

OPTIONS FOR UNFUNDED CAPITAL CITY DOWNTOWN COMMUNITY REVITALIZATION LEVY (CRL) CATALYST PROJECTS

RECOMMENDATION

That the March 22, 2023, Urban Planning and Economy report UPE01132, be received for information.

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| Requested Council Action | Information Only | | |
| ConnectEdmonton's Guiding Principle | ConnectEdmonton Strategic Goals | | |
| CONNECTED This unifies our work to achieve our strategic goals. | Urban Places | | |
| City Plan Values | LIVE | | |
| City Plan Big City Move(s) | Inclusive and Compassionate | Relationship to Council's Strategic Priorities | Community Safety and Well-Being 15-Minute Districts Economic Growth |
| Corporate Business Plan | Transforming for the Future | | |
| Council Policy, Program or Project Relationships | <ul style="list-style-type: none"> Bylaw 16521 - City of Edmonton Capital City Downtown Community Revitalization Levy Bylaw and Plan | | |
| Related Council Discussions | <ul style="list-style-type: none"> UPE01583 2023 Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere, Executive Committee, March 22, 2023 | | |

Previous Council/Committee Action

At the February 22, 2022, City Council meeting the following motion passed:

That Administration provide a report to Committee on available options and process required to shift the focus of the current Downtown Community Revitalization Levy (CRL) in the next 10 years to not only provide a sustainable funding source for public infrastructure investments needed to attract private development to the revitalization areas, but also to provide funding for other

Options for Unfunded Capital City Downtown Community Revitalization Levy (CRL) Catalyst Projects

priorities such as but not limited to options to advance mixed market, affordable housing and public washrooms.

Executive Summary

- The existing Capital City Downtown Plan and Capital City Downtown Community Revitalization Levy (CRL) Plan identified long-term catalyst projects that would support investment and growth in the Downtown. Only projects identified in the CRL Plan can be funded by the CRL.
- Amending the CRL Plan is not recommended, as it would require provincial approval, and recent changes that the Government of Alberta has made to the CRL program could result in current CRL projects being deemed ineligible.
- Construction of public washrooms can be included in the scope of CRL-funded park and public space projects; examples of this approach include Beaver Hills House Park and Warehouse Park.
- Direct funding to build or operate affordable or mixed market housing is not in the CRL Plan, and is not eligible for CRL funding.
- CRL funding could be used to fund ancillary sidewalk or drainage infrastructure, or to incentivize affordable or mixed market development through a grant program.

REPORT

A Community Revitalization Levy (CRL) is a provincially legislated funding tool that provides up to 20 years of stable funding for public infrastructure investments in redevelopment areas. The program is designed to create the conditions that promote private development and vibrant, accessible and sustainable communities. As redevelopment occurs in CRL areas, the resulting increased property tax revenue, which includes both the municipal and provincial components during the 20-year term, is dedicated to pay for CRL expenditures.

The Capital City Downtown CRL came into effect in 2015 and will expire by December 31, 2034. The CRL Plan is based on the Capital City Downtown Area Redevelopment Plan, and is approved by City Council and by the provincial government. Making changes to the CRL Plan requires provincial approval. CRL funding supports projects that are consistent with the CRL Plan, and located within the CRL boundary. The CRL Plan, which identifies the projects and programs eligible for CRL funding, was amended in 2021.

Infrastructure Investments

The CRL Plan defines a set of eligible Catalyst Projects. These projects are based on the Capital City Downtown Plan, informed by extensive public and stakeholder consultation.

The CRL has funded projects including Rogers Place and associated infrastructure, Alex Decoteau Park, a major stormwater trunk, Jasper Avenue New Vision (97-100 Street), land for Warehouse Park, and several smaller Green and Walkable streetscaping projects. This spurred more than \$4.5 billion in new development that is complete or under construction, including more than

Options for Unfunded Capital City Downtown Community Revitalization Levy (CRL) Catalyst Projects

3,800 new residential units and nearly 2 million square feet of office space.¹ Since the CRL was implemented, downtown residential units increased by 41 per cent².

