Community Revitalization Levy Program

Program Guidelines

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Community Revitalization Levy Program

Program Guidelines

1. Introduction

1.1) Guidelines

This guide provides information on the Community Revitalization Levy (CRL) program and outlines the processes and criteria required from the application and approval stages through to the conclusion of a CRL for a specific area.

1.2) Program Objective

The CRL is a financial tool used to revitalize an area where redevelopment is hindered due to significant and persistent barriers. A CRL provides municipalities with dedicated funding to redevelop areas in order to provide an increased level of assessment growth that would otherwise not occur. Through the execution of the CRL plan, economic, social, environmental, and planning issues can be improved within the CRL area. Resolving significant barriers to redevelopment helps attract new investment into the area from developers and businesses that would otherwise not occur. This facilitates the transformation of an area to a vibrant and appealing neighborhood.

A CRL supports the redevelopment and revitalization of an area once all other attempts to redevelop the area and other funding options have been exhausted. This is the case in neighborhoods where contamination, aged and inadequate infrastructure, or other factors have created persistent barriers to attracting redevelopment and growth in an otherwise prime location.

Expected program benefits in a CRL area may include the following:

- Addressing barriers to redevelopment through dedicated funding and a redevelopment plan will enable the municipality to set the stage for revitalization in the area. Barriers may be addressed through:
  - remediating a contaminated area;
  - addressing the negative image of a blighted area, which can have a higher concentration of homelessness, poverty, and a higher crime rate;
  - replacing old, inadequate infrastructure and utilities with new technologies that adhere to modern environmental and building codes that set the stage for redevelopment; and
  - addressing infrastructure issues and needs as part of the larger municipal plan.
- Creating opportunities to spur economic growth and development in an area.
- Maximizing efficient use of local resources by curbing sprawl and directing growth to a strategically located and under-utilized area.
- Redefining and redeveloping an area to address land-use, economic, and social issues.
- Creating a larger property tax base that would have not otherwise occurred once the CRL is concluded.

1.3) Key Contacts

Activity	Contact
Questions	Call a Municipal Affairs program advisor at 780-422-7125 (toll-free 310-0000), or email CRLProgram@gov.ab.ca
Application Process	Applications can be sent by email to CRLProgram@gov.ab.ca. Municipalities are encouraged to contact a program advisor prior to drafting and completing an application.

2. Community Revitalization Levy

2.1) Overview

A CRL enables municipalities to borrow against future property tax revenues from assessment growth in the CRL area and invest in the infrastructure required to spur redevelopment in an area where significant barriers to redevelopment exist. The improved infrastructure attracts private investment and increases property values.

In turn, tax revenues from property assessment growth are used to pay the debt associated with new or improved infrastructure in a CRL area. At the end of the CRL period, the province and the municipality benefit from a larger assessment base.

2.2) Assessment and Taxation in a CRL Area

When a CRL area is created, a baseline assessment is established. The baseline assessment contains all property assessment values and their tax status within the boundary of the CRL area at the end of the year, prior to the start of the CRL levy. The taxable properties in a CRL area continue to be taxed at their baseline assessment for both general municipal revenue and education property tax purposes for the term of the CRL.

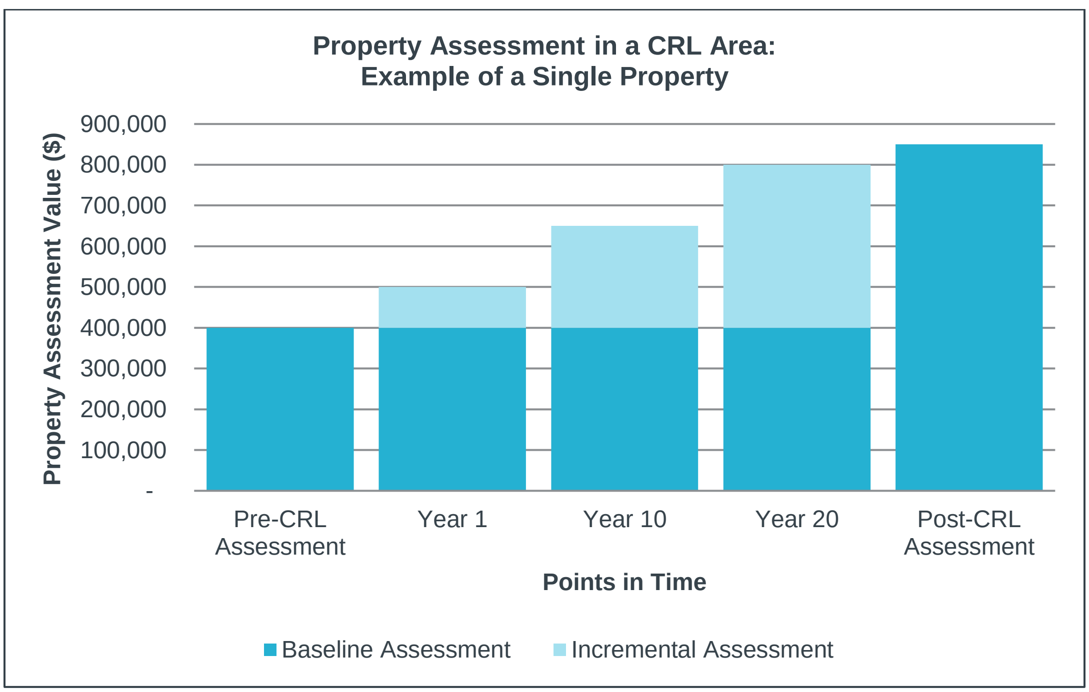
Assessment growth above the baseline assessments is termed as incremental assessed value. The municipality applies the CRL rate (equal to or greater than the sum of the local municipal and education property tax rates) to the incremental assessed values for all of the properties in a CRL area and collects the revenue. The CRL rate is set through an annual bylaw.

