

Downtown Post-Secondary Institution Incentive Program Terms of Reference

1. Purpose

The purpose of the Downtown Post-Secondary Institution Incentive Program (“PSI Program”) is to provide financial incentives to property owners to convert excess office space to post-secondary institutional uses that contribute to downtown vibrancy. The PSI Program will follow a unique collaborative process involving The City of Calgary (“The City”), post-secondary institution(s), the Government of Alberta, and private property owner(s). This PSI Program is complementary to the Downtown Calgary Development Incentive Program focused on office conversions to residential and other uses.

2. Area of Applicability

2.1 PSI Program Area

The priority for investment will be in the Downtown Core as highlighted on the map in Appendix A, as this is the area with the highest office vacancy. However, potential projects within the Greater Downtown Plan Area (as **established** in the 2007 Centre City Plan and confirmed in *PUD2021-0220 Calgary’s Greater Downtown Plan: Roadmap to Reinvention*) will be considered as applications are received.

2.2 Out of Scope

- Projects located outside of the Greater Downtown Plan Area.
- Conversions of buildings that are not currently classified by The City as commercial office.
- Construction of new buildings, including potential additions.
- Property owned by any municipal, provincial or federal government, or any subsidiary or affiliate thereto.

3. Grant

- The PSI Program is for the sole purpose of supporting the construction costs of office to post-secondary institution conversion projects.
- The grant will be based on a calculation of \$50 per square foot of gross floor area of existing office space that will be converted to post-secondary institution use.
- The grant will be up to a maximum of \$15 million per property unless Council approves a greater amount for a particular application.

4. Decision Making & Approval Levels

4.1 Incentives Approval Committee

The Incentives Approval Committee consists of two members:

1. General Manager of Planning & Development Services or other Planning designate; and,
2. Chief Financial Officer or other Finance designate.

4.2 Decision Making

- All application decisions for grant funding up to \$15 million made pursuant to this PSI Program shall be in the sole and exclusive discretion of the Incentives Approval Committee. The initial

evaluation of the application will be conducted by the Downtown Strategy Team, which will make a recommendation for approval or refusal to the Incentives Approval Committee.

- All application decisions for grant funding over \$15 million made pursuant to this PSI Program shall be in the sole and exclusive discretion of Council. The initial evaluation of the application will be conducted by the Downtown Strategy Team, which will make a recommendation for approval or refusal to the Incentives Approval Committee. If the Incentives Approval Committee makes a recommendation for approval, the application will proceed to Council for decision.

Approval Range – Conversion (per project)	Decision Making
Up to \$15 million	Incentives Approval Committee
Greater than \$15 million	Council

5. Criteria

5.1 Office Conversion Criteria

For a property to be considered eligible to be approved by the Incentives Approval Committee or Council, as the case may be, an applicant must first satisfy the criteria outlined below. The criteria below must be met to be considered for the PSI Program.

1. The proposed conversion project results in the elimination/removal of office space.
2. The proposed conversion is from office space to post-secondary institutional use space.
3. The property is located within the Greater Downtown Plan Area with priority given to projects located in the Priority Area of the Downtown Core (see map in Appendix A).
4. The applicant is the property owner¹ or their designated agent, or the applicant provides the Downtown Strategy Team with the following letters of authorization:
 - a. written authorization from the property owner that is satisfactory to the Downtown Strategy Team authorizing The City to obtain any information reasonably requested by The City directly from the property owner; and
 - b. written authorization from the applicant that is satisfactory to the Downtown Strategy Team authorizing The City to discuss the details of the application directly with the property owner.
5. Evidence of satisfactory project financing.
6. Evidence of commitment from the post-secondary institution and the Government of Alberta.
7. Applicant track record.
 - a. The applicant shall submit their project experience similar to scope and size contemplated in the application. If the applicant has no conversion or major urban renovation experience, the consultants/ advisors that have appropriate experience shall be named complete with their relevant experience. The development manager(s) or development consultants must have a proven track record in office conversions or major urban renovation projects. The City's previous dealings with the applicant, if any, including the applicant's history of compliance with previous agreements and/or requirements of development, as well as any previous dealings under other incentive/grant programs, may also be considered.
 - b. The applicant shall prove to the satisfaction of the Downtown Strategy Team that the applicant has the human resources from a project management, supervision and execution perspective (if not own staff then via consultants) available in Calgary.
 - c. Details about the applicant shall be provided with the application as follows:
 - Age of entity/corporation;

¹ For the purposes herein, "property owner" means the registered owner of the fee simple estate of the subject property as registered at the Alberta Land Titles Office.

- Type of entity/corporation (legal and industry); and,
 - Proof of good standing with respect to annual filings, corporate standing, and financial capacity.
8. Consideration of existing tenants and uses.
 - a. The applicant should support where practical the relocation of any existing headlease and sublease tenants to a property within the Greater Downtown Plan Area
 9. Existing active ground floor and Plus 15 level commercial uses should be supported and encouraged to remain as additional amenities for the post-secondary institution.

6. Application Process, Review, and Approval

6.1 Program Framework

The PSI Program is reliant upon the successful collaboration of multiple parties to enter into commitments/agreements to make an office conversion project a reality. The parties anticipated to be involved and their potential respective roles are as follows:

1. Post-Secondary Institution – a commitment for an academic or research program that would be located in Calgary’s downtown for a minimum period of 20 years.
2. Private property owner – will undertake the office to post-secondary institution use conversion and enter into a minimum 20-year lease with the PSI.
3. Government of Alberta – payment or commitment to pay the lease costs for a minimum 20-year lease term.
4. The City of Calgary – provide the \$50 per square foot grant of office space successfully converted to post-secondary institution use, after all conditions of the Funding Agreement are met.

