IMPLEMENTING TAX INCREMENT FINANCING IN TORONTO

LEARNING FROM THE ALBERTA EXPERIENCE

by

Geoffrey Charles Schwartz

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ABSTRACT

In Toronto, and cities across Canada, increasing population intensification in urban centres has put pressure on municipalities and created uneven patterns of growth. Tax increment financing (TIF) is a flexible tool that can direct and manage growth, fund infrastructure investments, and revitalize communities. In 2006, the Government of Ontario passed the *Tax Increment Financing Act*, yet no jurisdiction in the province has implemented the tool.

This report identifies and analyzes how TIF can be implemented in Toronto to effectively achieve positive outcomes. To do this, a combination of literature, best practices and case studies were explored. As the municipality with the most extensive experience with TIF in Canada, Calgary's case is a focus of the report. The findings of the research are presented in the form of recommendations guiding how the City of Toronto could most effectively implement a TIF scheme.

Key words: tax increment financing, municipal finance, community revitalization levy, redevelopment, land value capture

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1.0 Introduction

1.1 Canadian Cities in the 21st Century

Canada's large cities are at a crossroads. Urban areas across the country are seeing significant population growth and related pressures (Canadian Urban Institute, 2013). This is especially prevalent in Canada's largest municipalities, where a wave of condominium construction has fuelled the growing population, from millennials to new immigrants (RBC Economics, 2015). Ever increasing demand for high-density living has changed how municipalities plan, provide services and grow. Indeed, as of 2011, over 80% of Canadians now live in urban areas, up from 76% in 1981 (Statistics Canada, 2011).

At the same time, Canadian municipalities face constraints in financing and planning sustainably for this growth. As creations of Provincial Governments, the roles and responsibilities of municipalities are determined at the Provincial level. Across Canada, municipalities have access to between 8-10 cents of every dollar of tax revenue received by the Provincial and Federal governments (Federation of Canadian Municipalities, 2016). Often, the tools available to municipalities are not appropriate to respond to the diversity of issues that they are responsible for (Canadian Centre for Policy Alternatives, 2014).

Toronto is no exception to this trend. Between 2011-2014, the city grew by an estimated 35,000 people annually, almost 29% of the total net growth in the Greater Golden Horseshoe (Clayton, 2015a). This growth is exceeding that outlined by the Growth Plan for the Greater Golden Horseshoe. Much of this growth is driven by millennials – individuals aged 19-39. This age segment has driven more than 70% of Toronto's total population growth since 2006. Between 2011-2014, average growth in millennials in Toronto was 26,000 per year (Clayton, 2015b). This growth has driven a 14% increase employment growth in downtown Toronto since 2006, far greater than the 8.7% recorded in the Toronto CMA, and 5.6% across Ontario (TD Economics, 2013).

Additionally, it is estimated that by 2020, Toronto's funding shortfall for maintaining infrastructure will rise to $2.5 billion (Slack & Cote, 2014). The Toronto Community Housing Corporation alone has a growing list of deferred maintenance costs for social housing approaching $900 million. Although the City has prioritized infrastructure investment and maintenance, it requires additional funding sources and strategies to effectively address the demands placed on it to ensure that it grows in a way that is financially sustainable.

In many parts of Toronto, population growth has created a renewed interest in high-density, inner city development in places like Liberty Village and Yonge and Eglinton. Some areas have seen significant levels of private investment, and have been redefined by an intense and mixed-use form of growth. Other areas have seen investment after direct intervention from various levels of government, including the West Don Lands, the Waterfront, and Regent Park. Alternatively, other inner city spaces have remained underutilized or contaminated, and unable to attract private capital. De Sousa (2015) has found that many of the brownfield sites in these areas would benefit from funding or partnership schemes from government. These areas have tremendous potential in creating complete communities, maximizing use of existing infrastructure, and promoting an efficient, financially sustainable development pattern.

With this demand and a funding backlog that cannot effectively maintain or provide for new infrastructure, it is increasingly important that municipalities look to innovative tools to maximize their financial sustainability (Bazel & Mintz, 2014). Tools that generate revenue, direct growth, maximize infrastructure efficiency and attract private capital are important to identify and utilize in certain situations.