CRL revenue is restricted by legislation to exclusively finance redevelopment and infrastructure projects included in the CRL area in accordance with the CRL plan.

2.3) Collaborative Investment Between the Province and a Municipality

The CRL represents a substantial investment on behalf of the Province and municipality as it enables the combination of both education property tax and municipal property taxes generated from growth in the area to be used to generate additional economic development and pay for new infrastructure. The property taxes on assessment growth in the CRL area are used to fund the projects in the CRL area.

2.4) Property Assessment in a CRL Area: An Example



In the example above, the property’s baseline assessment is taxed at the annual municipal and education property taxation rates, as set by the municipality. The incremental assessed value will be taxed at the CRL rate, which may be equal to or greater than the sum of the municipal and education property tax rates. In the case where assessment value of a property temporarily drops below the baseline assessment, the property cannot be taxed at the CRL rate on incremental assessed value until the original baseline assessment value is regained.

By year twenty, the CRL area is transformed by the redevelopment projects that have a significant and positive impact on property values in the area. Following the conclusion of the CRL, the larger post-CRL assessment is taxed at the annual municipal and education property tax rates. This potential for additional revenue benefits all Albertans in funding municipal services and K-12 education.

3. Program Criteria

A CRL is meant to be a program of last resort once all other attempts to redevelop the area and other funding options have been exhausted. When determining if a CRL is the most appropriate tool for redeveloping an area, the following requirements should be taken into consideration.

3.1) Characteristics of a CRL Area

CRLs should only be used in areas where private investment would not occur unless persistent barriers to redevelopment are removed.

Three key criteria that demonstrate barriers to redevelopment are:

- clear evidence of underdevelopment (in comparison to other areas in the municipality) such as dilapidated structures and buildings or low property assessment valuation;
- attested plans to redevelop the CRL area in the past that have not been successful; and
- barriers to private investment in the CRL area such as outdated infrastructure or contaminated lands.

Current municipal infrastructure may be insufficient or inadequate to meet future development needs. This may include: infrastructure that impedes development such as overhead power lines and wastewater lines that are too small or that require rehabilitation; roads and transportation networks that cannot handle the larger volumes of traffic or need to be redesigned for improved flow; an insufficient number of parks and open spaces; or a need for mitigation measures for future natural disasters, such as flood proofing.

A CRL area can also include urban brownfields formerly used for commercial and industrial purposes that may require significant upfront costs to deal with contamination, hindering development of the area.

Substandard buildings in the area may be preventing development. Examples may include: vacant or abandoned structures; dilapidated and deteriorating buildings; buildings that are old with inadequate ventilation, light, air, sanitation, or open spaces; and other properties that may be non-compliant with building, housing, or other codes.

Undeveloped “greenfield” areas are not eligible for inclusion in a CRL.

A CRL is designed to support development in an area where it would not otherwise occur without a defined plan and the additional financial support that a CRL provides. By having dedicated funding to remediate the area through the CRL, the municipality can exercise concerted effort in pursuit of redevelopment. Evidence of unsuccessful attempts at redevelopment is required. One example of this is an area redevelopment plan that has not been successful.

3.1.1) CRL Assessment Cap

All CRLs combined in a municipality cannot represent more than three per cent of a municipality’s total taxable assessment at the end of the year prior to the first levy year. For the purposes of this calculation taxable assessment would be the sum of all the residential and non-residential properties that have the property tax code ‘T’. Machinery and equipment and designated industrial properties (properties assessed by the Provincial Assessor) are not included in the calculation of the CRL cap. Thus, the CRL assessment cap requires that the total residential and non-residential taxable assessment within all CRL areas in a municipality not exceed three per cent of the total residential and non-residential taxable assessment in the municipality as a whole.

For municipalities that do not already have CRLs in place, the three per cent cap is a limit on the taxable assessment that may be included in the proposed CRL area.

For municipalities that already have one or more CRLs in place, the three per cent cap is calculated using the sum of the per cent of taxable assessment at the time the CRLs were created.

These measures balance an appropriate level of investment with a manageable impact on municipal and education property tax revenues. These measures also encourage municipalities to focus on underutilized strategic areas with significantly lower baseline assessment values and growth rates, compared to the rest of the municipality. These types of areas are usually severely underdeveloped and have the highest potential for growth and significant returns on investment.

