

MAY 2022

CALGARY OFFICE REVITALIZATION AND EXPANSION (CORE) WORKING GROUP

FINAL REPORT

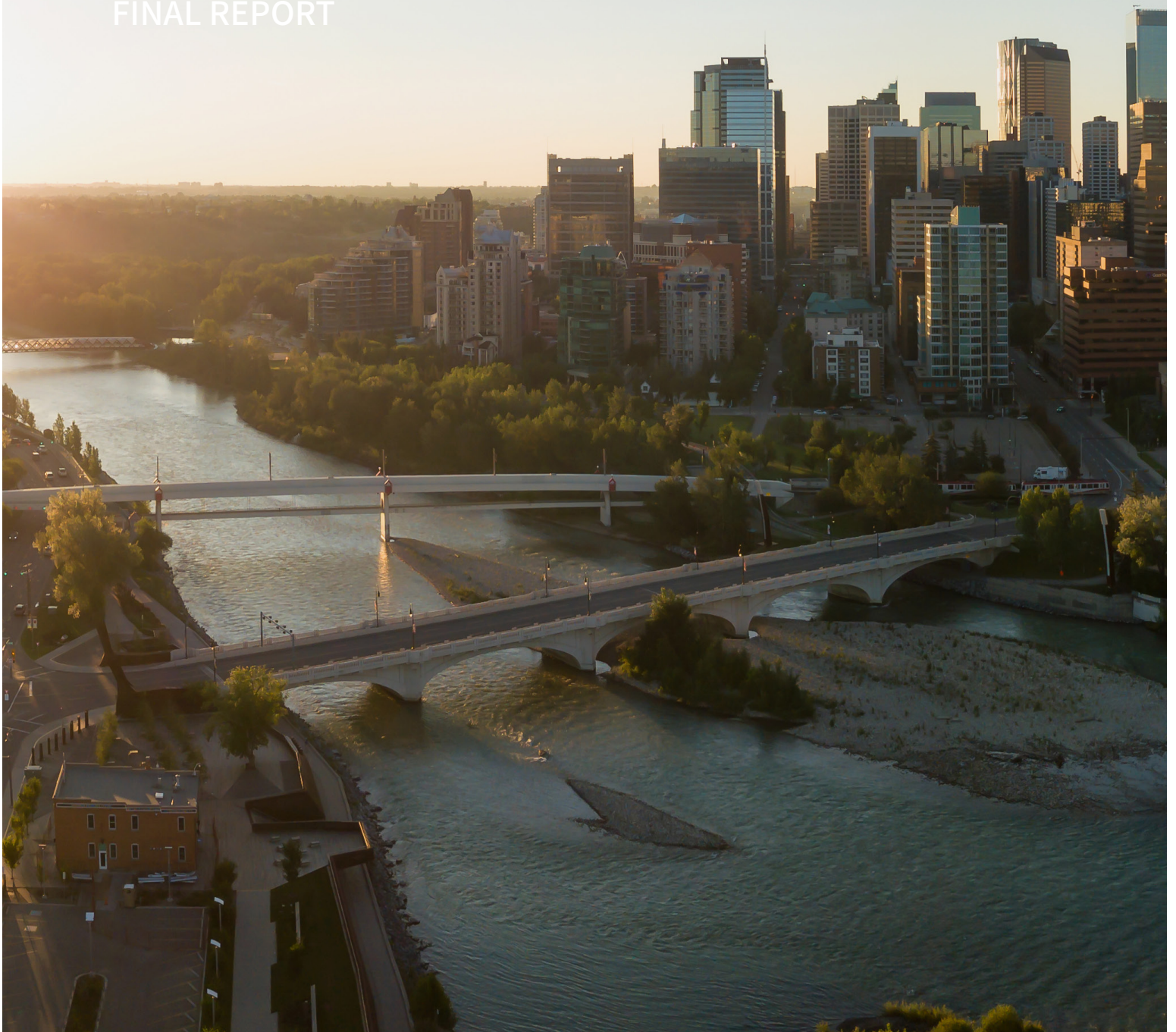


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LETTER FROM THE CO-CHAIR



Historically, the City of Calgary has had a booming downtown core, with a thriving energy sector that attracted the headquarters of many of Canada’s most successful businesses. Since the 2014 recession, Calgary’s hub of energy, legal, and financial excellence has suffered tremendously, with vacancy rates rising steadily. More recently, the COVID-19 pandemic has caused further devastation across the city. With our city, community and industry organizations, private partners, and concerned citizens beginning to look at ways to revitalize the downtown, our government must identify opportunities for the province to support these ongoing efforts and help reclaim Calgary’s place as a centre for innovation, growth, and prosperity.

We know that no single silver bullet will make Calgary’s downtown a more vibrant place; it will take time and effort. That’s why this Calgary Office Revitalization and Expansion (“CORE”) Working Group is so important and why the inclusion of experts from the downtown community was key. Together, we have engaged these important issues to determine the best paths forward for government. This report details our engagement with the community and actions for the province to take toward revitalizing our city’s downtown core.

Next, it is important to understand the current Calgary context. This city is home to hundreds of leading organizations in the combined energy, financial, legal, technology, arts and culture and creative industry sectors. We need to recognize and build upon the successes of these organizations to establish a strong foundation for vitality and livability in the downtown. Calgarians want a downtown commercial core that is vibrant, diverse, and liveable. Creating this environment requires collaboration with all impacted sectors and populations to forge a path forward.

It has been an absolute pleasure to work with business groups and representatives from the housing and development industry, post-secondary education, and Calgary’s growing tech sector on this project. Calgary’s downtown core has faced several challenges, but I remain optimistic that there is plenty of opportunity for growth. We have seen positive news as the office vacancy rate recently declined for the first time since the start of the pandemic. I appreciate the input from Calgarians who live, work and play in the heart of the city. Their valuable feedback has helped shape this report and the recommendations that are being submitted. I look forward to seeing progress in revitalizing our city’s downtown, and to the required collaboration, across all levels of government and with impacted stakeholders, to find creative and effective solutions to the challenges that Calgary’s downtown core faces today.

