces. As the world transitions to a green economy, Calgary is actively investing to transition from the corporate centre of oil and gas to the corporate centre of clean tech while maintaining its reputation as one of the world’s most livable cities.

Downtown Revitalization

The City’s priority remains restoring Calgary’s downtown as an economic, residential, social, and cultural centre. Over the past year we have seen positive signs of recovery, with new businesses choosing to invest in Calgary however, Calgary’s downtown is still experiencing many challenges.

The City is seeking financial support from the Government of Canada in support of Calgary’s Greater Downtown Plan, a 10-year plan to reinvent Calgary’s downtown as a bustling centre of commerce, a 24/7 destination and a place where people want to live, visit and set up businesses while also offering a mix of residential, office, retail, entertainment, tourism and culture.

The City has allocated \$262.5 million towards the total \$1 billion investment estimated as necessary to make measurable progress focused on areas that start to lower office vacancy, improve downtown vibrancy, and support the development of thriving neighbourhoods that attract residents, visitors, and talent for downtown’s businesses.

The Downtown Calgary Development Incentive Program provides financial support for the conversion of downtown office towers to residential towers, other non-office uses, as well as potential demolition of vacant office buildings. A total estimated investment of \$450 million is required to achieve the goal of

removing six million square feet of vacant office space from 2021-2031. Phase 1 will remove 665,000 square feet of vacant office space and replace it with approximately 700 new residential units. Interest in this program has already exceeded The City's \$100 million investment and this creates a tremendous opportunity for the Government of Canada to leverage both City and private investment that might otherwise be left on the table.

Finally, a vibrant downtown requires lively public spaces. A significant investment in capital amenities is needed in downtown to bring projects such as Arts Commons Phase 2, Olympic Plaza, and others, to fruition. All of Calgary, and by extension, all of Alberta, benefits from a strong downtown, and as such, we would be pleased to share with you the details around these programs and projects.

Recommendation 1: *That the government leverage The City's \$100 million investment in Calgary's downtown conversion program with an investment of its own to use it as a pilot for the national approach.*

Futures Fund

The City is keenly interested in Natural Resources Canada and Prairies Canada's work to develop the Futures Fund. We understand the fund will focus on energy transition and skills training to support local and regional economic diversification. Given Calgary's efforts to evolve and diversify as a city, we hope to have a strong role in developing this fund.

Further, we encourage the Government of Canada to model this fund after our Opportunity Calgary Investment Fund (OCIF). OCIF is founded on The City's own investment and now has a proven track record of offering financial support to private sector companies, non-profit organizations and public institutions proposing investments that drive economic growth, and investment in Calgary. We think this model could be useful for the Futures Fund.

We recommend deep engagement with municipalities as the program is designed. We seek to ensure that a strong federal municipal partnership is part of the program including ensuring that municipalities are eligible recipients for funding or can function as partners in its distribution and help to shape the fund to ensure that it meets the needs in our community, local economy and business community.

Recommendation 2: *That the government dedicate a proportional allocation of the Futures Fund to Calgary, to support The City in its transition to centre for clean technology.*

Transit

Calgary is committed to building a world-class transit system to serve our citizens and is currently updating its 30-year transit capital plan, Route Ahead. This will provide direction for planning and investing in transit in Calgary and prepares for future expansion of Bus Rapid Transit (BRT), Light Rail Transit (LRT) and the greening of our transit fleet. The City recognizes that transit achieves multiple outcomes by addressing climate change, enabling shared prosperity and binding the city together.

The City applauds the Government of Canada's recognition of the need for long-term, sustainable transit funding and seeks ongoing engagement on the design and development of the Permanent Transit Fund. Of particular interest is to ensure linkages between transit and affordable housing helps to advance shared municipal and federal objectives and to ensure that the level of provincial investment does not

negatively impact The City and other municipalities. As Stage 1 of the Green Line is currently underway, The City looks ahead to ensuring the full 46-kilometer vision to connect key destinations and integrate with future rail connections to Calgary International Airport becomes reality. Funding of the remaining \$7 billion to complete this project will require investment from all orders of government and will serve as an economic and social catalyst through redevelopment and investment opportunities.

As the Government of Canada is considering the design of the Permanent Transit Fund and the next generation of federal capital funding programs, The City of Calgary requests the establishment of a permanent federal funding mechanism to set Canada on a path towards 21st century public transit and public infrastructure nationwide by allocating funds directly to transit systems and municipalities. This mechanism will unlock local expertise—and support the continuous growth of the transit and municipal infrastructure Canadians rely on. The mechanism must be based on the principles of flexible, stackable, sustainable and long-term funding for municipalities.

Social Resiliency

Social resilience is a priority for Calgary's City Council. Reducing inequity by addressing systemic oppressions and discriminations, elevating those trapped in poverty and taking real action on reconciliation with Indigenous partners will deliver a better quality of life for everyone who calls Calgary home.

Affordable Housing

The availability of affordable housing continues to be a pressing need for Calgary. Calgary is pleased to have secured \$48 million in federal grants through the Rapid Housing Initiative and our community can expect to see 301 new affordable units built as a direct result of this investment. While positive, Calgary is still disadvantaged as we have received 2.2 per cent of the overall funding despite being home to four per cent of the nation's population and eight per cent of Canadians experiencing homelessness. We also continue to see an overrepresentation of Indigenous Calgarians in our unhoused population, and we require greater resources to ensure we can provide wraparound services that support housing options. Federal investments have the potential to be far more impactful if the provincial government engages as a funding partner. The City remains hopeful that Calgarians in need of affordable housing will see the results of combined federal and provincial investments.