The CRL area should not extend into areas that are not difficult to develop (e.g. undeveloped land at the municipalities' border or that do not require redevelopment. The CRL area should not include well-developed taxable properties which unnecessarily erode the municipality's ability to raise revenues for operations. These parameters help to manage the impacts to rate payers outside of the CRL area while providing appropriate investment inside the CRL area.

3.2) CRL Timeframe

The timeframe of a CRL is dependent on the investment required in the area to properly address barriers to redevelopment. As part of the CRL application, the municipality will need to estimate the investment and time required to recoup these costs through the levy. The timeframe will vary based on many factors including the magnitude of significant barriers to redevelopment in the area and the opportunities available for catalyst or anchor properties. Different rates of growth in the CRL area will impact available revenue and timing of projects.

CRL area timeframes are defined in each CRL regulation. The standard timeframe for a CRL is twenty years or less; under exceptional circumstances a CRL's timeframe may be extended beyond twenty years to a maximum of forty years. During the time a CRL is in effect, the municipality will only tax on the baseline assessments for education and general municipal revenue purposes. Over time, the value of the baseline assessment will erode due to inflation. A twenty year timeframe is suggested to ensure the value of the taxes collected from the baseline is sufficient to support municipal and education funding requirements.

In addition, taxpayers within the municipality and across the Province invest by continuing to support municipal and education property tax revenue requirements while the growth occurs in CRL areas. All taxpayers benefit when the increased taxable assessment base can be used by the municipality and the Province to raise revenues for municipal operations and K-12 education. Setting reasonable timelines ensures this investment can be realized and benefit all Albertans. At the conclusion of a CRL, a return on investment can be realized, through a higher assessment base and the potential of increased tax revenue for both the education property tax and general municipal property tax, so it is in the best interest of both the Province and municipalities to set reasonable CRL timelines.

The conclusion of a CRL typically will take place on the earliest of the following:

- at the end of the period set in the regulation;
- the date that all borrowings associated with the CRL plan are repaid or recovered from the CRL revenues; or
- an earlier date specified by the Lieutenant Governor in Council.

3.3) Eligible Redevelopment Projects

CRL funds are available for projects that support redevelopment and the removal of persistent barriers to redevelopment, including investment in capital costs, planning costs, and administration of the community revitalization plan. More specifically, the intended uses of CRL funds are for project expenses such as:

- municipal capital infrastructure – this refers to projects that involve the purchase, construction, development, betterment, rehabilitation, or non-routine maintenance of a capital asset, owned by a municipality or other eligible entity. Some examples of such projects are the construction of municipal roads, bridges, or transit facilities (see appendix for more details).
- debt financing related to improvements in the CRL area;
- remediation of contaminated areas;
- addressing housing needs and community design;
- area beautification to attract people and investment; and
- planning requirements including consultation with indigenous communities and analysis of broader impacts.

Not all development projects would be eligible for CRL funding; proposed projects must meet the criteria under section 3.1.

CRL funds are to be used for the construction of properties or structures owned by the municipality and not for property that would fall under private ownership. CRL funds are not to be used for the operation of private or municipal facilities or services within the CRL area.

3.4) Revenue Generation Ability

Revenue Generation

A CRL should be able to pay for a significant portion of the enhanced municipal infrastructure required to support the community revitalization plan. A proposed community revitalization plan will include a detailed analysis of the CRL area's expected revenue generation. An accurate calculation of the anticipated revenue is important to ensure that the CRL will be able to support the costs of the projects in the CRL area. Low, medium, and high revenue scenarios will be based on the incremental assessed value the CRL is expected to generate. Detailed listings of the assumptions used for each revenue scenario, potential sources of revenue, and a projected borrowing repayment schedule are important parts of this revenue analysis.

If land or properties in the proposed CRL area are municipally owned, it is important to consider investment, or rental income generated as a result. Any excess funds generated by land or properties owned by a municipality should be addressed in the CRL plan; and it is beneficial to use them to help fund the CRL projects.

Risk Mitigation

A CRL plan should include strategies around risk mitigation that may be utilized if an unforeseen event, such as a significant economic downturn, causes a shortfall in realized revenues compared to projected revenues. If a CRL does not generate sufficient revenues to cover the costs of CRL projects that were undertaken the municipality will have to address the shortfall through other sources; the provincial government will not be responsible for covering any deficits in relation to CRLs.

Assessment Values

One of the long-term goals of a CRL is to increase municipal and education property tax revenue. It is important to demonstrate that there will be an increase in property values beyond what would have occurred without the CRL. As well, it is important that the modelling approach used for this purpose be statistically rigorous and that its conclusions are reproducible and verifiable.

It is expected that a significant portion of the increase in assessment values in the CRL area will be driven through addressing the barriers to redevelopment present in the area. The removal or mitigation of such barriers will help attract private investment and enhance the commercial appeal of the area.

