

Downtown Office Demolition Incentive Program Terms of Reference

1. Purpose

The purpose of the Downtown Office Demolition Incentive Program (Demolition Program) is to provide financial incentives to assist with the removal of excess office space in the Greater Downtown Plan Area.

The overall goals of the Demolition Program are to increase overall economic activity, vibrancy and safety in the Greater Downtown Plan Area by:

- Removing office space from the Greater Downtown Plan Area – with a priority area of the Downtown Core;
- Establishing new public amenity spaces to support the growing downtown resident population and enhance vibrancy;
- Supporting redevelopment of under-utilized properties and increasing the mix of uses in the downtown; and
- Reducing the downtown office vacancy rate and supporting property values and the non-residential property tax assessment base.

2. Area of Applicability

2.1 Demolition Program Area

The Demolition Program Area is defined as the Greater Downtown Plan Area (established in the 2007 Centre City Plan and confirmed in *PUD2021-0220 Calgary's Greater Downtown Plan: Roadmap to Reinvention*) as outlined on the map in Appendix A. The priority for investment will be the downtown area as highlighted on the map in Appendix A, with consideration given to strategic sites in the Downtown West area. However, potential projects within the Greater Downtown Plan Area (as established in the 2007 Centre City Plan and confirmed in *PUD2021-0220 Calgary's Greater Downtown Plan: Roadmap to Reinvention*) will be considered as applications are received.

2.2 Out of Scope

- Projects located outside of the Greater Downtown Plan Area.
- Properties not currently classified by The City of Calgary ("The City") as commercial office
- Demolition where new office development is proposed/planned
 - Discretion may be applied to mixed use development proposals that include some portion of office use, to the sole discretion of the Incentives Approval Committee
- Property owned by any municipal, provincial or federal government, or any subsidiary or affiliate thereto.
- Demolition required by law, ordinance, code or other means of enforcement
- Demolition prior to application approval & fully executed Funding Agreement
- Demolition of buildings listed on the Inventory of Evaluated Historic Resources

3. Grant

3.1 Office Demolition

- The Demolition Program is offering a grant at 50% of demolition costs not to exceed a rate of \$15 per square foot based on the original gross floor area of existing office space that will be demolished
 - An additional \$5 per square foot may be considered for projects requiring asbestos abatement and/or hazardous material removal, not to exceed 50% of total demolition costs.
- The grant will be up to a maximum of \$3 million per property unless Council approves a greater amount for a particular application.

4. Decision Making & Approval Levels

4.1 Incentives Approval Committee

The Incentives Approval Committee consists of two members:

1. General Manager of Planning & Development Services or other Planning designate; and,
2. Chief Financial Officer or other Finance designate.

4.2 Decision Making

- All application decisions for grant funding up to \$3 million made pursuant to the Demolition Program shall be in the sole and exclusive discretion of the Incentives Approval Committee. The initial evaluation of the application will be conducted by the Downtown Strategy Team, which will make a recommendation for approval or refusal to the Incentives Approval Committee
- All application decisions for grant funding over \$3 million made pursuant to this Demolition Program shall be in the sole and exclusive discretion of Council. The initial evaluation of the application will be conducted by the Downtown Strategy Team, which will make a recommendation for approval or refusal to the Incentives Approval Committee. If the Incentives Approval Committee makes a recommendation for approval, the application will proceed to Council for decision.

Approval Range – Demolition (per project)	Decision Making
Up to \$3 million	Incentives Approval Committee
Greater than \$3 million	Council

5. Criteria

5.1 Demolition Criteria

All application decisions made pursuant to this Demolition Program shall be in the sole and exclusive discretion of the Incentives Approval Committee, or Council if in excess of \$3 million.

To be considered eligible to be approved by the Incentives Approval Committee or Council, as the case may be, an applicant must first satisfy the criteria outlined below. The criteria below must be met to be considered for the Demolition Program.

1. The proposed demolition results in the elimination/removal of office space.
2. Preference will be given to end-of-life buildings that are unsuitable for adaptive reuse.
3. Preference will be given to properties assessed at or close to land value.

