

Centre City Enterprise Area Exemption Extension

RECOMMENDATION(S):

That the Infrastructure and Planning Committee recommends that Council:

1. Hold a Public Hearing at the 2023 June 20 Public Hearing Council Meeting;
2. Give three readings to the proposed Land Use Bylaw Amendment (Attachment 2); and
3. Direct Administration to explore future amendments to the Centre City Enterprise Area to support downtown businesses and economic recovery and report back to Council no later than Q3 2026.

HIGHLIGHTS

- This report proposes a land use bylaw amendment to extend the effective date of the Centre City Enterprise Area from 2023 July 01 to 2026 December 31, to allow for continued business supports in the downtown.
- Administration also intends to explore future updates to the Centre City Enterprise Area to further support downtown business and innovation.
- What does this mean to Calgarians? Continued support of business in the downtown through reduced permitting timelines and costs.
- Why does this matter? Downtown is the economic and cultural heart of Calgary. It is the central hub for business, innovation, and creativity. A thriving downtown means a thriving Calgary. Continued implementation and evolution of the Centre City Enterprise Area will contribute to a vibrant and thriving neighbourhood.
- Background and Previous Council Direction is in Attachment 1.

DISCUSSION

The Centre City Enterprise Area (CCEA) is an overlay within the Land Use Bylaw that allows for the exemption of certain development permit applications. It was instituted as a pilot in July 2017 (C2017-0434) in response to the economic downturn and high vacancy rates downtown, with the intent of making it easier for tenants and businesses to set up operations and for building owners to accommodate and attract new tenants.

The CCEA allows for the following:

- Exemptions for change of use applications within the CCEA from requiring a development permit, provided it is for a listed use in the district and meets all other section requirements (made permanent on 2019 November 18);
- Exemptions for applications for exterior alterations within the CCEA from requiring a development permit, unless it is a building on the City's Inventory of Evaluated Historic Resources (expires 2023 July 01); and
- Exemptions for applications for additions less than 1,000 square metres in size within the CCEA from requiring a development permit, provided the proposed development still meets Section 24 Conditions for Development Permit Exemptions (expires 2023 July 01).

Since its implementation, the CCEA has been successful in stimulating and incentivizing business in the downtown core. Applicants save anywhere from 60 to 120+ days by being

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exempt from the Development Permit process, and data indicates that in 2022 alone, approximately 148 Development Permits were exempted in the CCEA, saving customers over 3400 days.

Many projects subsidized through the Downtown Calgary Development Incentive Program have also experienced significant benefits from the CCEA, where their exemption from Development Permit time impacts and related costs has been a key contributor to redevelopment viability. Incentive Program conversion projects that were exempt from a Development Permit saved approximately \$500,000 on average, thanks to reduced architectural, civil and landscape consulting fees, Development Permit securities and deposits, and other related costs.

Extension of CCEA Expiry

As noted above, the CCEA was instituted as a pilot initiative. Due to its success and positive impact towards economic recovery, the pilot timeline has been extended twice by Council and the change of use exemption has been made permanent. The exemptions for exterior alterations and additions, however, are currently set to expire July 2023. As the time limit to the expiry approaches, this will create uncertainty for industry and building owners considering upgrades and improvements to outdated and underutilized buildings.

To ensure that projects currently under consideration for improvements do not face future risk and time impacts relative to permitting, and to provide greater assurance to businesses and developers, Administration is recommending an extension of the CCEA to December 2026. This extension will allow Administration to continue the implementation of the Incentive Program and other business supports and will allow for consideration in the Land Use Bylaw Renewal Project. The extension will continue to enable additional investments in downtown businesses and properties, helping to sustain property values and support the revitalization of Calgary's downtown.

Future Amendments to the CCEA

Streamlining and easing regulatory requirements was one of the seven key strategic levers identified to implement the Greater Downtown Plan. Administration intends to undertake further regulatory reviews from 2023 through 2026 to identify potential amendments to the CCEA to further support downtown businesses and economic recovery. During this time, the Land Use Bylaw Renewal Project will also be underway, and amendments to the CCEA will be coordinated with that larger city-wide initiative. Areas for review and potential modifications to the CCEA include, but are not limited to:

- Boundary expansion of the CCEA within the Greater Downtown area;
- Making exterior renovations, additions up to 1000 square metres, and potential new amendments to the CCEA permanent; and
- New exemptions and amendments to the CCEA that enable the downtown to act as a 'testing ground' for innovation, experimentation, and creativity.

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EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | | | |
|-------------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | Public engagement was undertaken | <input checked="" type="checkbox"/> | Dialogue with interested parties was undertaken |
| <input checked="" type="checkbox"/> | Public/interested parties were informed | <input type="checkbox"/> | Public communication or engagement was not required |

IMPLICATIONS

Social

The CCEA has contributed to downtown vibrancy by facilitating new businesses, building refurbishments, and office to residential conversions, further enhancing the public realm and pedestrian experience in the downtown while adding much-needed residential stock to the city's core. The proposed extension to the expiry of the CCEA will allow these social benefits to continue.

Environmental

Exterior renovations and other façade improvements contribute to increased energy efficiency and building performance, while the conversion of vacant buildings as opposed to demolition has significant environmental benefits in terms of waste reduction. Projects of these types directly benefit from the exemptions provided through the CCEA.

Economic

The significant financial and time savings – as well as certainty of approval – experienced by developers and landowners as a direct result of the CCEA will be able to continue through a bylaw amendment to extend the expiry date. Further review of the CCEA will ensure it remains relevant and effective in supporting investment and facilitating innovation in the downtown.

Service and Financial Implications

No anticipated financial impact

There are no operating or capital budget implications because of this report. While there is a reduction in fees collected due to permit exemptions, there is an associated reduction in staff time and resourcing required.

RISK

A risk analysis completed as part of report [PFC2019-1028](#) indicated that no potential risks had been realized that would cause hesitation in extending the program. The same remains true currently and Administration continues to actively monitor the program.

Should the recommended land use bylaw amendment not be supported, however, there is significant risk of negative consequences including additional required approvals, project delays, climate impacts and a reduction in investment - affecting the overall economic, environmental, and social wellbeing of the downtown.

**Planning and Development Services Report to
Infrastructure and Planning Committee
2023 May 10**

**ISC: UNRESTRICTED
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ATTACHMENT(S)

1. Background and Previous Council Direction
2. Proposed Amendments to the Land Use Bylaw 1P2007

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning & Development Services	Approve
Denise Jakal	Law	Inform