Catalyst Projects and the Attraction of Private Investment

A catalyst project or taxable anchor property to attract and spark investment, while not required, is highly desirable. A catalyst project can be used to help redefine the area and encourage further investment and a taxable anchor property will generate immediate incremental assessment gains for the municipality that contribute to the CRL revenues.

One of the key objectives of a CRL is to help attract private investment into an area which has struggled to draw interest from private-sector developers. When planning a CRL, a municipality should engage with the business community. The community revitalization plan should include evidence of private sector engagement or commitments from developers in the CRL plan.

Municipal Ownership

Municipal ownership of land or properties in the area can provide more flexibility with project timelines for the significant investment in new or upgraded infrastructure that is required in the area. Municipal ownership of land in the CRL area gives the municipality a measure of control over the timing and type of new development coming into the market. This can help avoid crowding out investment and competition for development between different areas of the municipality.

Municipal land is generally exempt from property taxation, and therefore has a taxable assessment of zero in the baseline calculation. The sale and development of these lands subsequent to the baseline calculation can provide significant gains to incremental assessed value and CRL revenues.

4. Other Considerations

4.1) Statutory and Land Use Plan Alignment

Growth Management Boards (GMB)

GMBs and related plans for the Edmonton and Calgary regions are mandatory. If a municipality is part of a GMB, the community revitalization plan should align with the growth plan and other regional plans.

Intermunicipal Collaboration Frameworks (ICF)
Municipalities that have common boundaries or are involved in GMBs are required to implement inter-municipal planning mechanisms for land-use planning and work together regarding service delivery and cost-sharing. A community revitalization plan should align with established ICFs.

Area Redevelopment Plans
Area redevelopment plans (ARPs) are complementary to a community revitalization plan as they help guide how currently developed communities can redevelop or develop further into the future. A community revitalization plan should align with any existing ARPs. Often, depending on the long-term goals for the community, an ARP may be a sufficient tool to encourage development and revitalize an area.

4.2) Social Considerations

Services for Residents
The community revitalization plan should include ways to mitigate potential negative impacts of a CRL on all residents in the area, including those who are disadvantaged. Common issues that need to be addressed are:

- availability of social support services due to construction or changes to facilities;
- availability of public transportation services;
- increased rents for those on low or fixed incomes; and
- displacement of residents to other areas of the municipality due to increasing rents or uninhabitable conditions.

Affordable Housing
A CRL can represent an opportunity for a municipality to address affordable housing, in alignment with their local strategy, using CRL revenues towards capital costs for development.

A CRL should not result in a net loss of affordable housing for residents in the municipality. If housing is located in the CRL area, a community revitalization plan should include a housing needs assessment in order to consider how the area and neighbouring communities will be impacted. The housing needs assessment should look at the housing requirements of the residents living in the area and ensure the residents will not be displaced by not being able to afford the rents in the gentrified area. If a CRL is approved, any cost associated with a housing needs assessment is an eligible expense for CRL revenues.

4.3) Consideration of Broader Impacts

Indigenous Perspectives
If Indigenous people will be impacted by the proposed CRL, consider the following:

- how indigenous people will participate in, benefit from, or be affected by the CRL;
- how Indigenous communities have been engaged and how their perspectives have been incorporated;
- how impacts to Treaty or Aboriginal rights or consultation obligations have been advanced; and
- how impacts on Indigenous culture, cultural practices, community or socio-economic gaps have been taken into account.

If a municipality has a specific program proposal to ensure Indigenous communities are engaged and their perspectives are incorporated through the CRL, the Province may encourage the municipality to utilize CRL funds to develop this program.

As part of the CRL application process, a municipality will have to determine if Treaty or Aboriginal rights or consultation obligations exist based on the proposed CRL area. If consultation obligations exist, CRL funds can be utilized to support related costs.

5. Application Process

5.1) Application and Approval Process Overview

Application

Municipal consideration of a CRL area	Application to Province for CRL area

Regulation

Province evaluates CRL application package	Province approves CRL regulation

Plan Development and Due Diligence

Municipality finalizes community revitalization plan	Municipality launches public hearings

Bylaw Approval

Municipal Council passes a CRL Bylaw and Final Plan	Province approves CRL Bylaw and Final Plan

Implement CRL Levy

Municipality reports baseline assessment to the Province.	Municipality passess CRL tax bylaw and begins levying on incremental assessment growth.

5.2) Application Review

Applicants should contact a Municipal Affairs program advisor prior to initiating the application process. Once a CRL application package is formally submitted to the Province, an application review process will take place.

The following items are required to be included in the application package:

- cover letter, including council endorsement;
- executive summary of community revitalization plan;
- draft community revitalization plan (see the following section 5.3 and Appendix 1 for further information regarding the draft community revitalization plan requirements);
- map of CRL area, including a written description; and
- list of all properties in the CRL area, including types of properties and assessed values.

Upon receipt of a CRL application, the Province will review the application package. During this time, ministry staff may request clarification of application elements with the municipal contact identified in the CRL application.

Timelines for review of a CRL application may vary and will be communicated to the applying municipality.

