

City Council April 6, 2011

Item 6.5 Community Revitalization Levy



Community Revitalization Levy

- Brought in by the Provincial government in mid 2005 through legislative changes to the MGA
- Calgary has the only operating example presently (The Rivers)
- Edmonton's first example will be Fort Road
- Other potentials are the Arena District and the Quarters

What is the legislation?

- Part 10 Division 4.1 of the MGA
- Authorizes Council to impose a levy in respect to the incremental assessed value of property in a Community Revitalization Area to raise revenue to be used toward the payment of infrastructure and other costs associated with the redevelopment of property in the Community Revitalization Levy area

What are the steps?

1. Identify a land area that is currently under-utilized or under-developed and that significant upfront re-investment by the municipality is required if the area is to be a vibrant and desirable community
2. Identify benefiting areas around the re-development

What are the steps?

3. Approval of a Community Revitalization Levy Regulation by the Province
4. Once approved, prepare a Community Revitalization Levy Plan Bylaw in accordance with the approved Regulation, approved by City Council

How much funding is available?

- The year in which the Bylaw is approved establishes the base year – it freezes the property assessment of the “Plan Area”
- The incremental property tax (Provincial and Municipal) collected from the “Plan Area” as a result of increases to property assessment is used to repay the project, up to a maximum of 20 years

How much funding is available?

- After the project is repaid (or 20 years), the municipal portion will flow to general revenues while the education portion will flow to the Province
- For the CRL currently proposed, it is estimated that the municipal portion of incremental tax revenues that will flow to general revenues after the project is repaid will amount to almost \$30 million annually.

What is the impact on area taxpayers?

- Property owners in the CRL area will NOT be paying any more property taxes than property owners in other neighbourhoods.
- A portion of their taxes – that which arises from the incremental assessment - is designated for the repayment of the project

How can revitalization occur?

- Initial investment in public infrastructure
 - A CRL is an option to fund the public infrastructure
- Catalyst projects
- Private Sector investment