6.2 Application Requirements

1. Confirmation of a commitment from a post-secondary institution to occupy the space for a minimum period of 20 years.
2. Commitment from the Government of Alberta to support and fund a minimum 20-year lease agreement.
3. Overview of the proposed project
 - a. Ownership of the subject property (as outlined herein);
 - b. Where applicant is not the current property owner, letters of authorization as outlined in 5.1(4) will be required, as well as any letter(s) of intent, purchase and sale agreement(s), and/or any other documents relating to the proposed acquisition of the property;
 - c. Intent of project – conversion of xx square feet of office to xx square feet of post-secondary institution use;
 - d. What is being proposed, including details around ground level activation;
 - e. Who will be involved in the conversion project (applicant’s team and list of consultants such as architects, designers, engineers, lawyers and agents);
 - f. Estimated total conversion costs;
 - g. Estimated timeline to completion; and
 - h. Photos that show the current site and context.
4. Description and background of the existing asset
 - a. Current use and tenancy;
 - b. Vacancy status;
 - c. Disclose any known environmental concerns, such as the presence of toxic substances within the building and/or contamination of the property or surrounding lands; and
 - d. Explanation of climate measures being considered.
5. Overview of the physical location of the proposed project
 - a. Project address/location.

6. Project readiness

- a. Status of financing/funding;
- b. Estimated project timeline; and
- c. Construction drawings and building permits (where available).

6.3 Approval of Applications

- All application decisions made pursuant to this PSI Program shall be in the sole and exclusive discretion of the Incentives Approval Committee or Council, as the case may be.
- Application decisions, including approvals, made pursuant to this PSI Program do not: (1) constitute the granting by the municipality of The City of any approval or permit as may be required pursuant to the *Municipal Government Act (Alberta)* or any other legislation in force in the Province of Alberta, including approvals of subdivision and permit applications and any land use redesignation applications, or (2) restrict the municipality of The City, its Council, officers, employees or agents in the full exercise of any and all powers and duties vested in them in their respective capacities as an approving authority over subdivision and permit applications and land use redesignation applications, or as a governmental authority.
- If an application is approved by the Incentives Approval Committee or Council, as the case may be, a Funding Agreement in The City's form will be prepared for signing by the applicant and The City, laying out the responsibilities and obligations of both parties. If stage gates during the construction process are not met, the Funding Agreement may be terminated, at The City's sole discretion.
- Successful applicants must provide regular reports to the Downtown Strategy Team on progress towards completion – the details of reporting requirements will be outlined fully in the Funding Agreement. These reporting requirements may include copies of progress draws from lenders or other supporting documentation to confirm ongoing progress on the project. If an applicant elects to self-fund, evidence of internal financial resources is required.

6.4 Grant Payment

The grant will be payable upon fulfilment of the terms of the Funding Agreement, completion of construction, receipt of occupancy permit, and fully executed minimum 20-year lease agreement.

7. Monitoring & Reporting

7.1 Reporting

The success of the processes defined in these Terms of Reference will be monitored on an ongoing basis.

7.2 Effective Date

These Terms of Reference are effective on the date they are approved by Council.

8. Confidentiality

For the purposes of this section, "**Confidential Information**" means information considered proprietary to an applicant and disclosed to The City pursuant to this Incentive Program, and includes all material, data and information (regardless of form and whether or not the same is protected by copyright, patent, or other applicable law) which is not available to the public. "Confidential Information" does not include any information that: (i) is now in or subsequently enters the public domain through means other than by the direct or indirect disclosure by The City; (ii) is already in the possession of The City; (iii) is lawfully communicated to The City, free of any confidentiality obligation; (iv) The City has received the applicant's prior written approval to disclose; or (v) The City is required to disclose pursuant to the *Municipal Government Act (Alberta)*, the *Freedom of Information and Protection of Privacy Act* ("FOIP Act"), or any

subsequent legislation of similar effect, or The City is required to disclose pursuant to any law or order of a court having jurisdiction over the matter.

If an application contains Confidential Information, applicants should mark it as such and The City will make all reasonable efforts to maintain in confidence the Confidential Information. Without limiting the generality of the foregoing, The City will make reasonable efforts to keep, file and store all Confidential Information, together with any notes or other material incorporating or relating to the Confidential information, in a manner consistent with the FOIP Act, as well as in a manner consistent with its confidential nature and to take all reasonable action, whether by instruction, agreement or otherwise, to ensure that its employees do not disclose or use the Confidential Information directly or indirectly, for any purpose other than the purposes for which it was provided.

Notwithstanding the foregoing, The City may be required to disclose Confidential Information pursuant to its public disclosure obligations as contained in the FOIP Act. Should such disclosure be required, The City shall use its reasonable efforts to limit that disclosure and, in any event, shall make that disclosure only to the extent so required. The City hereby advises all applicants that any disclosure of Confidential Information pursuant to The City's obligations under the FOIP Act does not constitute a breach of any obligation of confidentiality that may exist between The City and the applicant.

Appendix A:

Downtown Post-Secondary Institution Incentive Program Map