In the event a CRL application does not meet the conditions of the program, the decision on the CRL application will be communicated through a response letter to the municipality.

5.3) Community Revitalization Plan

The success of the CRL is shared by the municipality and the Province, so it is important for the municipality to provide a detailed plan on the steps and investments necessary for redevelopment. To be considered for a CRL, a municipality must have a draft community revitalization plan in place that outlines the projects required to both improve the economic status of the area, as well the social conditions for existing and future residents. The draft CRL plan must clearly identify all planned projects intended for the CRL area; municipalities may choose to prioritize these projects in the plan, for example, by designating more critical projects as ‘Phase 1 projects’ and the remainder as ‘Phase 2 projects’.

See Appendix 1 for further detail on information to be provided within a community revitalization plan.

5.4) Approval of Regulation and Next Steps

If the Province accepts the CRL application, a new regulation will be established. The timelines for this process may vary.

Once the regulation is in place, the municipality will be notified. Along with the notification from the Province, the approval of the regulation may also include conditions that must be met for the subsequent approval of the CRL levy bylaw. The municipality must then undertake the following:

- hold one or more public hearings on the community revitalization plan;
- finalize the community revitalization plan based on input from the public hearings and any conditions of the Province; and
- draft and approve a CRL bylaw.
  - The equivalent of education and municipal property taxes expected to be generated by the CRL must be prominently displayed in the municipal bylaw, not the appendix, establishing the CRL.

5.5) Plan Amendments

Redevelopment projects will be considered by the Province through the CRL plan submission process. Given the timespan, minor adjustments should be anticipated; however, if material changes are being considered to the approved plan, through the addition or subtraction of major projects, it is the municipality's responsibility to inform the Province immediately. Substantial changes to an existing CRL plan would require an amended CRL plan and CRL bylaw which would also require provincial approval.

6. Implementing the CRL Levy

Once the CRL levy bylaw is in place, an annual bylaw and provincial liability coding must also be put in place to ensure the appropriate collection and disbursement of CRL levy funds.

6.1) Administration of the CRL

It is important to consider how a CRL will be administered. The levy and associated projects can be managed by a municipally-controlled organization, or directly by the municipality.

If a CRL will be administered within the municipality, it is important to consider related costs, and whether current staffing levels and skill sets are appropriate.

If a municipally-controlled organization is established, there may be additional costs associated with this type of organization including salaries and benefits, information technology, accommodations, travel, communications, and training.

6.2) Annual Bylaw

Similar to an annual tax bylaw, a municipality must pass an annual CRL levy rate bylaw. This estimates the annual revenue required to support the CRL area infrastructure and other costs associated with the CRL area, and sets all tax rates to raise the required revenue. CRL tax rates must meet or exceed the municipal and education property tax rates that would otherwise apply to the properties in the CRL area. See Appendix 2 for an example of an annual CRL levy rate bylaw.

6.3) CRL Levy

Once the levy is collected, it must be deposited into a separate fund for CRL levies and used only for CRL purposes. For more information on the intended uses of CRL funds, refer to section 3.3) Eligible Redevelopment Projects.

6.4) Provincial Liability Coding

The Province prepares an annual equalized assessment for all properties in Alberta. The equalized assessment is used as the basis for the education property tax requisition.

Liability coding is used to determine the equalized assessment roll for municipalities in Alberta. The liability codes are reported to the Province by municipal assessors into the provincial Assessment Shared Services Environment (ASSET) to determine whether, and to what extent, the properties are subject to taxation.

Proper coding of the properties in the CRL area ensures the incremental assessed values of the properties are excluded from the equalized assessment and therefore not included in the education property tax requisition. Correct coding is critical to the calculation of a municipality's contribution to the provincial education property tax requisition. Where the assessment of a property temporarily drops below the baseline assessment, the property will continue to be taxed for the provincial education property tax requisition and municipal taxes at the lower assessment amount; however, incremental assessed value does not occur until the property is assessed at a value greater than the original baseline assessment.

A comprehensive guide on how to code properties in the CRL area can be found online in the Recording and Reporting Information for Assessment Audit and Equalized Assessment Manual.

7. Annual Reporting Requirements

Once the CRL levy is in place, a municipality must report to the Province on an annual basis. Information reported to the Province will include assessment, economic, and any other information related to the objectives of the community revitalization plan. Upon approval of the CRL levy bylaw, Municipal Affairs will provide the municipality with the reporting template that sets out the information required to be reported to the Province. The report will include the following information.

- Annual and cumulative revenue associated with the CRL. Actual revenues should be presented in contrast to forecast revenues included in the CRL plan and provide reasons for any variances. Revenue reporting will include but is not limited to:
  - municipal property tax portion;
  - education property tax portion; and
  - other revenue sources by type such as interest, levies, fees and rentals.
- Annual and cumulative costs incurred. Actual costs should be presented in contrast to forecast costs included in the CRL plan and provide reasons for any variances. Cost reporting to the Province should be based on costs in the original CRL plan. If reporting after the ten year review, then reporting will be based on costs in the ten year review plan.
- Aggregate assessment data of properties in the CRL broken down into the following categories:
  - original baseline assessment;
  - current year assessment, including changes from the original baseline assessment or tax status changes; and
    - An example of a decrease in baseline assessment would be where existing properties are demolished for redevelopment and the value of the empty lots are at a lower assessment value, or year over year assessment of existing properties drop due to economic conditions.
    - An example of a change in tax status would be a taxable property sold or leased to a non-profit organization that is exempt from property tax; and
  - incremental assessed value.