Nick Milliken, MLA for Calgary-Currie
Co-Chair, Calgary Office Revitalization and Expansion Working Group

EXECUTIVE SUMMARY

To support the revitalization of the Calgary downtown core, the Minister of Jobs, Economy and Innovation, Doug Schweitzer, established the Calgary Office Revitalization and Expansion (CORE) Working Group (the working group). The working group's mandate was to assess existing research and recommendations and provide a clear road map for the Government of Alberta and the private sector to return Calgary's downtown core to a healthy and energetic place to live and work.



Working group priorities

As a result of its efforts, the working group identified four key priorities for Calgary’s downtown commercial core.



Priority 1: Incentivize real estate development

Social and fiscal incentives can work hand-in-hand to bring institutional and residential expansion to the downtown by identifying opportunities, addressing Calgary’s tax base, reducing vacancies, and diversifying the commercial and residential tenants in Calgary’s downtown core.



Priority 2: Support vibrant initiatives

Further developing downtown as a post-secondary education hub and enabling community activations and attracting events that bring increased foot traffic to the downtown core can enhance the overall experience of both residential and commercial tenants.



Priority 3: Develop downtown diversity

Attracting new industries to establish themselves in Calgary’s downtown core and incentivizing the development of various housing solutions for students, seniors, low-income families, young adults, and others will provide density and diversity for the downtown.



Priority 4: Improve downtown safety, security, and quality of life

Increasing the safety of Calgary’s downtown core for tourists, residents, and commercial tenants by working collaboratively with community organizations to address homelessness, addiction, and social disorder.

Through the lens of these key priorities, the working group evaluated stakeholders’ presented suggestions to identify how provincial resources can best be used to revitalize Calgary’s downtown commercial core. For each of the priorities, the working group identified key underlying challenges, considerations, and opportunities – referenced below as “issues”, and formulated “actions” for the Government of Alberta’s consideration.

Many of the suggested actions will also support initiatives by other levels of government, the City of Calgary’s Greater Downtown Plan, and Calgary’s commercial and residential real estate community, which supports many of the city’s key economic sectors.

The working group thanks all industry and community leaders who contributed to the ideas and elements within this report.

BACKGROUND

For decades, Calgary's downtown has represented the vibrant and entrepreneurial spirit of Alberta's private sector, with more than 100 corporate headquarters, including Suncor, Cenovus, Enbridge, TC Energy, Neo Financial, Symend, Helcim, and Acceleware. The success of these Alberta-based businesses demonstrates the capability of this great city – affordable, top-tier office space, world-class talent, and a competitive, highly flexible, and business-friendly policy environment. Despite all the challenges in recent years, Calgary is still projected to have six per cent GDP growth in 2022.



Background

Over the past eight years, Alberta has overcome devastating challenges, beginning with the global collapse of energy prices in 2014. In the years that followed, Calgary's business community quickly adjusted to meet the ever-changing demands of the energy market and prepare for a far more diverse economy emerging from the downturn.

Then the COVID-19 pandemic hit Calgary hard, and the city felt a disproportionate impact on its downtown commercial core. Just over one year into the pandemic, in the first quarter of 2021, Calgary's downtown office vacancy rate was 32.3 per cent, compared to the benchmark eight per cent vacancy rate of a healthy downtown. This made Calgary less attractive as a home for new ventures and investment. Calgary's downtown became less active, less vibrant, and a less desirable place to be. It became increasingly difficult to maintain many businesses in the core due to a lack of people and demand.

A key implication of a highly vacant downtown is reduced assessed property values and the resulting tax base. Less rented/leased space means office buildings are worth less, leading to lower assessed values and property taxes. In order to make up the difference in lost value and taxes, the city applied more assessed value to Calgary's beltline and suburban non-residential properties, resulting in significant tax increases to them. Unfortunately, many small businesses outside the core were forced to close or adjust their operations to cover higher property taxes.

While the focus of this report is on solutions, it is clear that there needs to be a longer term solution in Calgary for the stabilization of revenues and greater equity between residential and non-residential properties. Calgary needs a long-term solution to stabilize city revenues and create a stronger, more diversified downtown. As the pandemic moves to an endemic phase, a renewed view of economic growth will be critical.

The City of Calgary approved the Downtown Strategy in 2021, including a \$200 million investment in implementation to assist in improving vibrancy in the core and to address long-term underutilized assets. The Downtown Strategy Leadership Team completed a long-term study and made numerous recommendations to the city for how to address Calgary's downtown challenge, including repurposing a number of underutilized properties either to residential or for demolition.

Led by key municipal leadership, the team - including members from the Calgary Municipal Land Corporation and Calgary Economic Development - focused their efforts on four themed areas (place, work, live and connect) important to a vibrant downtown and Calgary's economic resilience. Many other groups, including the University of Calgary and the Calgary Chamber of Commerce, have established a series of recommendations for what should be done in the downtown.

In response to these unprecedented challenges, in April 2021, the Government of Alberta established the Calgary Office Revitalization and Expansion ("CORE") Working Group. Minister Schweitzer led the working group of MLA Nick Milliken and nine selected community leaders to deliver on the working group's mandate. Over the following 10 months, the working group engaged with key community groups and leaders to understand the challenges and opportunities facing the downtown core. This included assessing existing research and initiatives aimed at revitalizing the downtown core, and exploring funding and policy options to attract new businesses and residents. This includes students, low-income families, young adults, and other communities who will bring density and vibrancy to Calgary's downtown.

CORE working group mandate


Minister Schweitzer formally asked the working group to complete several actions and provide him with their best advice regarding advancing the revitalization of Calgary’s downtown. Specifically, Minister Schweitzer asked the working group to:

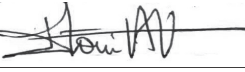
- Assess the findings and suggestions – extensively researched and developed by various Calgary stakeholders – brought forward to the working group co-chairs and the Minister’s Office.
- Identify and work with stakeholders that play a key role in achieving the advice set forth by the working group.
- Independently collaborate with their respective networks to ensure a broad cross-section of insights.
- Provide a report with at least 10 actionable suggestions on activities that can move Calgary’s revitalization efforts forward.