Step 1: Identify under-developed site

In the last 10 years has generated less than \$2 million in municipal tax

OR

Average \$180,000 / year



Step 1: Identify under-developed site

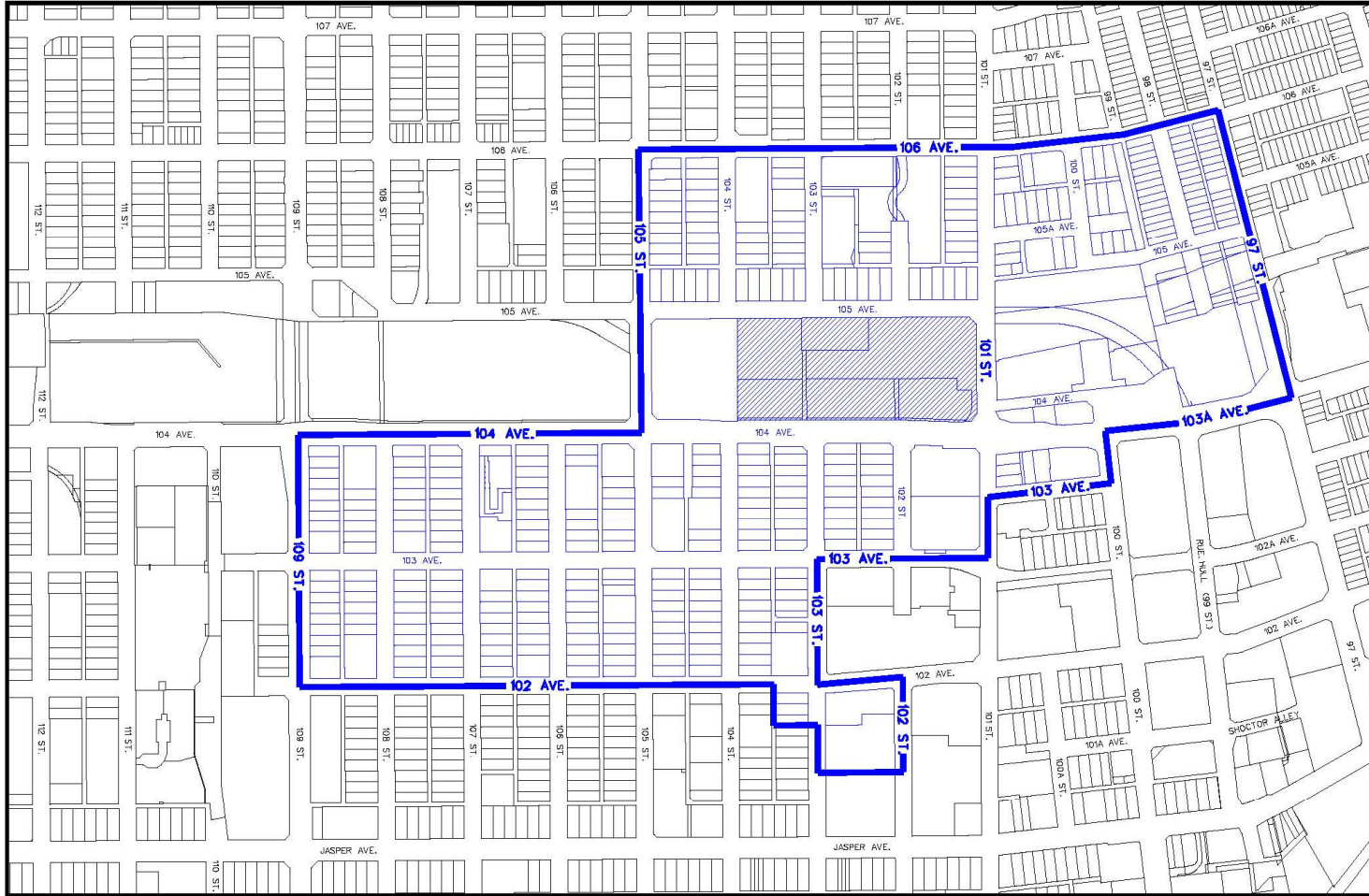


Public Infrastructure Investment

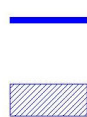
- Arena – investment in arena project that will serve as a catalyst for development
- Investment in other public infrastructure in the area that will promote development
 - Could include connectivity elements
 - Land acquisition
 - Transportation improvements
 - Parks or other public amenities

Step 2: Identify benefiting areas around the re-development

- Development potential
- Pedestrian linkages
- LRT access
- Other catalyst projects
- Private sector investment announcements



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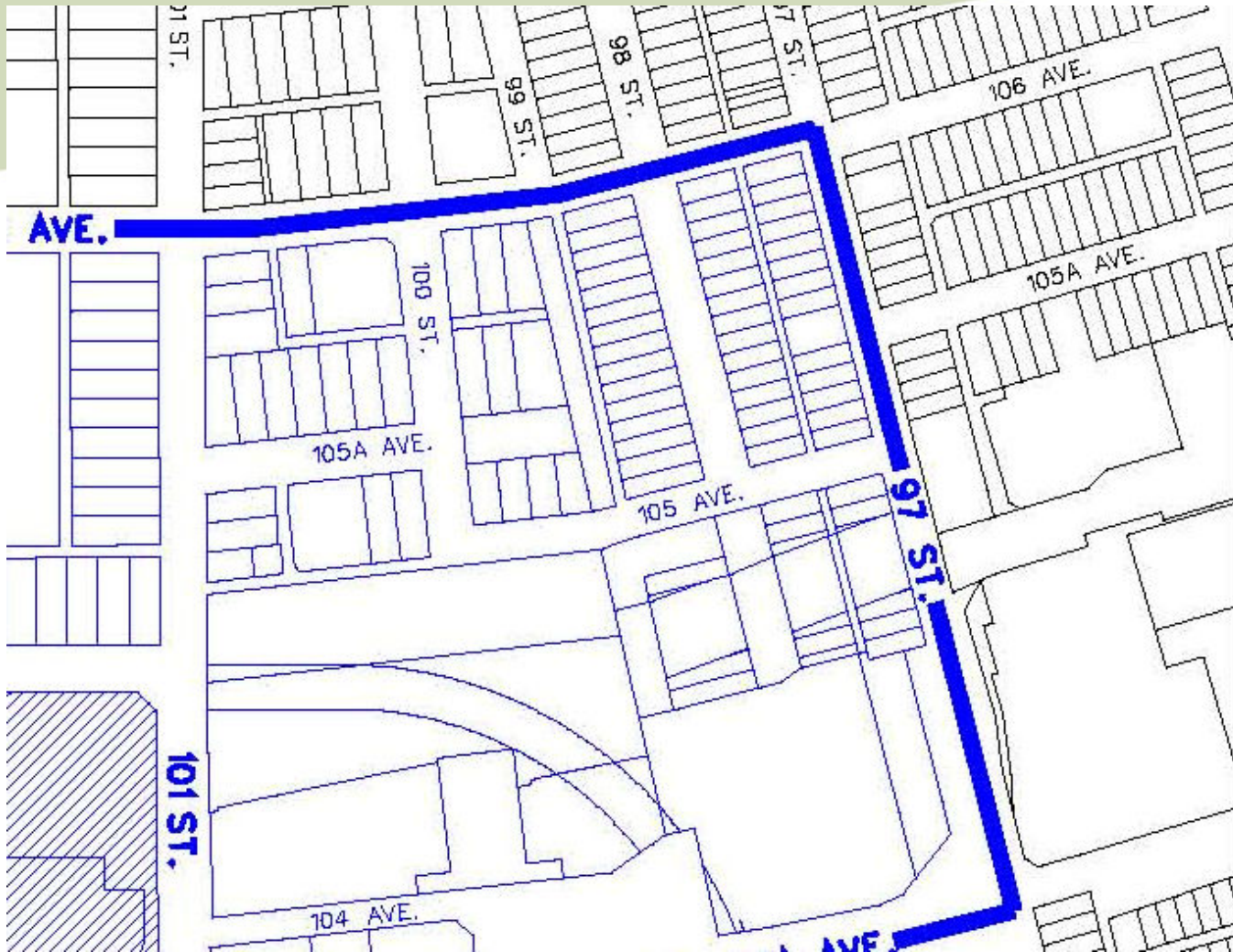
ARENA DISTRICT : PROPOSED COMMUNITY REVITALIZATION LEVY BOUNDARY