The City is investing in CRL-funded transformative projects. Developers have made investment decisions based on these projects proceeding as planned. The 2023-2026 Capital Budget includes the following projects:

- Warehouse Park
- Station Lands Projects
 - 103A Avenue Pedway
 - Station Lands Private Amenity Spaces
 - 105 Avenue Green and Walkable Improvements
- Green and Walkable Downtown
 - 99 Street (Jasper - 102 Avenue)
 - 103A Avenue (97 Street-101 Street) and 99 Street (102A Avenue-103A Avenue)
 - 107 Street (100 Avenue - Jasper Avenue)
 - Emerging Opportunities
- Beaver Hills House Park and Michael Phair Park Upgrades
- Harbin Gate
- Downtown Stormwater Drainage Servicing
- Centennial Plaza Renewal
- Jasper Avenue New Vision (102 Street-109 Street) - design only

Once these projects are completed, the remaining projects listed within the CRL Plan are:

- Jasper Avenue New Vision (102 Street-109 Street) - delivery
- 100 Street Pedestrian Bridge (River Valley Promenades)
 - City Council has approved funding to Checkpoint 3 only
- Additional Green and Walkable Downtown projects
- Downtown Stormwater Drainage Servicing
- Downtown Incentive Program
- Edmonton Downtown Academic and Cultural Centre (this project has been suspended by the proponent)

If Council wishes to reprioritize what is funded by the Downtown CRL, it can only shift priorities within the projects listed above. For example, after halting the 100 Street Pedestrian Bridge, Council could approve the \$17 million in capital funding toward the remaining projects. Funding can only be directed to projects listed in the provincially-approved CRL Plan. Administration does not recommend amending the CRL Plan to add new projects.

¹ Unit counts and square footage is from Development Permits for buildings completed since 2015 or currently under construction. Dollar values rely on a range of sources including assessed values and media reports.

² Calculated based on Development Permits and the 2014 Municipal Census as a baseline.

Options for Unfunded Capital City Downtown Community Revitalization Levy (CRL) Catalyst Projects

Public Washrooms

Public washrooms contribute to healthy and equitable urban places. The City is developing a Public Washroom Strategy to improve access, user experience and washroom facility management. In summer 2022, the City installed eight mobile washroom trailers, two of which were located in the Downtown CRL area. In 2023, the City will open semi-permanent public washrooms at Alex Decoteau Park and Kinistinaw Park.

The construction of public washrooms is funded within the scope of the CRL as part of park and public space development or reconstruction. Administration has included CRL-funded public washroom facilities in the scope of the Warehouse Park and Beaver Hills House Park projects. These projects have approved funding in place though construction. Where appropriate and feasible, Administration will identify additional opportunities to include public washroom facilities in other projects, such as those under Green and Walkable Downtown. However, the CRL cannot fund the operational expenses associated with operating and maintaining public washrooms.

Affordable Housing

During stakeholder engagement to develop the City's Housing Need Assessment Administration heard that Downtown has an undersupply of affordable housing, including student housing. Administration also heard that student housing is frequently unsafe or in need of major repairs, and that due to issues with affordability some students rely on couch-surfing, without a permanent place to live. The Downtown CRL Plan does not include affordable housing. Amending the CRL Plan to include construction of affordable housing is possible, but not recommended.

Any amendment to a CRL Bylaw and Plan must be both passed at a public hearing, and approved by the provincial government. The provincial approval process presents a potential risk. The amendment could be rejected, or it may lead to other unintended revisions to the CRL Plan that could compromise the overall vision for the CRL. In 2022, the Government of Alberta established new parameters for CRL Plans³, which added new limitations to the use of CRL funds. Some current projects listed above that have approved funding could be deemed ineligible under the new rules. If that were to occur, it could risk private sector investments that are planned based on the current set of approved projects, being halted or delayed.

However, there are other opportunities to support affordable housing development:

1. The CRL's Green and Walkable Downtown project can fund infrastructure upgrades such as sidewalk and roadway costs that may be required for, and thus enable, housing construction. This approach has been used in the Quarters CRL area. Depending on the location, the Downtown CRL could potentially provide funding toward drainage infrastructure upgrades, through the Downtown Stormwater Drainage Servicing project.
2. The Downtown CRL includes provision for a Downtown Incentive Program that can be tailored to suit development goals. A program could be developed that would provide grants toward

³ Alberta Municipal Affairs, *Community Revitalization Levy Guidelines* (July 4, 2022) p. 8, <https://open.alberta.ca/dataset/55b879dd-d983-4678-96ac-eec088ce6d76/resource/aa7e92d8-adc0-45f8-afb-e8b2824c5b54/download/ma-community-revitalization-levy-program-guidelines-2022.pdf>

Options for Unfunded Capital City Downtown Community Revitalization Levy (CRL) Catalyst Projects

affordable or mixed market housing construction. Market research, stakeholder engagement including GBA+ considerations and clear goals would inform program parameters.