Members


Desiree Bombenon, Vice-Chair, Calgary Chamber Board of Directors

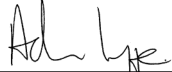

John Brown, Dean, University of Calgary School of Architecture, Planning and Landscape


Greg Guatto, President and CEO, Aspen Properties



Abed Itani, CEO, Cidex Developments


Martina Jileckova, CEO, Horizon Housing


Patricia Jones, President and CEO, Calgary Homeless Foundation


Adam Legge, President, Business Council of Alberta


Andrew Mosker, President and CEO, National Music Centre


Terry Rock, President and CEO, Platform Calgary

Stakeholder engagement

In 2021, Minister Schweitzer released a statement setting out plans for the working group and asking the public for feedback and recommendations for how the province can support Calgary's downtown commercial core. The working group's key mandate was to assess existing findings and recommendations, determine their feasibility, and provide a clear path forward for all three levels of government and the private sector. Immediately, the Minister's Office received hundreds of emails, letters, and telephone calls from interested Calgarians seeking to get involved in the working group to discuss ongoing and exciting initiatives to revitalize the downtown core and offer feedback for government to consider in its final report. These numerous and valuable recommendations and considerations were brought to the working group directly.

From June 8, 2021, to December 10, 2021, the working group met on nine separate occasions to listen to and engage with key stakeholders from established organizations. In addition, the working group gathered five more times for an in-depth discussion on the recommendations presented by the organizations and provided input on the outcomes presented.

In total, presenters included executives from the following organizations:

- The City of Calgary
- Calgary Economic Development
- The University of Calgary Civic Commons Catalyst and Urban Alliance groups
- Downtown Business Improvement Areas including the Downtown Calgary Association
- Calgary Chamber of Commerce
- The City of Calgary's Real Estate Sector Advisory Committee
- The Calgary Drop-In Centre
- A panel of commercial real estate experts from Colliers, Avison Young, and CBRE
- The Calgary Police Service

Over several months, each organization presented individually to the working group to share their perspectives on the opportunities and challenges of revitalizing Calgary's downtown core. Due to the ongoing pandemic, the majority of one-hour engagement sessions were held virtually, with stakeholders invited to provide a 20 to 40-minute presentation. Working group members were given the opportunity to ask challenging questions, dive deeper into the underlying issues and perspectives offered by each stakeholder, and seek advice on how government, at all levels, could support revitalization. Follow-up conversations were also encouraged when presenters felt the need to provide more information, clarify their perspectives, or further engage on the issues that they are so passionate about.

The stakeholders that presented to the working group were from established organizations with ongoing initiatives aimed at revitalizing Calgary’s downtown core. They presented on three key themes of incentivizing real estate development, supporting vibrant initiatives and developing downtown vibrancy.

Examples of the information presented included:

- Opportunities to take under-utilized spatial assets in the City of Calgary and catalyze them into positive assets for the community that can revitalize downtown;
- Incentives and policy changes that would help to focus strategies for office conversion, economic development and investment attraction;
- Details on The Greater Downtown Plan (GDP) and recommendations, which can be implemented quickly and at little or no cost to the Government of Alberta;
- Prospects for key anchor tenants, which would act as strong economic, investment and tourism drivers;
- Opportunities to engage, align and expand the post-secondary footprint in Calgary’s downtown;
- Success stories of the Calgary Drop-In and Rehab Centre and its downtown location, as well as other similar organizations, in creating a welcoming, safe and inclusive community.

Throughout the presentations, several organizations identified the need for “safety and security” as a critical area to be addressed for the downtown. The debate remains as to whether safety is a driver for downtown revitalization or an outcome of a more vibrant downtown, and if actions should first be taken to attract more people to live and play in the downtown, or if actions should first be taken to make it safer to entice people to come. In response, the working group requested that a fourth theme of “safety and security” be added, with an additional presentation from the Calgary Police Service to clarify details on the growing concerns around social disorder in the downtown core.

Priorities and principles

The working group determined that there were four key themes that emerged and created a framework for how to present the priorities and solutions:

1. Provide incentives to develop real estate.
2. Support vibrant initiatives.
3. Develop downtown diversity.
4. Improve downtown safety, security, and quality of life.

Issues and solutions were grouped under each of these four priorities and are laid out below.

The working group was provided with many solutions to the challenges facing Calgary’s downtown. To help select the ones that had the greatest chance of success, the working group established a series of principles to vet the range of potential solutions. These principles were:

- **Benefit** – solutions should hold potential for a broad range of benefits including social, economic and environmental.
- **Multi-party support** – solutions should hold potential for multiple parties to support, endorse and engage.
- **Cost effectiveness/ROI** – solutions should hold the potential for being highly cost-effective and generate a strong return on investment (either financially, socially, or quality of life).
- **Ease of implementation** – solutions should hold potential for being pragmatically and realistically implemented.
- **Scale of impact** – solutions should hold potential for a scale of impact larger than a specific property or project.
- **Environment** – solutions should ensure that they adhere to the city’s planning and environmental policy environments.

