

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

Recommendation

1. That the April 2, 2025, Urban Planning and Economy report UPE02907, be received for information.
2. That Attachment 5 of the April 2, 2025, Urban Planning and Economy report UPE02907 remain private pursuant to sections 25 (disclosure harmful to economic and other interests of a public body) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Requested 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	THRIVE		
City Plan Big City Move(s)	Catalyze and converge	Relationship to Council's Strategic Priorities	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 15800 - The Quarters Downtown Community Revitalization Levy Bylaw • Bylaw 15932 - Belvedere Community Revitalization Levy Bylaw • Bylaw 16521 - City of Edmonton Capital City Downtown Community Revitalization Levy Bylaw 		
Related Council Discussions	<ul style="list-style-type: none"> • March 20, 2024, Urban Planning and Economy report UPE02234, 2024 Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere • March 5, 2025, Urban Planning and Economy report UPE02445, Capital City 		

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

- Downtown Community Revitalization Levy Date Extension
• March 5, 2025, Urban Planning and Economy report UPE02446, The Quarters and Belvedere Community Revitalization Levies Boundary and End Date Review

Executive Summary

- The City of Edmonton uses a Community Revitalization Levy (CRL) to fund City investment in catalyst projects in three areas (Capital City Downtown, The Quarters Downtown and Belvedere). A CRL is a financing tool available in the Municipal Government Act.
- The program is designed to promote private development and create vibrant, accessible and sustainable communities.
- Administration updates its revenue projections on an annual basis for the 20-year span of each CRL. Three revenue projection scenarios are provided for the Capital City Downtown CRL. The medium scenario includes a decrease of \$16 million from Q1 2024, to \$663 million. A shortfall of \$89.2 million is projected over the 20-year CRL term. Ongoing municipal tax revenues would cover this shortfall by 2036.
- The revenue projection for the Quarters CRL has increased by \$1 million from Q1 2024, to \$110.7 million. A shortfall of \$45.4 million is projected over the 20-year CRL term. Ongoing municipal tax revenues would cover this shortfall by 2036.
- The revenue projection for the Belvedere CRL tax levy revenue has decreased by \$1.4 million from Q1 2024, to \$30.4 million. A shortfall of \$14.8 million is projected over the 20-year CRL term. Ongoing municipal tax revenues in the area would cover this shortfall by 2038.
- This report is based on the existing 20-year CRLs as they existed in February 2025, and does not consider the impacts of any amendments, extensions or proposed changes to the CRLs.

REPORT

The Community Revitalization Levy (CRL) plans approved by Council and the Government of Alberta provide a sustainable financing mechanism for public infrastructure investments needed to attract private development to the revitalization areas. Supporting development and intensification in CRL areas is a key part of implementing the City Plan's goal of adding 600,000 new residents to the redeveloping area. CRL projects are investments in a vibrant centre city that is the primary employment and cultural node for the entire region. A vibrant, safe, well-designed, accessible and sustainable downtown is essential to attracting investment and economic growth.

A CRL is a provincially legislated financing tool that provides up to 20 years of stable funding for public infrastructure investments in the approved redevelopment areas. Within each CRL area, a baseline property assessment is established in the year that the plan is approved. Subsequent increases in property tax revenue above the baseline (both municipal and equivalent provincial school taxes) that result from new development and property value increases make up the CRL revenue. The CRL funds are dedicated to CRL plan projects within the CRL area. Only projects

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

identified within each CRL plan are eligible to be funded by the CRL. Attachment 1 provides an update on the status of each of the capital projects funded by the CRLs.

This report includes projections for the existing 20-year CRL terms. It does not factor in potential extensions to any of the CRLs. If any of the CRLs are extended, future annual reports will reflect the new, extended length.

Capital City Downtown

The Capital City Downtown CRL was approved in 2014 and commenced in 2015. By the end of 2024, the CRL has funded \$442.6 million in infrastructure improvements, including partial funding of Rogers Place and its associated infrastructure, Alex Decoteau Park, land acquisition and development of Warehouse Park, new upgrades to drainage servicing, renovations to Centennial Plaza and the Jasper Avenue New Vision project. This spurred more than \$4.7 billion in new development that is complete or under construction. In the coming years, the CRL is also approved to fund completion of Warehouse Park and Beaver Hills House Park, Michael Phair Park, Green and Walkable streetscape improvements, Harbin Gate, the 103A Avenue Pedway and Streetscape and a contribution to publicly accessible private amenity spaces associated with the Station Lands development.

