

Financing Revitalization

How Calgary's East Village Applied the Community Revitalization Levy in the Downtown East Village

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Introduction

The purpose of this research is to examine the history of the Downtown East Village redevelopment project, the redevelopment process, and lessons learned surrounding the use of Tax Increment Financing (TIF) from key stakeholders involved. This project will allow for other Canadian municipalities to observe how TIF financed a revitalization project and how other jurisdictions may design their own TIF policy.

The East Village redevelopment project was the first project to implement Tax Increment Financing (TIF) in Canada, which is more commonly known as the Community Revitalization Levy (CRL) in Alberta. The age of the project provides an opportunity to explore the use of TIFs over time in the redevelopment process within a master-planned community, driven by a city and its government land development corporation -- the City of Calgary and the Calgary Municipal Land Corporation (CMLC).

Research Question

What lessons can other jurisdictions learn (about the use of TIFs) from Calgary's experience using the Community Revitalization Levy (CRL) in the Downtown East Village?

Methods

Single Case Study Method

A single case study allowed for the integration of several perspectives to inform a rich understanding of the Downtown East Village context. Selecting a single case study method allowed for this research to explore many themes but from a focused range of interview participants.

Semi-structured Interviews

Semi-structured interviews were utilized to probe views and opinions of each participant's experience and an opportunity to expand on their answers.

Interview Participants

City of Calgary
Calgary Municipal Land Corporation
City Councillor
Private Sector Developer
Ramsay Community Association
Inglewood Community Association
Independent Project Manager

Document Review

A review of key documents included municipal strategic documents, council reports, master plans, background study reports, annual reports, and business plans.

Results/Findings

Outcomes of the use of the Community Revitalization Levy (CRL) in the Downtown East Village

1 Changes in Land Use

A factor of the success of the neighbourhood was an ability to control the vision, land use, and the overall trajectory of the redevelopment. The land use in the East Village was described by interview participants as a simpler process, which contributed to efficiency in the redevelopment.

2 Improved Connectivity in the Downtown

Improving connectivity in and through the East Village was a key objective in the redevelopment. This was achieved through initial infrastructure upgrades including the 4th street underpass, pedestrian traverse, George C. King Bridge and the "Rift".

3 Improvements to the Public Realm

Improvements in the public realm within the East Village have changed the landscape of the neighbourhood. These improvements include the "Urban SQUARES" project, which has integrated urban parks into key points of the area to enhance human connections.