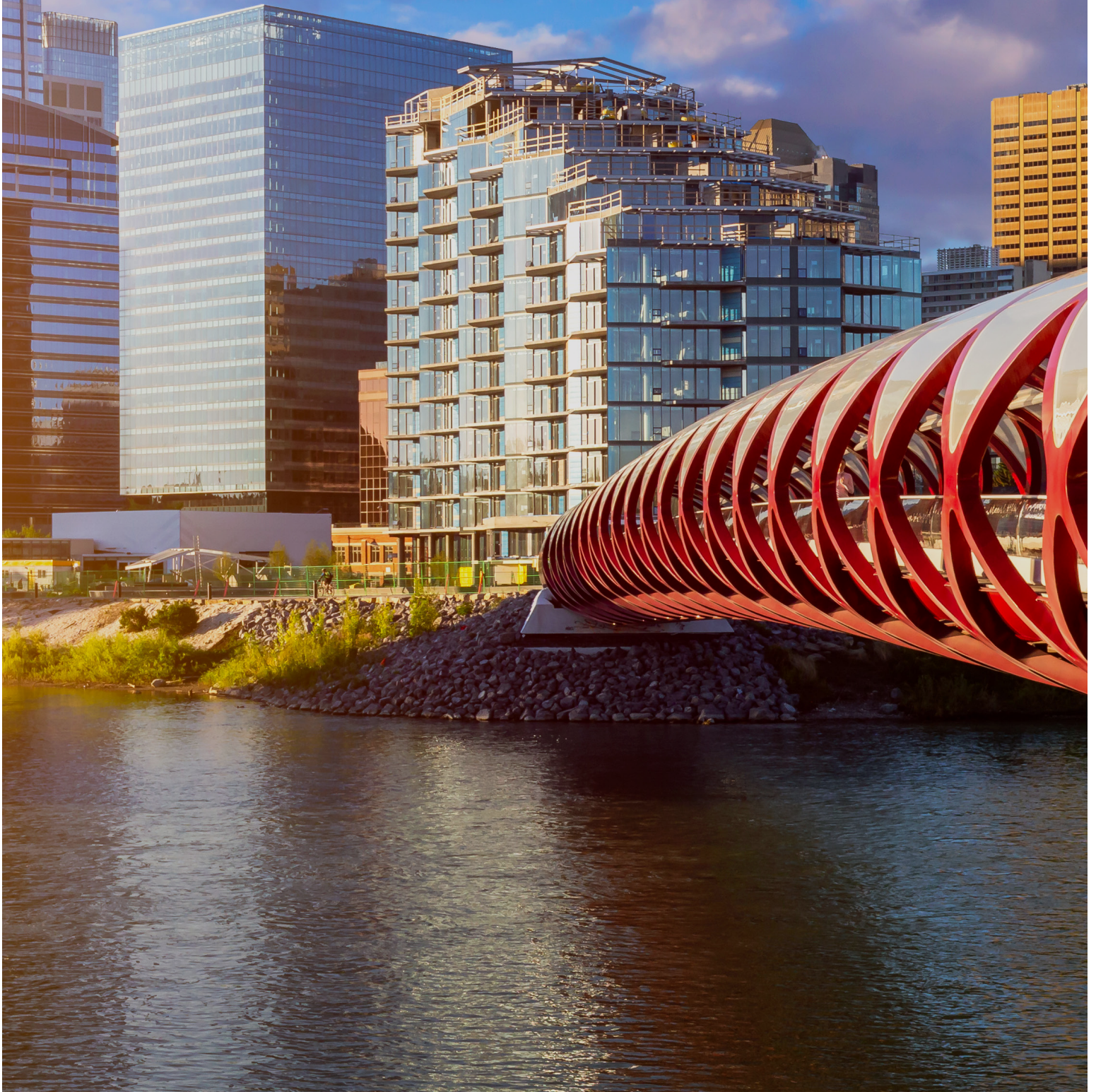
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Did you know?

In 2012 tech companies represented less than a million square feet (under two per cent) of downtown’s office occupancy. By 2021, they have grown to be three to five per cent of downtown office occupancy.

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PRIORITIES AND SUGGESTED ACTIONS





Priority 1: Provide incentives to develop real estate

The dominant narrative over the past few years has focused on high vacancy rates as a result of a prolonged economic recession, followed by the COVID-19 pandemic. Avison Young second quarter results for 2021 report that energy-related companies' occupancy shrunk from 57 per cent to 32 per cent in the downtown core. The oil and gas sector (the dominant user of office space in the downtown) has not been adding jobs despite higher commodity prices and the sector continues to look for efficiencies and merger opportunities. The total inventory of office space, at 45 million square feet, is simply too high and not sustainable for the long term.

In spite of recent announcements, other sectors demonstrating job and economic growth, along with signs of growth and diversification, overall vacancy rates remain high given the scale of the space the energy companies lease today. The future of work post-pandemic remains in flux and these trends continue to influence employer decisions. Demand for office and retail space may be further impacted as the COVID pandemic accelerated flexible hours and remote work trends, with companies anticipated to reduce their footprint by at least 10 per cent upon lease expiry. The real estate environment in Calgary's downtown core tells a tale of two downtowns. Over 50 per cent of the overall vacancy in Calgary is located west of 5th Street, which is home to over 90 per cent of the city's Class B and C buildings. This means that Calgary's office vacancy issue is very much a story of a west-end reality and a lower quality property reality. Therefore, solutions must address these realities.

Vacancy rates in the class AA buildings are unprecedented, with class AA space vacancy rate sitting at 16.1 per cent - half of which is headlease and the other half sublease with most in long-term leases resulting in heavy competition for the headlease space. The A class space (sitting at a 38.1 per cent vacancy rate), also competes directly with the AA space. The result is low rental rates that are not improving given the sheer volume of A and AA space available. There is a flight to quality going on downtown as tenant leases expire and they move to better quality buildings (AA and A), which are primarily located in the east end of downtown. This is at the expense of the B Class (currently at a 39.1 per cent vacancy rate), and the C Class (currently at a 46.1 per cent vacancy rate) – primarily located in the west end of downtown.

Why is this a problem? The answer is that the status quo leads to a hollowed-out west end of downtown, a lack of vibrancy overall, no increase in property tax revenues for the city and the province and little to no capital investment from institutional or private capital. The city must improve its brand and attract and retain talent and businesses. The building owners that are here are virtually all sellers of their real estate, as they do not see a better leasing market resulting in growth in their asset values for a very long time (10+ years). This negative outlook makes it much tougher for Calgary to attract and retain talent and businesses. It makes it harder to attract private and institutional capital to invest in Calgary. There will also be a continued property tax shortfall coming from the entire downtown commercial space, given low rental rates and building values as vacancy rates will continue to affect the marketplace. This puts a significant burden on all other property tax payers in Calgary (especially residential).

Consultations with stakeholders, including the City of Calgary, Calgary Economic Development, the Real Estate Sector Advisory Committee (RESAC), and a panel of commercial real estate experts identified important drivers of downtown institutional and residential expansion. Provincial support is necessary to absorb space and eliminate six million square feet within Calgary's downtown. RESAC pointed out that without a program in place to repurpose/eliminate at least six million square feet of B and C class office buildings over the next 10 years, the overall vacancy rate would only improve to 27.8 per cent by 2031.