ARENA SITE

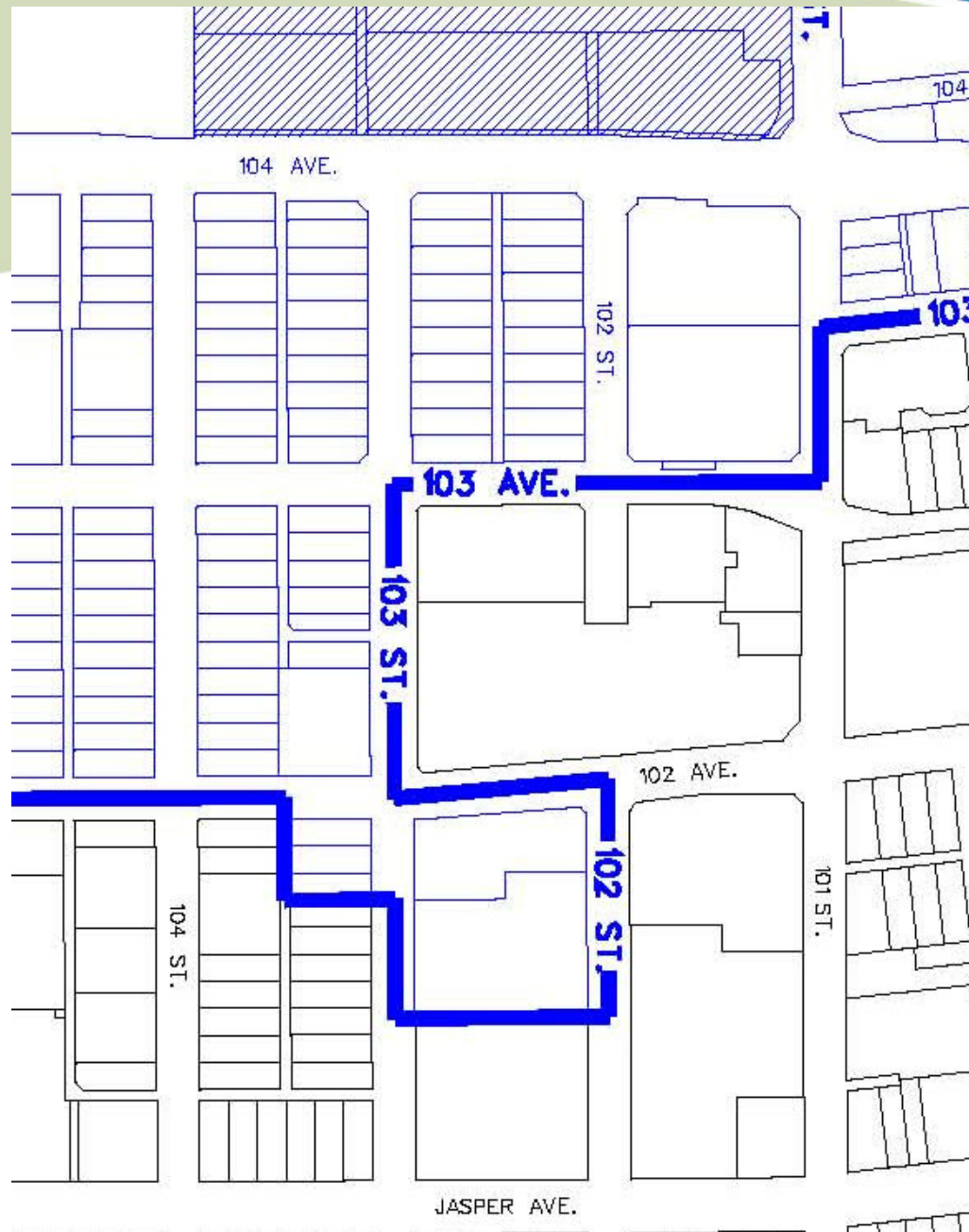


NORTH











CRL model development

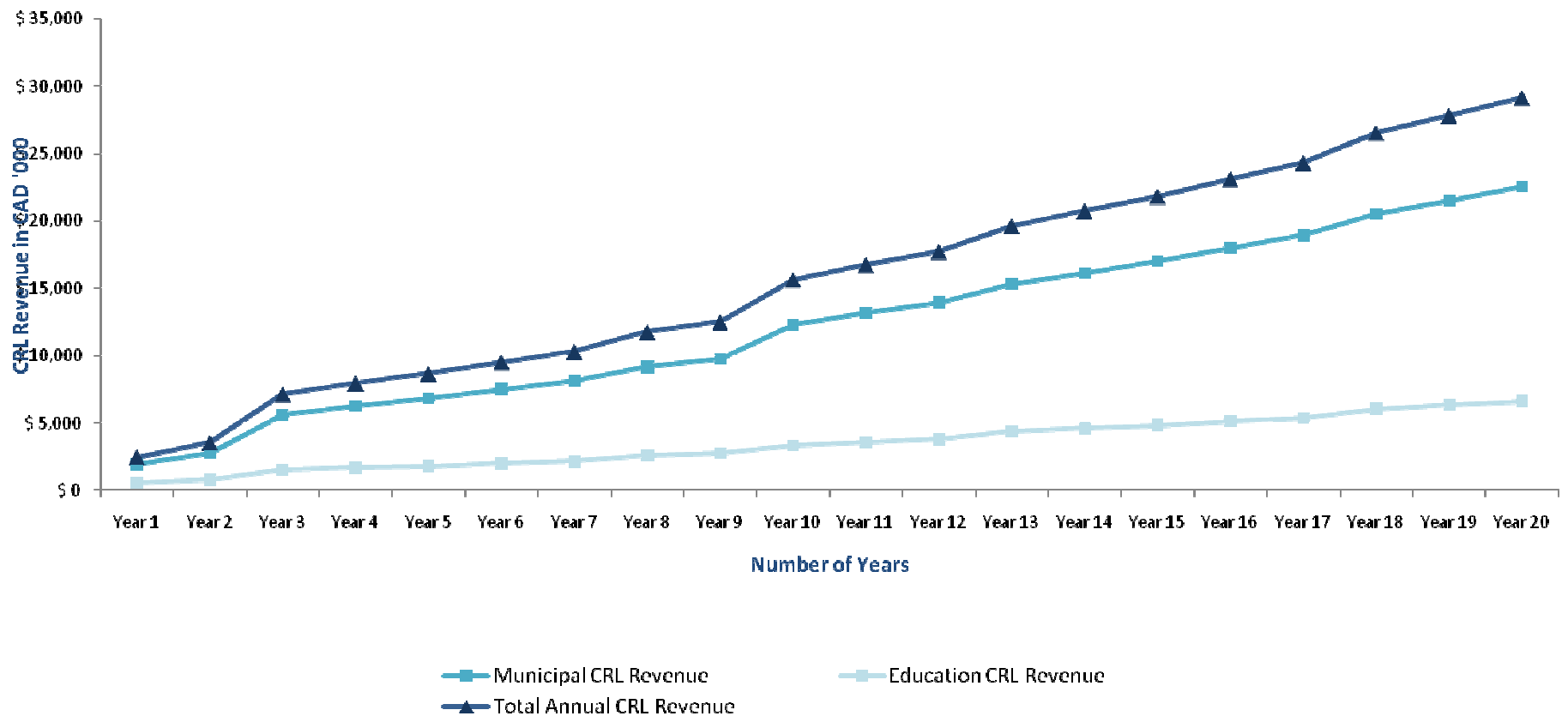
- The purpose of the model is to translate forecast growth into revenue based on the increased assessment created by the new development
- Utilizes the growth forecast for residential, office and commercial development from the Downtown Plan to inform the model
- Utilizes other forecast information specific to the boundary area

CRL model results

- The model assumes a constant discount rate of 5.5%
- Dependent on 2 factors:
 - Incremental assessment from baseline year
 - Next 20 years tax rates for both municipal & education property tax
- Model results in revenue of \$324,296,393 over 20 years, which has a NPV of \$160,550,675.

CRL model results

Total CRL Revenue



Impact on The Quarters CRL

- The Quarters CRL and the Arena District CRL are different
- Each focuses on distinct segments of the market
- Not seen to be competitive

CRL approval process

- After Council approves the initiation of a CRL, the process could take one year. Highlights of the CRL process are:

CRL Process

Month 1 Council directs request to est CRL arena

Months 2-5 Province (Order in Council)

Months 6-10 Administration prepares Plan, Bylaw and holds a Stat Public Hearing

Months 11 Council gives three readings to bylaw

Month 13 Province approves bylaw