Depending on the community revitalization plan, additional reporting relating to socio-economic circumstances the CRL is expected to address may be required. This data could include items such as change in rates of crime, homelessness, and number of affordable housing units, and demographic information such as levels of income, education, and unemployment.

The Province will review and analyze the annual reporting data against the estimates that were detailed in the community revitalization plan.

Reporting this information to the Province on an annual basis will benefit the municipality, the CRL program, and the Province in a number of ways including:

- allowing for comparison of similar CRLs and the Province as a whole to determine trends;
- providing evidence of successes and lessons learned for the CRL program;
- demonstrating the value of provincial and municipal investment in the CRL program;
- assisting the Province in evaluating current CRL and future CRL project plans;
- serving as an early indicator of potential issues, which could trigger a more in depth review; and
- providing a source of data for the ten year CRL review.

8. Ten Year Review

8.1) Introduction

A review of each CRL regulation is undertaken at every ten-year point throughout the life of a CRL. During this review, the Province and municipality work together in order to ensure the ongoing relevance of the CRL to the province and municipality. If the CRL remains relevant, approval to extend the regulation will be granted for another 10-year term.

Progress at the ten year review point is measured against the agreed upon community revitalization plan, with rationale for variances. Actual areas of examination will depend on what was in the approved community revitalization plan.

If variances have been identified when compared to the agreed upon plan, there may need to be some adjustments to the CRL plan or to the projects to be completed within the timelines. The municipality and the Province will work together to ensure the CRL plan continues to be viable.

8.2) Review Considerations

During the lifecycle of the CRL there are multiple review points to ensure that the CRL is meeting its intended outcomes. These reviews enable the Province and municipality to work together to address any concerns. To be successful, the CRL area should continue to provide a return on investment for the municipality, the Province, and taxpayers across Alberta. If a CRL area is experiencing any combination of the issues noted below, it could be an indication that renewing the CRL regulation may not be appropriate. For example:

- projects are not started, or are experiencing significant delays in completion;
- costs far exceeding revenue;
- minimal to no assessment increases in the area;
- non-compliance with CRL plan;
- economic conditions have deteriorated and no longer support the plan;
- inappropriate use of CRL funds; or
- negative impact of CRL on debt limits/ratios.

If issues are identified during the review or at any point during the term of the CRL, additional reporting and review requirements may be implemented as a condition of continuation for the CRL. Some examples are:

- provincial approval to change any projects;
- more detailed and more frequent financial reporting;
- periodic progress update meetings; and
- amending the original CRL area plan if the original plan is no longer realistic.

If at any point in the life of a CRL conditions have significantly changed since the original CRL plan and regulation were approved, the Province should be notified.

9. Process for Concluding the CRL

9.1) Triggers for Conclusion of the CRL

The conclusion of a CRL can be triggered by the earlier date of the following:

- the expiry date in the CRL regulation;
- the date that all borrowings for the area are repaid or recovered from the revenues associated with the CRL plan; or
- an earlier date specified by the Lieutenant Governor in Council.

When any of the above triggers are reached, the municipality will be required to undertake the actions noted in section 9.2 to conclude the CRL.

9.2) Conclusion of the CRL

At the conclusion of the CRL, the following must occur.

- The municipality will be required to revert back to the usual liability codes for the properties in the CRL area. These properties will now be included in the equalized assessment and subject to requisitions.
- The municipality will have repaid all debentures associated with the CRL plan by the end of the CRL term, or have a plan in place to repay any remaining debentures from other revenue sources.
- The municipality will provide a final report to the Province on the outcomes of the CRL. This will include estimates in the plan compared to actuals, measurable benefits to the municipality and Province, and lessons learned through the course of the CRL.

The conclusion of the CRL is marked when the above steps have been achieved. More importantly, this will mean the objectives of the CRL program will have been met, which will include the many benefits realized in the municipality and the Province that would not have been accomplished without the CRL.

Benefits will vary by CRL area; however, completing a CRL plan should result in an area that is attractive for businesses, residents, and visitors alike. This will help build stronger communities and improve the quality of life for residents through increased economic activity, lower crime, increased access to affordable housing, reduced poverty, and better use of under-utilized areas. The conclusion of a CRL area is expected to result in a larger tax base to fund municipal services and the K-12 education system across Alberta.

10. Continual Improvement

In the interest of continual improvement for the CRL program, and to ensure that municipalities, the Province, and taxpayers continue to receive a good return on investment, Municipal Affairs will review the program as required and recommend improvements where appropriate. The Province encourages municipalities to provide feedback or suggestions for improvement to the CRL program at any time, not just during the formal evaluation processes.