To expand sustainable tenancy in Calgary's downtown and attract a vibrant population, the working group explored a variety of housing options, including for post-secondary students, seniors, and affordable and market-rate properties. Without the incentive plan from the city, these conversions would never happen as they would be uneconomical. The downtown plan requires a \$1 billion investment over 10 years (\$450 million of that in incentives). A diversified residential strategy would attract the density and vitality that Calgary's downtown needs for small businesses and public amenities to thrive. Support and collaboration among all three levels of government is critical. To that end, the working group recommends the Government of Alberta consider the following policies and funding options to support real estate in Calgary's downtown:

Issue 1: Finding ways to adaptively reuse space and property can lead to positive shared uses, increased diversity, improved density, and greater vibrancy in the downtown.

A presentation on the Civic Commons Catalyst project served to identify cutting-edge research, including the production of 184 different maps with 100 data sets for land use (zoning and planning), culminating in a list of 25 recommended strategic interventions to help spur economic recovery and investment in Calgary. Phase II of this research presents an opportunity to build connections with local business and residential voices like institutional and private developers, downtown associations, and homelessness organizations for improved collaboration and reinforcement of the most beneficial asset decisions and strategies for downtown revitalization.

Action: Establish a task force to explore incentives and opportunities to activate civic spaces and use mapping to determine the strategic placement of office conversions for affordable housing, student residence, and cultural amenities.

Shifting investments in affordable/senior/student housing to the downtown, and investing in the city's new office residential conversion redevelopment (or adaptive reuse program) were identified in the top five recommendations presented by the City of Calgary administration on how the Government of Alberta can invest in Calgary's downtown.

Issue 2: Strategically planning and developing Calgary's west end creates potential for diversity, activity, and addressing much of the downtown's challenges.

As noted above, over 50 per cent of Calgary's office vacancy resides west of 5th Street, and is home to a range of lower quality underutilized buildings. The west end is also home to the West Village area, current home to the Shaw Millennium Park, bus depot facility and car dealerships – a massively underdeveloped area. The area has received little attention while the East Village has been the focal point of downtown efforts. With a new understanding of the potential that exists in the west end from a redevelopment perspective, the time is right for catalytic and transformative planning and investment in the area.

Action: Launch a Calgary Downtown West End planning and redevelopment strategy with the City of Calgary, Government of Alberta and key stakeholders to develop and implement a plan for the west end/West Village.

Issue 3: Investing in communities that include a diverse range of housing types, which blend income levels and residential types, avoids the creation of development clusters, and ensures affordable housing options.

Financial and non-financial incentives to support the cost of conversion incent developers, and leverage funding programs have been identified as a need by both post-secondary institutions (PSIs) and non-profits.

Action: Introduce financial and policy incentives to encourage post-secondary institutions and the non-profit sector to adapt and reuse vacant or outdated infrastructure, and create housing options in the downtown core for persons with disabilities, limited resources, and/or who are living in difficult circumstances.

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Did you know?

Calgary’s downtown office vacancy rate decreased to 29.7 per cent, while overall office vacancy rates decreased to 26.0 per cent in the fourth quarter of 2021– the first decline in vacancy since the pandemic started. (Avison Young)*

For every million square feet of inventory removed, Calgary’s downtown office vacancy will decrease by about two per cent.

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Issue 4: Investment in office conversion incentives will be required to remove an excess of six million square feet of office space.

There is potential for the Government of Alberta to support this effort by shifting investments in affordable, senior and student housing to the downtown area in alignment with and in support of the recommendations identified in the City of Calgary’s Greater Downtown Plan. The City’s proposed \$450 million investment in office conversion is expected to generate a \$600 million return in property tax revenue and \$142 million in provincial tax revenues over a 10-year cycle.

Action: Align capital investments in affordable housing, as well as market-rate housing options for seniors and students, with recommendations of the City of Calgary’s Greater Downtown Plan.

Issue 5: The return on investment (ROI) to governments, for both financial and non-financial incentives, includes increased property values and property taxes, job creation, and economic growth.

Incentives such as providing exemptions from the provincial portion of the property and education tax may be deemed necessary to instill a level of confidence in the private sector.

Action: Exempt student housing and affordable housing for seniors from provincial property and education taxes.

Issue 6: The Municipal Government Act (MGA) establishes that municipalities must prepare assessments annually.

Removing restrictions in the MGA that prevent the City of Calgary from providing targeted, long-term assessment and taxation relief (e.g. non-residential subclasses) may serve to provide investor confidence and certainty.

Action: Enable municipalities to offer targeted, long-term assessment and taxation relief for non-residential property owners, thereby boosting investor confidence and certainty in Calgary’s downtown market.

Issue 7: Attracting new industries to the downtown may require support from various levels of government.

Emerging industries often need the support of governments to finalize investment decisions. Providing tax credits for new investments could be used as both a means of cutting red tape for job creators and supporting revitalization in downtown Calgary.

Action: Enable municipalities to offer tax credits for new investments in emerging industries (e.g. bio-tech, vertical agriculture and cultural industries) in the downtown core, and consider further application of tools such as Community Revitalization Levies (CRL) where they will be financially viable.

Issue 8: Access to affordable parking has been identified as a deterrent for businesses considering a move to downtown.

In May 2020, Colliers International revealed that Calgary is the second most expensive city to park in North America. At an average of \$472.50, Calgary car owners pay more than double the national average of \$235.

Action: Address the high cost of parking in Calgary’s downtown, which is a deterrent for businesses considering a move downtown, and for those looking to explore downtown in off-peak hours. Efforts here could include working with the City of Calgary to offer low-cost or free parking options.

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Did you know?

There were 66 venture capital investments in Calgary in 2021 totaling \$500M. This represents a 100 per cent increase in the number of deals and a 74 per cent increase in the value of deals over the previous year. Since 2019, this represents a 247 per cent increase in deals and an almost 270 per cent increase in the value of deals.

