



POLICY

BRINGING DOWNTOWN TO LIFE – A VISION

APRIL 7, 2021

The most successful districts in any city are the ones that make you feel alive, like you're part of something special and sharing the experience with everyone around you. Great downtowns are no different – they're full of life. They're much more than spaces for buildings where people file into their offices at 8:00 a.m. and file out at 5:00 p.m. to get back to their homes.

In a successful urban core, you can feel the excitement of people waiting at the light with tickets to the evening show proudly clutched in their hands. You can see the jerseys and cosplay gear of fans about to embark on an adventure that will transport them into an electric atmosphere for a few hours. You can hear the chatter and clinking glasses coming from restaurants and cafes, accompanied by the aroma of the masterpieces being assembled in bustling kitchens and smokehouses.

Think back to the “before times”, when a night out included starting off with your crew meeting up at the chosen spot, then walking to the next place and eventually wrapping up the evening with a dessert or nightcap in yet another location. No matter what city you're in, what makes for a great experience is the loosely planned notion of setting out with a plan that would morph as your group decided “what's next”. Knowing you're in a district where “what's next” is limitless should be ultimate goal of anyone planning for a vibrant city for residents and visitors alike.

Calgary has an incredible chance to get this right for our downtown core. We can evolve what we have into a thriving space for those who wish to live, work and play in our core. But this will require some strategic investment, meaningful incentives, strong industry partnerships and effective municipal leadership. It involves building the Green Line to ensure we have reliable transit service for people in all parts of the city wishing to engage with our downtown. And it requires a shift in mindset when we talk about downtown recovery.

Obviously, we need to address the vacancy crisis and we need to convert or create spaces for diverse types of businesses to occupy. We also need to understand how existing bylaws and policies hamper our ability to revitalize downtown. But the biggest factor in our success will be our ability to embrace the spirit of fun and excitement that we're trying to create. If we go down the rabbit hole of treating this like an exercise in policy development, we'll never get this right.

We don't need to look too far for successful examples. Consider how East Village rose up out of the ground. That redevelopment project came with the standard attention to finances and planning principles. Yet it had a special focus that continues to capture our hearts: East Village is all about placemaking. It's about creating spaces and places for people to gather, outside and

inside. It's about an unexpected mix of amenities that put a smile on your face. It's everything that great city-building is about.

Sitting on the rooftop patio of the Simmons Building. Watching an impromptu game of pick up at Bounce. Sipping a coffee on the Riverwalk. All of these experiences make you feel like you're part of something. We can reimagine and redevelop our downtown in the same way, if we focus on placemaking. When you prioritize the idea of cities as the intersection of people and places, you do great things.

The tools we need exist, and our task will be to assemble an approach that draws from our existing strengths. We must look to CMLC's expertise in placemaking at the same time we look to the Calgary Downtown Association's experience with the needs of their ratepayers. We must engage with the talented minds at Arts Commons, the Glenbow, Calgary Central Library and National Music Centre to ensure our new downtown radiates creativity. Leverage the engagement-based results that will deliver the Future of Stephen Avenue report, and implement recommendations of newly drafted Calgary's Greater Downtown Plan, a document led by passionate planners and developed in concert with private sector experts in city-building.

Equally important, we need to get out of our own way as regulators. We should be encouraging pilot projects to see how they will work, rather than denying innovation because it doesn't fit policy. Remove the fun-sucker conditions that permeate our dated policy documents and let people enjoy the spaces we're creating. Practice calculated risk mitigation rather than defaulting to risk elimination when considering new ideas.

Let's make sure we prioritize the need for people who understand how to program and activate spaces at the same time we seek out those who can generate the investor interest we'll need. Embrace the non-traditional approach of engaging influencers to help shape the types of businesses and experiences that are popping in other places. If we build our approach in a way that allows for fun-makers to help shape the downtown experience, we'll remain focused on the desired outcome.

So let's take more chances. Put a rooftop patio on an office building. Encourage live music in atriums. Embrace the placement of an interactive art installation on a train platform. Let's try the things that we denied ourselves, all in the name of overregulation. Let's be bold and build our downtown to capture hearts and minds.

DELIVERING A FUTUREPROOF DOWNTOWN

Calgary's downtown will require a combination of measures to evolve into a thriving space for those who wish to live, work and play in our core. We will need some strategic investment, meaningful incentives, strong industry partnerships and effective municipal leadership to get this important revitalization project completed.

What is the vacancy crisis?

The vacancy crisis in Calgary is the worst of any downtown core in North America. Currently, Calgary's downtown office buildings are collectively valued at \$9.4 billion, down from \$24.6 billion dollars in 2014 prior to the oil price crash. During this time, Calgary's downtown office vacancy rate has increased from 9.1% to 32.3%, resulting in 14 million square feet of empty commercial real estate.

This drastic decrease in downtown property values resulted in Calgary's ongoing 'tax shift', where owners of commercial properties outside downtown have seen large increases in their property tax bills year-over-year as the municipality increasingly shifted the burden for the operating budget.