4. The property is located within the Greater Downtown Plan Area with priority given to projects located in the priority area as highlighted on the map in Appendix A, with consideration given to strategic sites in the Downtown West area.
5. Buildings listed in the Inventory of Evaluated Historic Resources will not be considered.
6. The applicant is the property owner¹ or their designated agent, or the applicant provides the Downtown Strategy Team with the following letters of authorization:
 - a. written authorization from the property owner that is satisfactory to the Downtown Strategy Team authorizing The City to obtain any information reasonably requested by The City directly from the property owner; and
 - b. written authorization from the applicant that is satisfactory to the Downtown Strategy Team authorizing The City to discuss the details of the application directly with the property owner.
7. Evidence of satisfactory project financing.
8. Applicant track record.
 - a. The applicant shall submit their project experience similar to scope and size contemplated in the application. If the applicant has no demolition experience, the consultants/ advisors that have demolition experience shall be named along with their relevant experience. The construction manager(s) or consultants must have a proven track record in large-scale demolition projects in urban areas. The City's previous dealings with the applicant, if any, including the applicant's history of compliance with previous agreements and/or requirements of development, may also be considered.
 - b. The applicant shall prove to the satisfaction of the Incentives Approval Committee that the applicant has the human resources from a project management, supervision and execution perspective (if not own staff then via consultants) available in Calgary.
 - c. Details about the applicant shall be provided with the application as follows:
 - Age of entity/corporation;
 - Type of entity/corporation (legal and industry); and,
 - Proof of good standing with respect to annual filings, corporate standing, and financial capacity.
9. Consideration of existing tenants and uses.
 - a. The applicant must support the relocation of any existing headlease and sublease tenants to a property within the Greater Downtown Plan Area before demolition.
 - b. Additional consideration will be given where the following uses and tenancies exist:
 - Non-profit/social services;
 - Educational uses;
 - Cultural spaces, including murals and public art;
 - Daycare & learning centers;
 - Recreational uses;
 - Ground-level retail;
 - Health services; and
 - Other uses as determined by the Downtown Strategy Team.

5.2 Post Demolition Criteria

1. The site must be cleared of debris and a final inspection report must be obtained by The City.
2. The site must not be used for the purposes of office uses for a minimum of ten years.
3. The site must not be used for the sole purpose of parking.
4. The site must be remediated to the satisfaction of the Downtown Strategy team.
5. Demolition projects without a redevelopment plan, plan of land sale or a programming strategy within a one-year timeframe must be willing to allow The City to implement programming and activation in the interim of redevelopment.

¹ For the purposes herein, "property owner" means the registered owner of the fee simple estate of the subject property as registered at the Alberta Land Titles Office.

6. Application Process, Review, and Approval

6.1 Application Intake Period

The Office Demolition Incentive Program will operate with an ongoing and continual intake process pending available funding.

6.2 Demolition Program Information

The Demolition Program Terms of Reference, Program Guide, application process, and information will be available on The City's website and communicated through interest groups.

6.3 Application Requirements

1. Overview of the proposed demolition
 - a. Ownership of the subject property (as outlined herein) Where applicant is not the current property owner, letters of authorization as outlined in 5.1 will be required, as well as any letter(s) of intent, purchase and sale agreement(s), and/or any other documents relating to the proposed acquisition of the property.
 - b. Intent– demolition of xx square feet of office space
 - c. Estimated total demolition costs
 - d. Estimated timeline to completion
 - e. Photos that show the current site and context, accompanied by how the demolition will impact the surrounding uses and ways to mitigate impacts
2. Description and background of the existing asset
 - a. Current use and tenants
 - b. Vacancy status
 - c. Disclose any known environmental concerns, such as the presence of toxic substances within the building and/or contamination of the property or surrounding lands
 - d. Explanation of why demolition is a better alternative to adaptive reuse/ conversion
3. Overview of the physical location of the proposed demolition
 - a. address/location
 - b. Contextual information on surrounding properties
4. Demolition proposal
 - a. What is being proposed
 - b. Who will be involved in the demolition project (applicant's team and list of consultants such as architects, designers, engineers, lawyers and agents)
 - c. How, and from whom, financing and/or capital is to be sourced
 - d. A description of the plan for remediating the land after demolition
 - e. An overview of the planned reuse / redevelopment of the site
 - If none, an indication of willingness to allow The City to program the site in the interim of development at no cost to the land owner
5. Project readiness
 - a. Status of financing/funding
 - b. Status of any existing tenancy and lease agreements
 - c. Demolition / deconstruction timeline

6.4 Evaluation

- The Downtown Strategy Team will review applications based on the criteria set out in the Terms of Reference.