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Priority 2: Support vibrant initiatives

To revitalize the downtown core, governments must consider how to attract a vibrant population that will contribute necessary density and increased activity. The following suggested actions aim to set the foundation for a comprehensive strategy that will improve the accessibility of public spaces, encourage small businesses to grow downtown, and attract new residents to the core and surrounding beltline communities. In doing so, the strategy will strike a necessary balance in Calgary's downtown between its commercial tenants and residents. As large numbers of employees work remotely for the better part of the COVID-19 pandemic, it is clear there are few technical limits to ongoing remote work. Companies are leveraging remote operations to tap into new talent pools and hire talent across the country and around the world. As we re-emerge and begin our post-COVID recovery, these worker trends will be tested as new work patterns develop. There will be a need to attract more than the nine-to-five crowd who leave quiet streets behind when office towers empty at the end of the workday. Many workplaces are exploring hybrid attendance models instead of an all-or-nothing approach. While this could be seen as a challenge for downtown Calgary, it can also be embraced as an opportunity.

Downtown vibrancy is supported by attracting people who want to create a sense of place, who are studying and working in creative industries, and who want to work and live in areas that are up and coming and offer a good array of amenities and activities. Setting the downtown on a path to a revitalized future where people can live, work, and play will be key to attracting and retaining the next generation of Calgarians.

Over the last decade, private stakeholders and all levels of government have strategically invested in the east end of Calgary's downtown, known as the East Village. As a result, the East Village is now home to young professionals, families, and seniors who support the rapid growth of small businesses in the retail, food service, hospitality industries, and critical transportation infrastructure. To balance Calgary's downtown core, similar strategic investments must be made in the city's west end – from 5th Street west and into the area known as West Village. As discussed earlier, much of Calgary's downtown vacancy challenges exist in the west end. Except for the recently renovated Century Gardens, the west end and West Village have not seen any meaningful planning, investment, or catalysts to increase vitality and attract anchor tenants to the area. The University of Calgary building on 8th and 8th, and a continued development of downtown residential properties in the area sets the stage for a vibrant location. For the benefit of the west end, West Village and the downtown commercial core, the working group recommends that the Alberta government consider the following to support vibrancy in Calgary's downtown.

Issue 1: Viewed as transformational flagship entities, post-secondary institutions (PSIs) located in a downtown core serve as significant contributors to bringing new opportunities and vibrancy.

Vibrancy is supported by young people coming to the downtown area to study in the creative industries, and participate in live music and other performing arts industries, bringing their entrepreneurial and adventurous lifestyles to a part of the community where they can work and live in areas with greater cultural, social and economic diversity.

The Government of Alberta may choose to amplify the efforts of Calgary's post-secondary institutions, which have already made investments in the cultural and creative industries, including:

- A digital entertainment centre created at Bow Valley College.
- The University of Calgary's School of Architecture, Planning and Landscape (SAPL) satellite campus and the City Building Design Lab (CBDL).
- The largest music conservatory in Western Canada at MRU.
- SAIT's Digital School of Technology.
- Alberta University of the ARTS.

Action: Create a task force to look at development of a Calgary post-secondary education downtown strategy, including all Calgary-based post-secondary institutions, the Government of Alberta, and the City of Calgary. This should explore the increased presence of post-secondary students in the downtown through educational, residential, and extracurricular activities. Options for co-location of post-secondaries should also be explored.

Issue 2: Supporting the expansion and presence of post-secondary institutions in the downtown would accelerate the speed of transformation and result in several desirable outcomes.

An increased post-secondary presence would:

- Provide talent to the business community.
- Increase student housing and lead to greater business, restaurant, service and entertainment opportunities and increased vibrancy.
- Increase the number of young people in the downtown core, leading to improved activity and a continuous presence in the area, which often leads to increases in overall safety.

Action: Offer financial and tax-based incentives for post-secondary institutions to expand and/or relocate certain faculties in the downtown core. Strategic intervention will bring students, faculty and staff downtown, which will contribute to enhanced activity, vibrancy, diversity, potential for improved density, demand for housing, spending on services and amenities in the downtown core, and improved safety.

Issue 3: A multi-disciplinary approach that integrates research opportunities between industry and post-secondary institutions supports knowledge transfer, coordinates necessary infrastructure investment, and provides students the opportunity to solve relevant business problems.

Action: Support ongoing efforts to establish joint research labs with post-secondary institutions to enable small and medium-sized enterprises to build and scale their businesses in Calgary’s downtown.

The Government of Alberta has already embraced the opportunity by supporting the partnership between the University of Calgary and Mphasis, which is estimated will create up to 1,000 jobs in the technology sector.

The working group recommends that the Government of Alberta explore similar support options for the multi-disciplinary approach of the University of Calgary’s Urban Alliance group. In addition, the working group suggests that the Government of Alberta explore support options for SAIT’s new School for Advanced Digital Technology, which is actively focused on training and developing the workforce of the future.

Issue 4: Prioritize actions that help secure quick wins to activate and improve downtown vibrancy and improve regulatory challenges for downtown businesses to help them expand and thrive.

To improve downtown vibrancy, a multi-pronged approach and comprehensive strategy should be considered. The creation of incentives and investments around civic development, place-making, and the repurposing of buildings have done a lot to create vibrancy in cities like Nashville, Toronto, Austin, and Montreal. The attraction of vibrant populations and activities into the downtown core supports each level of government, improves the accessibility of public spaces, incentivizes small businesses to locate and grow in the downtown, and encourages people to live in the downtown core and surrounding beltline.

Action: Provide funding or expand revenue-raising options for organizations that support getting the community active in public spaces downtown, including through strategically defined Business Improvement Areas (BIAs).

Funding could support organizations like Chinook Blast in East Village, GLOW Winter Light Festival, MIXMASH Art & Music Festival, and Fiestaval Latino Festival to attract increased economic activity across Calgary’s downtown.

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Did you know?

There are five public post-secondary institutions in Calgary, including two major universities: The University of Calgary with over 33,000 students, and Mount Royal University with 10,487 students. SAIT Polytechnic has 15,824 students.

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Issue 5: A significant amount of GOA-owned space is underutilized, particularly during evenings and weekends, and could be activated as locations for vibrant downtown activities and events.

Offering low or no-cost access to GOA-owned space would provide support to groups seeking to create innovative and interesting events. This increased diversity of events would attract more foot traffic to the downtown.

Action: Explore options to make Government of Alberta-owned properties, including parking lots, parks, and other property near public spaces accessible for large events and activities outside of normal operating hours.