The City is eager to see detailed program requirements for the Housing Accelerator Fund and would urge the Government of Canada to release the funding as quickly as possible, with maximum program flexibility to ensure cities can each respond to their own unique housing affordability challenges.

As part of Calgary's Greater Downtown Plan, Calgary City Council has made an investment of \$100 million to support the conversions of empty office towers to residential units. While this initial investment focuses on office-to-residential conversion projects, subsequent phases of this program are intended to support office conversions for others adaptive uses. Further support from the Government of Canada would increase the number of conversions and support the creation of housing units in Calgary's downtown.

Recommendation 3: *That the government increase affordable housing funding for Calgary in alignment with the city's percentage of national population and percentage of Canadians experiencing homelessness.*

Mental Health and Addictions

The City has co-designed and is implementing a Community Mental Health and Addictions strategy that takes a person-centered approach to addressing mental health and addiction issues.

The Federal Government can make a corresponding, annual investment of \$5 million towards Calgary's Community Mental Health and Addiction Strategy to enhance local support for existing community programs; assist in transforming Calgary's crisis response system; support innovative ideas that test new ways of working; or support targeted investments in projects that advance Strategy actions at a community level.

The City also invests \$8 million annually in a Community Safety Investment Framework that aims to strengthen crisis response support for those often suffering from mental health concerns and addictions. A matching, direct investment to The City for this framework would magnify and sustain positive impacts and outcomes.

Recommendation 4: *That the government leverage The City of Calgary's \$25 million investment in local mental health and addictions funding program with an annual \$13 million investment of its own.*

Environmental Resiliency

The City is pleased to see the Government of Canada's commitment and actions towards achieving net-zero by 2050. Calgary's City Council recognizes the magnitude of the situation and has aligned with this objective through declaring a Climate Emergency in November 2021 and passing the Calgary Climate Strategy: Pathways to 2050, an ambitious strategy aligning with federal goals aimed to achieve net-zero by 2050, in July 2022. Achieving the objectives laid out in the pathway will require significant investment and partnerships from the public, private and individual levels.

Fleet Electrification Infrastructure

Calgary's Climate Strategy has identified the need to move to electrification of fleet vehicles. The City was pleased to see the high level of coordination between the Zero-Emissions Transit Fund and the Canada Infrastructure Bank. The effort to electrify City transit and fleet vehicles and the surge in private electric vehicle ownership means that more charging infrastructure is needed. The City seeks a partnership with the Canada Infrastructure Bank to finance zero-emission transit charging infrastructure and access to federal vehicle incentive programs.

Building Codes and Retrofits

Retrofits are a key contributor to The City's emissions targets, with commercial buildings contributing 25 per cent of Calgary's total emissions. Without a published federal retrofit building code, The City fears there is significant risk for misalignment as we work towards our commitment to have a mandatory retrofit code in place by 2029. The Government of Canada can mitigate this risk for municipalities acting

on climate change by accelerating the development of the Alterations to Existing Buildings code for publication by 2026. Additionally, The City urges the Government of Canada to expand on the concept of the Greener Homes Loan and Grant program to include financial incentives to supporting commercial buildings to retrofit, achieve higher energy performance standards and increase the capacity within industry to move to deep net-zero retrofits.

Climate Mitigation and Adaptation

The City values the continued support of funding federal science and research initiatives around science-based water management and cleantech innovation such as hydrogen fuels, renewable energy storage solutions and carbon capture. However, for significant movements to be made towards climate targets and preparing our communities for a changing climate, more investment is required in key areas. Although not funded in the latest round of the Disaster Mitigation and Adaptation Fund, both the Sunnyside Flood Barrier and Stormwater Infrastructure Climate Resilience Improvements are instrumental in ensuring community resilience and citizen safety. The City looks forward to the next intake of the fund as it provides a tremendous opportunity to build the resilience needed in a rapidly changing climate.

Moving forward, The City welcomes partnership opportunities with the Government of Canada for its suite of shovel-ready projects and requests that greater flexibility be built into the programs, specifically related to restrictive eligibility costs and criteria, which have stalled action to date. This limits the type, scope, and availability of projects The City can apply for, creating programs that do not truly address the infrastructure needs. Further, restrictive eligibility criteria has created barriers to access funding based on geography. The City requests future funding criteria considering regional knowledge and circumstances.

Recommendation 5: *That the government leverage The City's \$86 million investment in the Sunnyside Flood Barrier and Stormwater Infrastructure Climate Resilience Improvements by allocating \$58 million from the Disaster Mitigation and Adaptation Fund to these projects.*

The City brings these projects and investment opportunities forward for your consideration because of their ability to achieve shared economic, social, and environmental objectives identified by both governments. They also offer the opportunity to leverage current investment and expertise and bring new and diverse opportunity to The City of Calgary as one of Canada's economic engines and deliver outstanding quality of life for citizens in an equitable fashion. These projects will build on Calgary's economic recovery, while moving us on the shared pathway to net-zero by 2050, creating jobs and attracting private-sector investments.

Many of these projects are shovel ready and in need of additional investment to move them forward. The City looks forward to discussing these partnerships at your earliest convenience.

Sincerely,

Mayor Jyoti Gondek