The Quarters Downtown

The Quarters Downtown CRL was approved in 2011 and commenced in 2012. To date, the CRL has funded \$100 million in public infrastructure improvements for catalyst projects such as The Armature, upgraded drainage servicing, Kinistinâw Park and the adaptive reuse of City-owned buildings into new art spaces. These investments have attracted more than \$550 million of completed, in-progress and planned private developments.

Belvedere

The Belvedere CRL was approved in 2012 and commenced in 2013. Construction of Station Pointe infrastructure improvements, including streetscapes, plazas and the CN safety wall, were completed in 2015 at a total of \$29.6 million. Land sales and development have progressed more slowly than initially anticipated, but land sales have accelerated in recent years. Two City-owned parcels were sold in 2023, and the final two parcels have executed sales agreements that will close in 2025 and 2026. Once these sales close, the total proceeds from land sales in the Station Pointe area will be approximately \$7 million. In total, more than \$100 million in new development has taken place within the Belvedere CRL area.

Funding/Revenue Availability

There is a timing difference between project expenses and CRL revenue generation. In each of the three levy areas, debt (referred to as CRL debt) was used to finance City-owned projects. Debt-servicing expenses associated with capital investment began immediately, before there was sufficient revenue generated to fully cover those costs. These annual shortfalls have resulted in a negative reserve position for each of the three levies. These reserves will begin to be repaid when annual levy revenues start to exceed annual expenditures. As an example, the Capital City

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

Downtown Levy saw its annual revenues exceed its annual expenses in 2024. As a result, the Capital City Downtown reserve deficit was reduced by \$1.1 million.

The intent is for the reserve to be replenished over the life of the CRL (20 years from start date). If the reserve deficit is not repaid by the end of the term, annual tax-levy would be required until the deficit balance in the reserve is repaid.

Revenue Scenarios

CRL revenue is primarily a function of three factors: new development that occurs, increases in assessed value of existing properties within the levy areas over the base years and mill rates (tax rates). The Belvedere CRL Plan includes revenue from land sales in addition to CRL revenue.

Each Edmonton CRL can span up to 20 years from the date of commencement:

- Capital City Downtown - January 1, 2015 to December 31, 2034
- The Quarters Downtown - January 1, 2012 to December 31, 2031
- Belvedere - January 1, 2013 to December 31, 2032

Revenue scenarios for the three CRLs are updated to reflect Edmonton's current economic situation. Administration will continue to adjust the long-term assumptions for market value growth based on new market information on an annual basis. Administration takes a conservative approach in setting assumptions.

One conservative (low) revenue scenario has been prepared for the Quarters and Belvedere Levies, and three revenue scenarios (high, medium and low) are prepared for the Capital City Downtown Levy. This is because the Capital City Downtown Levy has a wider range of potential outcomes, since a larger proportion of its revenue comes from commercial properties, which often demonstrate greater volatility in assessed values.

Capital City Downtown - Financial Projections

The pace and volume of development underway within the Levy area significantly exceeds what was anticipated when the plan was prepared in 2013. However, this has been offset in part by a decline in office property assessments and a sharp decline in retail and hotel assessments resulting from the COVID-19 pandemic.

Continued investment in CRL catalyst projects like Warehouse Park will support downtown's ongoing recovery from the COVID-19 pandemic and encourage further redevelopment. These capital investments are further supplemented by a range of City programs like the Downtown Vibrancy Strategy and the 2021 Economic Recovery Construction Grant.

The current 20 year revenue projections for the Levy in the medium revenue scenario have decreased by \$16 million from Q1 2024, to \$663 million. This decline is driven primarily by revised long-term development projections that have reduced the outlook for commercial development.

All three projection scenarios do not generate sufficient revenue to cover all funded catalyst projects within the 20 year CRL period. As a result, ongoing municipal tax revenues would be required to cover the remaining debt servicing costs. In the high scenario, the shortfall of \$63

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

million would take until 2036 to be repaid, two years after the CRL ends. In the medium scenario, the shortfall of \$89 million would take until 2036 to be repaid, two years after the CRL ends. In the low scenario, the shortfall of \$122 million would take until 2037, three years after the CRL ends.

In addition to updating the low, medium and high scenarios, a stress-test scenario has been prepared. The stress-test scenario assumes that no further development will occur other than the projects currently under construction and that assessed values will decline sharply and recover slowly. In this scenario, ongoing municipal tax revenues would be required to cover the \$176 million shortfall until 2040, six years after the CRL ends.