Issue 6: Calgary’s downtown Business Improvement Areas (BIAs) are constantly exploring opportunities to attract tourism, business activity and revenue to downtown communities.

BIAs are no longer funded appropriately through business taxes so sustainable funding to create new opportunities would be beneficial. BIAs are seeking provincial support to explore legislative changes to the Municipal Government Act to improve funding and access to grants.

Action: Adjust the Municipal Government Act to enable BIAs to generate own source revenues.

Issue 7: The Municipal Government Act (MGA) states that only business taxes may fund Business Improvement Areas (BIAs), causing these organizations to rely solely on membership levies.

BIAs have suggested the province adopt changes to the BIA Regulation to improve certainty for members and ensure all properties that benefit contribute. BIAs are exempt from provincial funding and deemed ineligible as a non-profit through Alberta Gaming, Liquor, and Cannabis (AGLC). BIAs have noted that provincial support is needed to generate more revenues and that improved legislation would allow for commercial permits downtown. In addition, existing AGLC policies and restrictions limit options for gathering places, impacting BIA vitality.

Action: Reduce red tape associated with BIA funding and Alberta Gaming, Liquor and Cannabis (AGLC) policies and restrictions, which limit gathering places and restrict commercial permits downtown. These regulations hurt Calgary’s vitality and its ability to attract tourists.



Priority 3: Develop downtown diversity

Diversity is critical to ensuring the sustainable growth of Calgary’s downtown. By attracting new businesses and a diverse population to the core, the revitalization and growth of downtown would be supported for generations to come. Vibrancy is what attracts people to the downtown, while diversity is what makes people want to stay. To that end, the working group recommends the Government of Alberta consider the following policies and funding options to support diversity in Calgary’s downtown.

Issue 1: Transitional housing programs and mixed-market models have demonstrated success and viability for ending homelessness.

Shelter, health, and housing are interconnected and emergency shelters should be viewed as a part of the process, not a destination or solution to housing needs.

Action: Provide funding for transitional housing programs and mixed-market models that have a strong record of success on ending homelessness. These could be considered as adaptive reuses in underutilized properties.

Issue 2: A blend of residential housing types, arts, and cultural and recreational amenities are necessary to develop inclusive and diverse communities.

Leading jurisdictions have used this approach to advance large developments, revitalize urban neighborhoods, and reduce the concentration of poverty in the downtown.

Action: Provide incentives to establish mixed-income developments across the downtown.

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Did you know?

The Calgary downtown population increased by 21 per cent from 2016 to 2021.

Of all Canadian Census Metropolitan Areas, Calgary ranked 4th in downtown population increase, behind Halifax, Montréal, and Kelowna.

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Issue 3: Funding and program efficiencies may be realized among independent organizations working cooperatively and collaboratively on efforts to end homelessness.

People with complex mental health issues and addictions are using an abundance of resources. Creative solutions are required to expand mental health supports and services to reach vulnerable people where they are, with wrap-around supports provided throughout the process, in support of a housing-focused mandate.

Action: Establish a task force to explore incentives, strategic interventions, and opportunities to make the best use of public spaces, as well as explore optimal placement of office conversions for affordable housing, transitional housing, and mixed-market shelters.

Issue 4: The Business Improvement Area (BIA) network is vast and well situated to connect and collaborate with business owners and developers to encourage and support diversity and vibrancy in the downtown cores.

Business Improvement Areas (BIAs) have expressed an interest in establishing a permanent ongoing working group that focuses on revitalizing the downtown cores in both Calgary and Edmonton.

Action: Collaborate with BIAs and other business groups such as Chambers of Commerce to develop strategies for downtown vitality and vibrancy, and to identify the best industries and businesses to attract tourism, investment, and activity downtown.



Priority 4: Improve downtown safety, security, and quality of life

The working group noted that safety and security quickly emerged as a critical aspect and priority of growth and revitalization of the downtown core. The perception of safety has worsened over the past few years and people need certainty around safety and security before any downtown strategy can be effective. Improving the vibrancy and attractiveness of Calgary’s downtown core hinges on a well-coordinated approach to funding and programming to ensure downtown is a safe place for people to live, work, and play. If safety and security are not addressed in a meaningful manner, other actions will be less effective.

The Calgary Police Service (CPS) has a number of programs and initiatives in place to support safety and the reduction of social disorder in and around Calgary’s downtown. The opening of the Stephen Avenue Safety Hub in September 2021 is already having a marked improvement on Calgary’s downtown and is serving as a best practice for organizations seeking to enhance the perception of safety in the core, while building stronger connections between partner agencies and community partners.

Safety is not just about more police presence and activities. It is also about supports and addressing critical social issues. Ensuring downtown is a safe place also serves to address healthcare, homelessness, addiction, and mental health issues. Further examination of the amount and type of resources required to support people with complex issues going to shelters and other community organizations where supports can be provided and their behavioural issues addressed may help to improve the perception of safety and security in the downtown. Many social service agencies are not adequately funded to provide the 24/7 response times required in dealing with these complex issues, often resulting in inadequate response which does not always lead to addressing underlying needs. To that end, the working group recommends the Government of Alberta consider the following to support safety in Calgary’s downtown.

Issue 1: Efforts to revitalize Calgary’s downtown vibrancy are intertwined with the success of a coordinated and integrated social support system.

Shelters, housing partners, and non-profit organizations work to effectively fight homelessness through the provision of customized supports in the creation of a welcoming, safe, and inclusive community.

Action: Consider expanded funding and resources available to homelessness organizations, housing partners, and other non-profit organizations to enable better response and support of in-need populations.

Expanded funding would provide a broader range of in-house services to address the root causes of homelessness, and enable a better and more consistent 24/7 response.

To accelerate progress, advocates to end homelessness must ensure that funding is allocated for the highest impacts and outcomes to ensure that people are not only housed but housed ‘healthy’. This requires a comprehensive integrated approach to service offerings that takes into consideration mental health, addiction, racism, and intergenerational trauma. It is less about more funding and more about ensuring partners are coordinated with a focus on the right resources with an integrated approach.