Both of these approaches are limited to the Downtown CRL area, and separate funding would be required for the affordable housing project itself. Similar to public washrooms, the CRL cannot fund ongoing operational and maintenance expenses.

Budget/Financial Implications

The March 22, 2023, Urban Planning and Economy report UPE01583, 2023 Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere, provides a full update of CRL finances, showing projected revenues and expenditures for the 20-year life of the CRL. Based on the medium revenue scenario, there is projected to be capacity to fund \$42 million in additional spending within the CRL. This is not enough to fund all eligible unfunded projects within the existing CRL Plan (listed on page 3). Funding additional public washrooms or affordable housing programs would necessitate trade-offs with other CRL-eligible projects. The amount of CRL revenue is a projection, and there are a range of plausible outcomes between now and the CRL's expiry in 2034 (the Low, Medium, and High scenarios). If the High scenario materializes, the CRL has more capacity to fund projects. If the Low scenario materializes, the CRL may not be sufficient to cover all costs.

A Downtown Incentive Program that offers a grant payment for affordable or mixed market housing would be an operating expense that cannot be funded by borrowing. Depending on how a program is structured, this may result in deeper reserve deficits than currently projected that may take more years to repay.

The 2023-2026 Capital Budget fully allocates the Downtown CRL budget to the projects listed above. If a decision were made to re-allocate funding to other eligible unfunded CRL projects, an adjustment would be required through the Supplemental Budget Adjustment process.

COMMUNITY INSIGHT

The City engaged more than 20 Downtown stakeholder groups in 2021 during the creation of the Downtown Vibrancy Strategy, and heard the importance of the utilization and creation of more public spaces and increasing greenery and animated park space. Engagement with Edmontonians throughout the development of The City Plan also described the need to develop infrastructure systems that support growth to two million people, and to focus on the importance that good design of public and commercial spaces has on community vibrancy. Approved projects such as Warehouse Park, Station Lands, park upgrades and Jasper Avenue New Vision serve to advance these goals.

Projects funded by the CRL also seek input from Edmontonians as an essential component of project development. This includes projects with public washrooms, such as Warehouse Park and Beaver Hills House Park.

Options for Unfunded Capital City Downtown Community Revitalization Levy (CRL) Catalyst Projects

GBA+

Accessible public washrooms and affordable housing are both essential components of an inclusive and compassionate community.

The Downtown CRL area in particular is a preferred location for providing both public washrooms and affordable housing. Public washrooms in the Downtown CRL would serve the tens of thousands of people who come Downtown every day, including those experiencing houselessness. For affordable housing, the Downtown area offers excellent transit connectivity and access to a wide range of services.

Public washrooms contribute to healthy and equitable urban places. Public washroom accessibility allows diverse user groups to explore and enjoy the city without worry of not having access to facilities. Access to safe and clean public washrooms is also critical for vulnerable user groups, including those without stable housing, as well as for those caring for children, and for people who have health issues where washroom facilities close-by are required. GBA+ considerations are integrated into initiatives and interventions undertaken by Administration to provide safer, clean and accessible washrooms.

Edmonton's Housing Needs Assessment (part of the September 26, 2022 Community Services report CS01088 Updated Affordable Housing Strategy) explored available quantitative and qualitative data to determine the overall need for affordable housing in Edmonton and how housing need disproportionately impacts different segments of Edmonton's population. Data that is disaggregated by gender, race, disability, age and other grounds can reveal patterns of structural inequality. The 13 priority population groups considered for the Housing Needs Assessment are as follows:

- Women and children fleeing domestic violence
- Female heads of households, especially single mothers
- Seniors 65+
- Young adults aged 18-29
- Indigenous peoples
- Racialized people
- Recent immigrants, especially refugees
- 2SLGBTQ+ (two-spirit, lesbian, gay, bisexual, transgender, queer/questioning and plus)
- People with physical health or mobility challenges
- People with developmental disabilities
- People dealing with mental health and addictions issues
- Veterans
- People experiencing houselessness

When considering housing options, each priority population group will have different needs and considerations. Most people do not fall into a single category; it is important to recognize that intersectional identities of multiple individuals within households can influence housing needs.