

# Background and Previous Council Direction

## Background

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### Downtown Strategy

The Downtown Calgary Incentive Program (“The Program”) is a cornerstone of The City’s Downtown Strategy and a major driver of the vision and goals of Calgary’s Greater Downtown Plan. The Program was established in 2021 April by Council in report *C2021-0524, Realizing Calgary’s Greater Downtown Plan: Initial Investments and Incentives*. The Program supports office space conversions to residential units, hotels, schools and performing arts centres.

The Program’s purpose is to provide financial incentives to assist with the removal of approximately six million square feet of office space in the Greater Downtown Plan Area over the next 10 years (2021 to 2031). The removal of vacant office space can be achieved through conversion to residential or other adaptive uses, or through potential demolition and rebuild of non-office space. Without the Program, office conversions or redevelopment projects will likely not occur.

The overall goals of the Program are to increase overall economic activity in the Greater Downtown Plan Area by:

- Removing office space from the Greater Downtown Plan Area – with a priority area of the Downtown Core;
- Increasing downtown residential dwelling units to improve vibrancy; and,
- Reducing the downtown office vacancy rate, supporting property values and increasing the non-residential property tax assessment base.

The first version of The Program was launched in 2021 August and focused solely on office to residential conversions. In 2023 February, The Program was updated to include office conversions to hotels, schools and performing arts centres. A separate incentive program focused on post secondary institutions was also initiated as a pilot to encourage institutions planning campus expansion to consider occupancy of current vacant office space in downtown.

On 2023 October 17, acceptance of new applications for The Program was paused, pending securing additional funding and updates to the Terms of Reference.

## Previous Council Direction

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### Downtown Strategy

Date	Report Number	Description
2024 February 27	AC2024-0238	Council received report AC2024-0238 Downtown Calgary Development Incentive Program Audit for the Corporate Record.
2023 March 14	EC2023-0102	<b>Advancing the Downtown Strategy through Incentive Program Expansion</b> , which included revised Terms of Reference to the Downtown Calgary Development Incentive

		Program, as well as two new incentive programs: Downtown Demolition Incentive Program and Post-Secondary Institution Incentive Program.
2022 November	Service Plans & Budget	Council approved an additional \$53 million towards the Downtown Calgary Development Incentive Program to support the implementation of all Phase 2 eligible applications, including \$9 million towards incenting post-secondary institutions to locate in the downtown, amounting to a total Program fund of \$153 million.
2022 February 15	C2022-0157	Council approved a funding request of up to \$15 million for Phase 1 of the Palliser One office conversion project, comprised of floors 15 -27
2021 November	Budget Adjustments	Council approved an additional \$55 million towards the Downtown Calgary Development Incentive Program to support the implementation of all Phase 1 eligible applications, amounting to a total Program fund of \$100 million.
2021 July 26	PFC2021-0779	Council adopted the following: <ol style="list-style-type: none"> <li>1. Receive the State of Downtown Calgary 2020 (Attachment 2) for the corporate record;</li> <li>2. Approve the Downtown Calgary Development Incentive Program Terms of Reference (Attachment 3);</li> <li>3. Direct Administration to bring the Downtown Calgary Development Incentive Program Phase 2 -Terms of Reference to Council no later than 2021 Q4;</li> <li>4. Direct Administration to report on the implementation of the Downtown Calgary Development Incentive Program, the financial status, and recommendations on future program terms of reference to Council no later than 2022 Q4; and</li> <li>5. Approve Redirection &amp; Reprioritization of Cultural Municipal Sustainability Initiative Budget Funds (Attachment 5), including allocations of previously approved budgets totaling \$15.5M as outlined in Table 1 - Redirection of Cultural Municipal Sustainability Initiative (CMSI) Funds.</li> </ol>
2021 April 26	C2021-0524	Council approved the following: <ol style="list-style-type: none"> <li>1. Approve <b>revised</b> Attachment 3, “Greater Downtown Plan – Initial Investment and Approvals”, including investment categories and allocations, and with the \$200 million initial investment funded by \$60 million from the Budget Savings Account, \$63 million from the Fiscal Stability Reserve and \$77 million from the Canada Community Building Fund subject to receipt of the 2021 increase;</li> <li>2. Request the Mayor write letters to the provincial and federal governments, advocating for funding and other support for Calgary’s Greater Downtown Plan, and direct</li> </ol>

		<p>Administration to pursue the same support by contacting provincial and federal government officials and departments;          3. Authorize entering into a Housing Agreement on Sierra Place at 706 7 Avenue SW and authorize the Community Services General Manager to develop, approve, and execute the agreements identified in Attachment 7 and necessary to implement the HomeSpace project; and,          4. Direct Administration to report back to Council no later than 2022 Q2</p>
<p>2020 December</p>	<p>C2020-1439</p>	<p>Council approved <i>Notice of Motion C2020-1439 Providing Incentive to Residential Development in the Downtown Core</i>. That with respect to Notice of Motion C2020-1439, the following be adopted, as amended: NOW THEREFORE BE IT RESOLVED that Council direct City Administration to explore the potential creation of regulatory and financial investment incentives for the development of new high-density residential complexes and the conversion of office buildings to various forms of residential occupancy or other uses within the downtown generally, but with a focus on the Downtown Core, to coordinate with the work of the Real Estate Working Group and Urban Initiatives Downtown Strategy team. AND FURTHER BE IT RESOLVED that Administration report to the Priorities and Finance Committee with its findings no later than the end of 2021 April.</p>