How complex is the issue?

Much of Calgary's downtown was built in the 1970s and 1980s, when city planning was still operating on dated post-war ideals to separate work from home. As a result, Calgary developed an office-dominated downtown core with limited residential and other uses. This built form worked well for many years, when our downtown simply needed to provide office space for the energy sector. However, this currently challenges our efforts to attract new industries.

Companies in many sectors – like technology and the creative industries - prefer locating in mixed-use neighbourhoods that offer their people a variety of amenities in close proximity to work. As a result, some have suggested that we convert the downtown vacancies to residential units, but it's not that simple. Not only is the conversion prospect impossible with aged building design in many cases, it is also costly. From a design perspective, the large floor plates that served corporate workforces in the second half of the twentieth century are not easily turned into residential units. Plumbing, elevator shafts and other structural issues prevent many vacant office spaces from serving as residential spaces.

The City of Calgary must also work to further reduce red tape and approval timelines for downtown developments that encourage non-office uses by building on the success of the Centre City Enterprise Area. Incentives and bylaw changes in support of building retrofits and a mix of amenities must be identified and implemented.

There is also the issue of investor confidence, which means that the money needed for conversions is not free-flowing. In an environment where Eastern lenders are still worried about Calgary's future, it is increasingly difficult to make the case for conversion projects that have tight margins. This is further compounded by issues like GST calculation, which results in GST being calculated on final projected building value rather than the dollar value of conversion-related projects. The cost of conversions creates roadblocks on the path to change.

Finally, Calgary's downtown has also historically lacked the residential population base needed to support many neighbourhood amenities. These include grocery stores, schools and recreation facilities. The complex and interdependent relationship between amenity provision and residential population calls for a holistic and tailored approach, similar to the one taken in Calgary's East Village redevelopment.

What do we know?

We must accept that rebuilding a downtown that is truly a place to live, work and visit will be a multi-year process. There is no quick fix. Rebuilding our downtown also requires significant investment. There must be dedicated municipal funding that will attract matching investment from the private sector and other orders of government, allowing Calgary to earn a return on our initial investment through meaningful transformation.

Our vision of "work" must also change in two fundamental ways:

1. the types of businesses we wish to attract should embrace a progressive economy that prioritizes environmental, economic and social benefit as a collective goal, and
2. people in the contemporary workforce must have options to balance competing interests in order to maximize productivity.

Our reimagined downtown must be a diverse place that welcomes people from all backgrounds, ages and abilities, who have multiple interests in the opportunities that are available. Right now, Calgary's downtown is home to a central business district as well as cherished amenities and civic institutions, such as Arts Commons, Glenbow Museum, river pathways and some of the best-rated restaurants in Canada. We must build on this and redevelop downtown into a true mixed-use neighbourhood in service of our city's fiscal, social and environmental goals.

We also need to understand the significance of the Green Line on downtown Calgary's future. This project involves a significant infrastructure investment from all three orders of government in an effort to stimulate the economy through job creation. Most importantly, however, the Green Line ensures we have reliable transit service for people in all parts of the city wishing to engage with our downtown.

It is also important to recognize that there are about 8,500 Calgarians who already call the downtown core their home, yet they have no active community association. The City of Calgary must support the creation of a resident-led community association for the downtown core to ensure those Calgarians who live downtown are not overlooked in the revitalization process.

What can we do?

To get us started down the path of a contemporary downtown that is adaptable for the future, there are **5 bold steps** that must be taken quickly:

1. Explore the bundling of City-owned assets into a portfolio to allow for third party management that draws value from those assets. Monetizing the City's holdings would allow for a revenue stream that could be used for downtown redevelopment and ongoing maintenance.
2. To better leverage assets located in the downtown, responsibility for municipal land and buildings must be consolidated within the City of Calgary's Real Estate & Development Services business unit. This would enable collaboration with the commercial real estate sector to identify City-owned assets attractive to potential businesses.
3. Leverage the experience and knowledge of commercial real estate and finance experts, including groups like Calgary Economic Development's Real Estate Sector Advisory Committee and the City of Calgary's Real Estate Working Group. These professionals can assist in uncovering opportunities for conversion of office space to retail, education or residential uses, as well as identification of sites where existing buildings are in disrepair and better used for new construction.
4. Building on the commitment made by major global corporations in transitioning toward a more efficient and environmentally-friendly energy future, bolster Calgary Economic Development's existing vision: *"As the epicentre of all things energy, Calgary is a leader in the global energy transition."* Seek out local business leaders who are actively contributing to this transition and invite them to act as business-to-business ambassadors on economic development missions that position Calgary as a centre of excellence for the future of energy.
5. Identify incentives or bylaw changes that would better facilitate retrofits to buildings. For example, Property Assessed Clean Energy (PACE) financing solutions can enable building owners to access affordable financing for clean energy retrofits, resulting in any improvement costs being offset by lower utility costs over time. Also, identifying the way in which current GST practices provide a disincentive for conversions could create a more friendly environment for change.