Revitalizing the city center is intertwined with the success of the non-profit community to ensure housing stability by also supporting mental health, addiction, recovery, and will contribute to improving safety in Calgary’s downtown core. The safety of the community is the responsibility of all Calgarians, not just the non-profit community.

According to the Calgary Homeless Foundation, ‘on any given night, 41 per cent of people experiencing homelessness in Calgary have Indigenous ancestry.’ Any strategy must acknowledge and respond to this reality by supporting Indigenous communities and consulting on how best to blend Indigenous-led healing practices and knowledge systems in support of their own path to healing.

Issue 2: Government funding agreements flow to organizations that operate independently of one another to provide shelters, programs, and services.

Longer term, systemic policy changes that trigger positive outcomes (proactive vs. reactive funding model) along with collaborative efforts amongst independent shelter, health, and housing partners would be effective tools in supporting efforts to end homelessness.

Action: Review funding and administrative agreements with organizations addressing mental health, homelessness, transitional housing, and other supports to ensure an integrated system of care to create positive outcomes.

Prioritise efforts that encourage collaborative and coordinated efforts amongst independent shelter, health, non-profit and housing partners to improve efficiencies and eliminate duplication of effort. Creative solutions are required. This is commonly referred to as a proactive, rather than a reactive, funding and programming model.

Issue 3: Individuals with complex housing and health needs often require an abundance of resources.

Action: Identify publicly and privately owned downtown properties that could be converted into permanent supportive housing for individuals with complex needs.

Provide incentives to adapt properties and embed health and mental health supports. Addressing system gaps by exploring available properties in the downtown core for adaptive reuse of more permanent supportive housing placements for complex individuals may help to improve the perception of safety and security in the downtown.

Issue 4: Many after-hours calls to police would be better served if a social service agency responded.

Funding gaps leave agencies unable to provide 24/7 support, often resulting in police being called to address non-criminal situations. Additional funding and collaboration with these agencies will reduce the burden on police and provide those in need with immediate and appropriate care. The Stephen Avenue Hub aims to take this approach and has demonstrated the benefits of collaboration among these agencies.

Action: Explore collaborative programming options among the Calgary Police Service, Alberta government, and non-profit agencies to better support housing and health-care options for vulnerable populations in the downtown core on a 24/7 basis.

Issue 5: Prioritizing actions that intersect with the Calgary Mental Health and Addictions Strategy through the City of Calgary may help to address gaps and improve efficiencies.

Action: Revisit Alberta’s 2014 report “A Housing and Homelessness Research Strategy for Alberta: Supporting a Plan for Alberta to End Homelessness in 10 Years” to determine short- and long-term priorities that can be implemented now.

In addition, partner with the community to revise, renew, and examine data and best practices relating to homelessness to inform priorities, decisions, and recommendations relevant to ending homelessness and work to align provincial efforts to the city’s Mental Health and Addictions Strategy.

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Did you know?

Downtown Ambassadors connect Calgarians and visitors to information on services, places, and supports in the downtown.

In just the first half of 2021, ambassadors had:

- 4,000+ interactions with Calgarians.
- 2,500+ interactions to support Calgary’s vulnerable population.
- 400+ check-ins with local business owners and staff.

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APPENDIX I: CALGARY OFFICE REVITALIZATION AND EXPANSION ('CORE') WORKING GROUP MANDATE LETTER



ALBERTA

JOBS, ECONOMY AND INNOVATION

*Office of the Minister
MLA, Calgary-Elbow*

May 4, 2021

Terry Rock

President and CEO, Platform Calgary

Dear Terry,

Thank you for your participation in the Government of Alberta's Calgary Office Revitalization and Expansion (CORE) Working Group. This is an initiative of critical importance to Calgary and the provincial government, and I am confident the insights and expertise you will provide over the coming months will be invaluable.

A thriving downtown core in Calgary sends a signal both locally and internationally that Alberta is economically strong and an attractive place to do business. Currently, the vacancy rate in our downtown sits at just below 30 per cent. This is why I have tasked MLA Nick Milliken, Co-Chair of this initiative, to identify members for this working group and provide me with a report of recommendations by the end of September 2021.

The issues facing Calgary's downtown impact a broad spectrum of stakeholders, and a number of organizations have already undertaken research and planning initiatives that seek to address these. To that end, working alongside the Co-Chair and the CORE Working Group, I would like you to assess the findings and recommendations of these initiatives – brought forward by MLA Milliken and my Ministerial Office – engage with Calgarians, and provide a roadmap for returning Calgary's downtown core back to a healthy and energetic ecosystem.

I encourage you to incorporate solutions that will attract new businesses, adapt existing infrastructure, and repurpose real estate that no longer serves the needs of Calgarians. Creating vibrant spaces in Calgary's downtown that encourage both businesses and citizens to relocate to the core will be critical to ensuring that Calgary can retain talent and remain a key economic driver for Alberta and Canada.

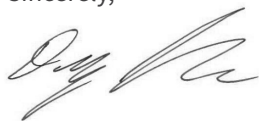
While there is a role for the Government of Alberta to play in supporting the revitalization of Calgary's downtown, these efforts must be undertaken in collaboration with the municipal and federal governments, private sector, and other important stakeholders. It is my expectation that this Working Group will provide recommendations that can be actioned by various parties with the encouragement and cooperation of the provincial government.

As a member of the CORE Working Group, I request you deliver on the following priorities in collaboration with your fellow Working Group members:

- Assess the findings and recommendations – extensively researched and developed by various Calgary stakeholders – brought forward to you by the Working Group Co-Chair and my Ministerial Office and provide their roadmap for completion.
- Identify and work with stakeholders that will be required to play a role in achieving the recommendations set forth by the Working Group.
- Coordinate proceedings for Calgarians to share their ideas with members of the working group.
- Independently collaborate with your respective network on suggestions for recommendation to ensure a broad cross-section of insights.
- Provide a report to me within six months of at least 10 actionable recommendations on activities that can move Calgary's revitalization efforts forward.

Thank you again for your participation in this important initiative and your contribution to both the City of Calgary and Province of Alberta.

Sincerely,



Doug Schweitzer, Q.C.
Minister of Jobs, Economy and Innovation
Chair, Calgary Office Revitalization and Expansion Working Group