Further detail about the financial projections is available in Attachment 2.

The Quarters Downtown - Financial Projections

Administration has prepared a revenue scenario for The Quarters Downtown. The current projections have increased slightly by \$1 million from a year ago, for a total of \$110.7 million over the 20 year levy period.

This projection indicates that revenues from the CRL will not be sufficient to cover all outstanding principal and interest costs of all The Quarters catalyst projects approved to date before the 2031 expiry of the levy. The shortfall is projected to be \$45.4 million. Ongoing municipal tax revenues that continue beyond 2031 would retire the remaining debt servicing by 2036, five years after the CRL ends.

In addition to updating the scenario for The Quarters Downtown, a stress-test scenario has been prepared with similar assumptions to the Capital City Downtown Levy. While this stress-test scenario is unlikely, the increase in municipal taxes will continue beyond 2031 and would generate enough revenue to repay all outstanding principal and interest charges by 2038, up to seven years after the CRL ends. Further detail about the financial projections is available in Attachment 3.

Belvedere - Financial Projections

Administration has prepared a revenue scenario for Belvedere. Development in the area has not progressed as anticipated in the original plan. Compared to last year, Administration's revenue expectations for the Belvedere Levy have decreased by \$1.4 million to \$30.4 million. The projections indicate revenues from the CRL combined with land sales will not be sufficient to cover all outstanding principal and interest charges before the 2032 expiry of the levy. The shortfall is projected to be \$14.8 million. Ongoing municipal tax revenues that continue beyond 2032 would mitigate the remaining reserve deficit by 2038.

A stress-test scenario was also prepared for Belvedere. In this stress-test scenario, the increase in municipal taxes will continue beyond 2032 and would generate enough revenue to repay all outstanding principal and interest charges by 2038. Further detail is available in Attachment 4.

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

Budget/Financial Implications

Capital profiles or service packages for unfunded CRL projects in The Quarters Downtown and Capital City Downtown Plans will only be brought forward for Council consideration as part of future capital budgets if CRL revenues are sufficient.

Legal Implications

A CRL bylaw is terminated at the earliest of the following:

- The end of 20 years (from the year in which the bylaw was approved by the province).
- The date that all borrowings for the CRL area are repaid or recovered from the revenues.
- An earlier date specified by the province.

CRL revenue or borrowings can only be spent on approved projects in the CRL plan and within the CRL boundary. Any amendments to a CRL bylaw require provincial approval after Council holds an advertised public hearing. The provincial approval process presents a potential risk, as the amendment could be rejected, or it may lead to other unintended revisions to the CRL plan, including the province ending the CRLs earlier than the current end date. Additional private legal considerations are included in private Attachment 5.

Community Insight

For the March 5, 2025, Executive Committee report UPE02445, Administration engaged with a range of parties interested in the CRL areas. Findings included a focus on supporting residential development in the CRL areas, working to improve safety and security and improving the condition of infrastructure. CRLs were identified as an important tool for attracting development to an area. A full What We Heard document is available as an Attachment to the March 5, 2025, report.

Each individual project funded by the CRLs seeks community insight as an essential part of project development, including engagement with impacted and marginalized communities. Further details on engagement activities undertaken and planned for each project are available in Attachment 1.

As this report provides quantitative financial results and projections related to these projects, additional community insight was not gathered.

GBA+

The set of projects eligible for funding in each CRL was established prior to the City's adoption of GBA+. Since being adopted, GBA+ considerations have informed the design and development of each project funded by the CRLs so that the projects are increasingly inclusive and accessible. For example, this has included designing sidewalks to be more accessible to those with disabilities, prioritizing child-friendly design and coordinating with a nearby child care facility in Centennial Plaza, incorporating public washrooms into park design and coordinating sidewalk improvements with affordable and supportive housing providers.

2025 COMMUNITY REVITALIZATION LEVY UPDATE - DOWNTOWN, THE QUARTERS DOWNTOWN, BELVEDERE

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachments

1. Community Revitalization Levy Capital Projects Update
2. Capital City Downtown Community Revitalization Levy - Financial Projections
3. The Quarters Downtown Community Revitalization Levy - Financial Projections
4. Belvedere Community Revitalization Levy - Financial Projections
5. PRIVATE - Downtown CRL Legal Update