Appendix 1 – Creating a Community Revitalization Plan

This section provides direction for creating a community revitalization plan. *It is recommended that Municipal Affairs staff be contacted prior to preparing a community revitalization plan.*

The initial community revitalization plan should clearly articulate the need for a CRL and what will be achieved through the program. The elements of the community revitalization plan described below are required, as they will be used for the public hearings, municipal bylaws, and final approval by the Province.

Where applicable, a community revitalization plan should contain the following categories.

Vision for the Proposed CRL Area

- Describe the long term vision or objective for the CRL area.
- How does the CRL plan fit into the long term vision for the community as a whole?

Rationale for Revitalization

- Describe and provide supporting documentation on previous attempts to redevelop the area that were not as successful as planned.
- What are the reasons why these attempts were unsuccessful?
- What are the barriers to revitalization that the CRL will be able to help overcome?

Persistent Barriers to Redevelopment

- Describe the details of the current development conditions of the CRL area including:
  - condition of current infrastructure;
  - conditions of properties in the area including any contaminated sites (note any vacant land, abandoned, dilapidated and deteriorating properties);
  - existing uses, including land use designations;
  - types and mix of existing developments;
  - any developments currently underway; and/or
  - comparison of the proposed CRL area with the municipality as a whole, and similar areas in other municipalities.

Assessment and Property Tax Profile

- Describe the assessment and property tax profile of the proposed CRL area including:
  - current assessed value of properties and comparison with the municipality as a whole and to comparable areas in other municipalities;
  - current assessed values for all residential and non-residential properties in the proposed CRL area;
  - a summary of historical assessment values in the proposed CRL area indicating how the growth in values over time has underperformed over five years or longer. Municipalities are encouraged to show evidence of long-term trends in how property values in the proposed CRL area have stagnated in comparison to other areas;
  - a summary of five years of assessment growth data for areas neighbouring the proposed CRL area, identifying trends in how values have progressed in comparison to the proposed CRL area;
  - an analysis of how proposed development projects will impact property values, with these impacts presented in 5-year increments, over the life of the CRL; and
    - Provide the details of how these projections were calculated; including what assumptions were used for future economic conditions, changes to the types of properties, and timing of development are all valuable items to include in a successful CRL application.
  - potential assessment growth, how much the properties are under-valued, and how this will be a key contributor to CRL revenues.

Description of the Proposed Boundaries of the Area

- Include a legal description of the proposed area with map.
  - A map of the proposed area should be developed including a written description.
  - A CRL area map and associated description should incorporate full legal lots and border on the boundary of the lots.

- Include the per cent of the municipality’s taxable assessment being proposed as a CRL area (see Appendix 2).

Revitalization of the Proposed CRL Area

- Describe any catalyst projects in as much detail as possible. While a catalyst project or anchor development is not a requirement, they can be important to provide the necessary revenues required to support funding requirements of the area, and can be very beneficial to attract further redevelopment.
- Detail municipally owned properties in the area. Municipally owned properties add flexibility in a redevelopment area and can also significantly increase the incremental assessed value growth when transferred to taxable entities for development.
- Describe how the CRL will improve conditions in the area and improve life for residents of the area and the municipality as a whole.
- Describe any features, facilities, or characteristic of the municipality that will be adversely affected by the CRL and proposed plans to mitigate those effects.
- Describe which historically significant buildings in the area will be conserved and maintained and how they will be conserved and maintained.
- One of the primary purposes of CRLs is economic development which is stimulated through investment in municipal capital infrastructure which is defined as projects that involve the purchase, construction, development, betterment, rehabilitation, or non-routine maintenance of a capital asset, owned by a municipality or eligible entity. Eligible entities include those that enable activities and own assets that provide a municipal service or benefit, and do not limit public access. Examples of such entities include libraries or certain types of non-profit organizations.

  Examples of municipal capital infrastructure projects are:
  - municipal roads, bridges, public transit vehicles and facilities, water and wastewater systems and facilities, storm drainage systems and facilities (e.g., flood proofing), emergency service vehicles and facilities and infrastructure management system software.);
  - design and engineering services, construction and rehabilitation, vehicle purchase, and land acquisition. In addition, the program may include barrier-free transportation initiatives to improve accessibility for seniors and persons with disabilities; and
  - where the core capital infrastructure needs have been addressed, the available funds may also include other capital projects, such as cultural and recreational facilities, community environmental and energy systems and facilities, solid waste management systems and facilities, municipal buildings and other municipal physical infrastructure.

- Describe municipal infrastructure and other projects required to spur development for the area.
  - Include details on specific projects that are anticipated in each category.
  - Details should include timelines and cost estimates, and how the merits of each project contribute to future development.
  - Proposed phasing of development in the area:
    - list developments that are planned for each phase;
    - describe the proposed role of private developers and the municipality in each phase and list the costs expected at each phase;
    - if a catalyst project is planned, list the phase it will be constructed in; and
    - detail the costs of each phase and proportion of required CRL revenues.
  - Categories should include:
    - infrastructure upgrades;
    - transportation enhancements;
    - utilities upgrades;
    - housing development;
    - zoning changes;
    - proposed land uses;
    - preservation of, or the creation of, new parks and open spaces;
    - parking capacity;
    - environmental reclamation;
    - preservation of historic resources; and
    - marketing/branding of the area.