4 Increased CRL Revenues

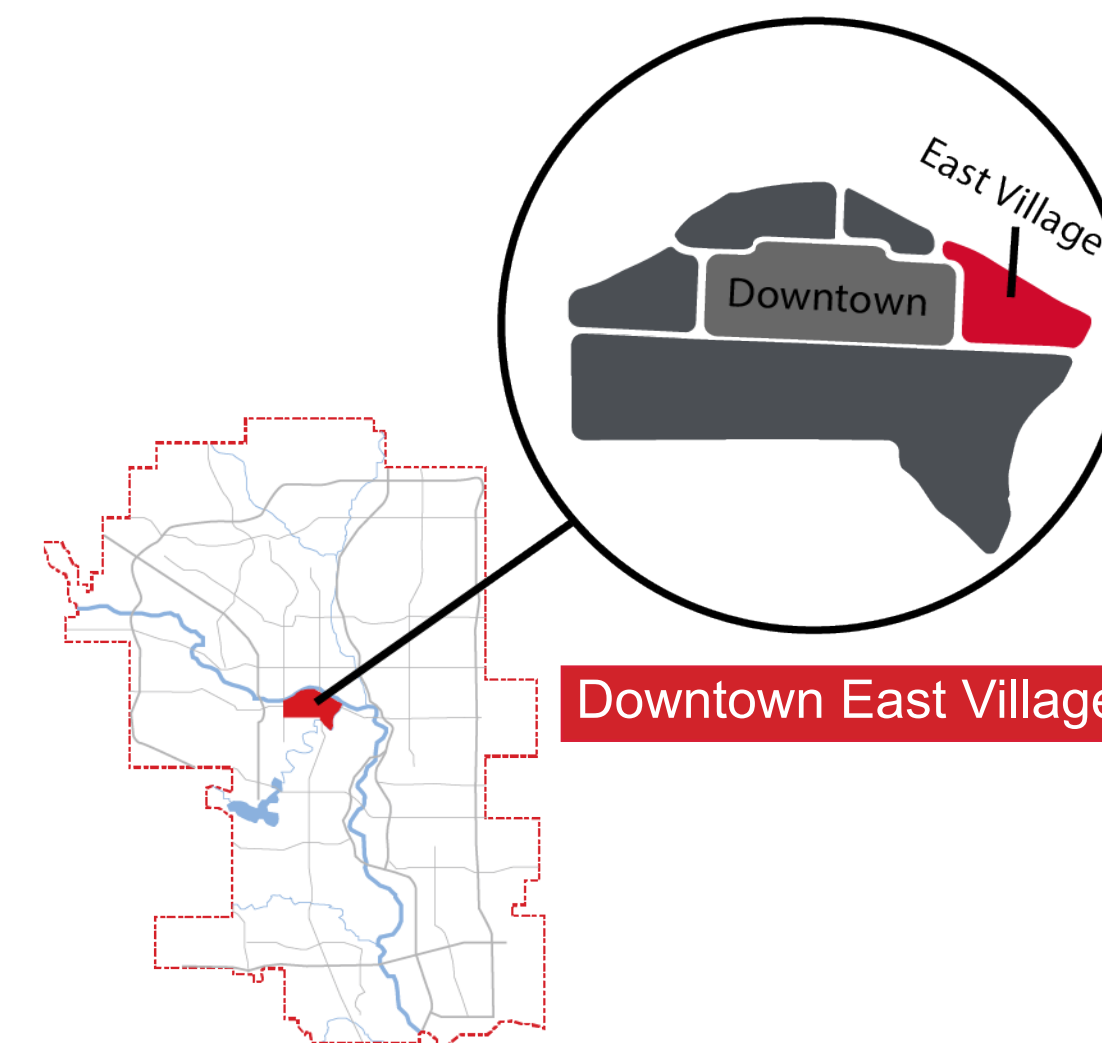
The CMLC has documented a substantial amount of economic benefits in the East Village. To date, the CMLC has invested \$396 million into infrastructure with a reported \$2.8 – \$3 billion return on planned investment.

5 Increased Housing Stock

Since the implementation of the CRL and redevelopment of the East Village, its urban form and housing stock has substantially changed. In 2001, Census Canada determined a total of 755 occupied dwellings, whereas, in 2016, there were 1210 occupied dwellings.

6 Heritage Preservation

The East Village is one of Calgary's most historical neighbourhoods. Preserving the East Village's heritage value was a priority for the City and the CMLC. The four legally protected historic resources in the East Village include the Simmons Building, St. Louis Hotel, Hillier Block, and the King Edward hotel.



Lessons Learned

Mixed Use Capture Areas

Encana's "The Bow" tower in the CRL boundary area for its high property tax revenues was a major driver in the East Village redevelopment. In 2007, the Rivers District Community Revitalization Plan predicted the "The Bow" would generate \$14.3 million in annual revenues.

Community Consultation

Gaining community support for projects surrounding the use of CRL public tax dollars was essential. Support from surrounding communities was a crucial factor for the CRL by ensuring it was utilized for the public's best interest.

Political Support

Political support was identified as a catalyst of the East Village redevelopment. Support from the Province came through the dedication of a portion of its property tax revenues from the CRL district, this allowed the City fund redevelopment projects

CMLC as a Primary Landowner

The East Village is primarily city-owned land, which was transferred from the municipality to the CMLC to manage. The CMLC acts as a primary landowner and the corporation to control the vision, urban design, sale of land, and phasing in the redevelopment.

CRL Dollars for Infrastructure

The CRL was utilized for critical infrastructure projects in the East Village. These projects included underground utilities, surface improvements, streetscapes, parks & open space, and cost escalation contingency.

Identifying Risks

Identified risks involved with CRL use included cannibalizing development, creating too many CRL districts and shortfalls in CRL revenues.

Recommendations

- 1) Creating CRL legislation to include criteria that identify a "blight test" methodology or a predefined definition of blight.
- 2) Demonstrating that the CRL is in the public interest, including recent studies on the local economic environment.
- 3) Increasing transparency surrounding consultations with the public and stakeholders, including making consultation reports available online.
- 4) Creating a special purpose vehicle such as the Calgary Municipal Land Corporation is recommended for jurisdictions applying a CRL in an area where land is majority-owned by the city.
- 5) Creating a diversified financial strategy and not solely relying on CRL revenues for redevelopment.
- 6) Acquiring support from the Province, Mayor and city councillors, the development community and community partners.