- The Downtown Strategy Team will endeavour to review applications within a timely manner, which requires the applicant and the Downtown Strategy Team to work collaboratively. The applicant must provide documentation or other information as required on a timely basis to facilitate these timelines.
- Following review by the Downtown Strategy Team, application(s) will be brought forward to the Incentives Approval Committee with a recommendation for decision (approval or refusal).
- Applicants will be informed by the Downtown Strategy Team of the status of their application once the Incentives Approval Committee or Council (for funding requests over \$3 million) has decided to approve or refuse the application.
- For applicants that submit viable demolition proposals, but where funding is not available under the Demolition Program at that time, those applications will be evaluated anew if/when funding becomes available, with no guarantee or priority status.

6.5 Approval of Applications

- All application decisions made pursuant to this Demolition Program shall be in the sole and exclusive discretion of the Incentives Approval Committee or Council, as the case may be.
- Application decisions, including approvals, made pursuant to this Demolition Program do not: (1) constitute the granting by the municipality of The City of any approval or permit as may be required pursuant to the *Municipal Government Act (Alberta)* or any other legislation in force in the Province of Alberta, including approvals of subdivision and permit applications and any land use redesignation applications, or (2) restrict the municipality of The City, its Council, officers, employees or agents in the full exercise of any and all powers and duties vested in them in their respective capacities as an approving authority over subdivision and permit applications and land use redesignation applications, or as a governmental authority.
- If an application is approved by the Incentives Approval Committee or Council, as the case may be, a Funding Agreement in The City's form will be prepared for signing by the applicant and The City, laying out the responsibilities and obligations of both parties. If stage gates during the demolition process and any subsequent development processes are not met, the Funding Agreement may be terminated, at the sole discretion of The City.
- Successful applicants must provide regular reports to the Downtown Strategy Team on progress towards completion – the details of reporting requirements will be outlined fully in the Funding Agreement.

6.6 Grant Payment

The grant will be payable upon fulfilment of the terms of the Funding Agreement, completion of demolition, and upon completion of final inspection.

7. Monitoring & Reporting

7.1 Reporting

- The success of the processes outlined in these Terms of Reference will be monitored on an ongoing basis.
- The Downtown Strategy Team will provide ongoing reporting on the Demolition Program's results, financial status, and make recommendations regarding the Demolition Program's Terms of Reference to Council as required.

7.2 Effective Date

These Terms of Reference are effective on the date they are approved by Council.

8. Confidentiality

For the purposes of this section, "**Confidential Information**" means information considered proprietary to an applicant and disclosed to The City pursuant to this Incentive Program, and includes all material, data and information (regardless of form and whether or not the same is protected by copyright, patent, or other applicable law) which is not available to the public. "Confidential Information" does not include any information that: (i) is now in or subsequently enters the public domain through means other than by the direct or indirect disclosure by The City; (ii) is already in the possession of The City; (iii) is lawfully communicated to The City, free of any confidentiality obligation; (iv) The City has received the applicant's prior written approval to disclose; or (v) The City is required to disclose pursuant to the *Municipal Government Act* (Alberta), the *Freedom of Information and Protection of Privacy Act* ("FOIP Act"), or any subsequent legislation of similar effect, or The City is required to disclose pursuant to any law or order of a court having jurisdiction over the matter.

If an application contains Confidential Information, applicants should mark it as such and The City will make all reasonable efforts to maintain in confidence the Confidential Information. Without limiting the generality of the foregoing, The City will make reasonable efforts to keep, file and store all Confidential Information, together with any notes or other material incorporating or relating to the Confidential information, in a manner consistent with the FOIP Act, as well as in a manner consistent with its confidential nature and to take all reasonable action, whether by instruction, agreement or otherwise, to ensure that its employees do not disclose or use the Confidential Information directly or indirectly, for any purpose other than the purposes for which it was provided.

Notwithstanding the foregoing, The City may be required to disclose Confidential Information pursuant to its public disclosure obligations as contained in the FOIP Act. Should such disclosure be required, The City shall use its reasonable efforts to limit that disclosure and, in any event, shall make that disclosure only to the extent so required. The City hereby advises all applicants that any disclosure of Confidential Information pursuant to The City's obligations under the FOIP Act does not constitute a breach of any obligation of confidentiality that may exist between The City and the applicant.

Appendix A:

Downtown Office Demolition Incentive Program Map



The City of Calgary

Legend

-- Downtown Office Demolition Program Area

**Program Priority Area,
bounded by:**
2 Avenue SW (north)
3 Street SE (east)
CPR Main Line (south)
9 Street SW (west)