Alignment with other plans/priorities

- Ensure the CRL plan takes other plans and priorities into consideration where appropriate such as:
  - Intermunicipal Collaboration Frameworks;
  - Area Redevelopment Plans; and
  - Growth Management Boards.

Plan Risks and Mitigation Strategies

All projects have risks associated with them. Because of the significant focus and investments made by the Province and municipality through a CRL, it is important to identify all potential risks and provide mitigation strategies in your CRL proposal.

- Examples of risks include variances from revenue estimates due to factors such as:
  - changes to the economic climate;
  - interest rate risks;
  - funding shortfalls;
  - cost escalations;
  - issues arising with private developers; and
  - issues arising with the catalyst/anchor project.

- Risk mitigation strategies could include stress testing the plan for possible levy escalations, purchasing insurance, or building potential levy increases into the plan.
- Examples of risks concerning potential negative impacts of a CRL on disadvantaged residents include:
  - increased rents for those on low or fixed incomes;
  - displacement of renters to other areas of the municipality due to increasing rent;
  - availability of social support services due to construction or changes to facilities; and
  - availability of public transportation services.
- Risk mitigation strategies should detail how housing and services for the residents in the area will be maintained.

Financial Plan and Requirements

- Detail the low, medium, and high revenue projection of estimated changes in the incremental assessed value of property in the area and the consequent impact on projected revenues from community revitalization levies.
- Detail the low, medium and high revenue estimates for the area. Revenue estimates should be presented in 5-year increments.
  - How were the revenue estimates calculated? List all the revenue generating tools that will be utilized. Include any municipal investment or rental income that the area is expected to generate.
  - Include projected community revitalization levies in respect of the incremental assessed value of properties in the area.
  - If redevelopment levies will also be used as a revenue tool as part of the CRL plan, list estimated revenue from these levies.
  - If business improvement area taxes will be used as a revenue tool as part of the CRL plan, list estimated revenue from these levies.
  - For any other revenue sources used as a revenue tool as part of the CRL plan, list estimated revenue from these sources.
    - List any advances or other municipal contributions that will be made as part of the CRL plan.
    - List any contributions from Federal or Provincial government sources.
    - Detail how cost assumptions concerning potential escalations were calculated.
    - Regarding the debentures used to fund the CRL plan, list the:
      - timing and source of projected borrowings and the amount and timing of repayments;
      - expected interest rates and borrowing costs; and
      - impact on your municipality’s debt limit.
    - Detail any other sources of revenue associated with the CRL. Examples include:
      - rental of vacant municipally owned land;
      - administration fees;
      - marketing fees; and
      - developer levies.

Appendix 2 – Example of Cap Calculation

All CRLs combined in a municipality cannot represent more than three per cent of a municipality's total taxable assessment, This is calculated as a ratio of the CRL baseline over the municipality's total taxable assessment at the time of the CRL's inception.

The following would be considered in order to evaluate Clearway's application under the three per cent cap. The Town of Clearway, Alberta has two active CRL areas and would like to propose a third CRL in a central district.

CALCULATION OF CRL CAP FOR MUNICIPALITY WITH MULTIPLE CRLS

CRL and Date of Inception	Baseline Taxable Assessment	Clearway's Total Taxable Assessment, CRL Inception Year	Per Cent Taxable Assessment
2009 Plateau CRL	$7,400,000	$5,500,000,000	0.13%
2014 Creekside CRL	$19,800,000	$5,900,000,000	0.34%
Central District CRL (Proposed in 2022)	$33,600,000	$6,900,000,000	0.49%
		Total	0.96%

The proposed CRL calculates the current year's baseline and taxable assessment values added to the per cent of taxable assessment of the other two CRLs as calculated at their inceptions.

The amount of a municipality's taxable assessment value that can be captured by a CRL is limited to three per cent, taken as a ratio of the CRL baseline over the municipality's total taxable assessment at the time of the CRL's inception.

The following would be considered in order to evaluate Clearway's situation under the three per cent cap, when reviewing their 2022 CRL proposal:

Whether:

[(2009 Plateau baseline / 2009 total taxable assessment) + (2014 Creekside baseline / 2014 Total Taxable Assessment) + (2022 proposed Central District baseline / 2022 Total Taxable Assessment)] x 100% is less than 3%

Or:

[($ 7,400,000 / $ 5,500,000,000) + ($ 19,800,000 / $ 5,900,000,000) + ($ 33,600,000 / $ 6,900,000,000)] x 100= 0.96%

<u>Result:</u>

Clearway's total existing and proposed CRL baselines calculate as 0.96% of their total taxable assessment, which meets the criteria well below the three per cent cap.