One such tool is tax increment financing (TIF). TIF is a tool that can leverage public investments to attract private capital to a given area. This private investment can help to focus residential or commercial growth, or attract private industry. If effectively employed, TIF can be strategically used as a means of maximizing the value of public and private investments. However if mismanaged, TIF can have consequences on a municipality's capacity to provide efficient services, and lead to the public subsidy of private projects.

1.2 Purpose and Objectives

In this light, the purpose of this report is to present recommendations as to how regulations governing a tax increment financing scheme could best produce positive outcomes for Toronto. To do this, an understanding of TIF will be developed, including its historic evolution and uses in various contexts. Several external factors that may influence a TIF's viability in a given municipality will be presented. After, analyzing the Ontario legislative context will provide an understanding as to potential strengths and weaknesses of TIF from a policy approach. The experiences in American cities, and other Canadian contexts will be highlighted to supplement this analysis. From this basis of understanding, Calgary's experience will be explored as a case study. This study will lead to recommendations as to how a TIF can best be implemented in the Toronto context.

1.3 TIF Explained

Tax increment financing is a financial tool that leverages municipal property tax revenue to fund public investments within a pre-identified geographic boundary. Essentially, a TIF scheme directs property tax revenue to specific projects within the boundary for infrastructure, marketing, remediation or other uses (Sullivan, Johnson, & Soden, 2002). The initial public investments are expected to create an environment conducive to private spending. Over the long term, the anticipated increase in private spending is designed to raise property values, and therefore increase property tax revenue. This long term increase in tax revenue is intended to offset the initial public expenditures.

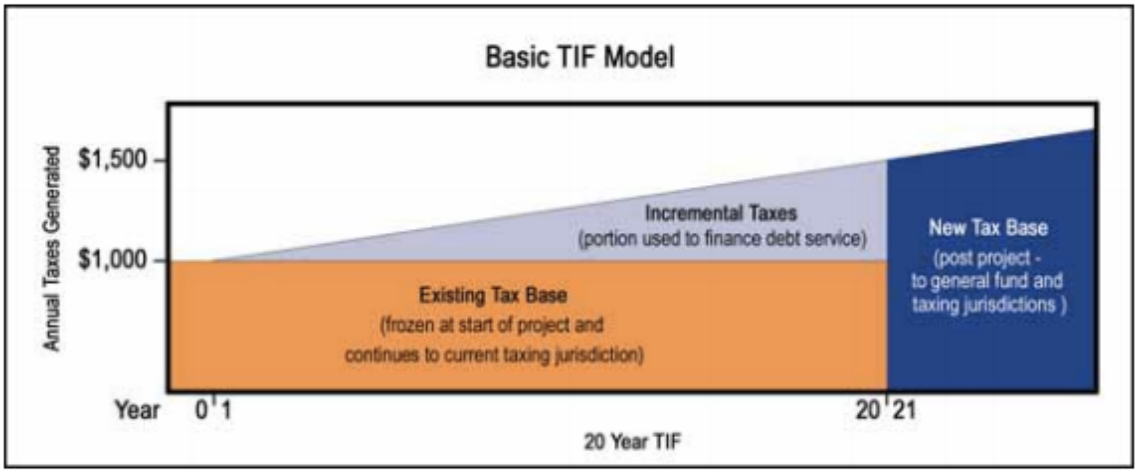

Figure 1. Tax Increment Financing Illustrated. Source – Council of Development Finance Agencies, 2007.

In the model, the existing tax base is identified and frozen. That revenue continues to fund existing municipal services. An initial public investment is made at the beginning of the TIF, which attracts private dollars, thereby creating the incremental increase in tax revenue, beyond the existing tax base. This increase is used over time to repay the cost of the initial investment, and continue to fund the project. When the TIF zone ends, both the increment and frozen revenue form the new tax base, and revert back to general municipal income. The City of Toronto has defined TIF as,

> "In broad terms, the TIF approach is to commit future increases in property taxes to pay for current investments in public infrastructure. The approach assumes that these public infrastructure investments will lead to increased private land development and property values, which will in turn result in higher taxes that, but for the investments, would not have otherwise occurred." (Toronto, 2015)

The creation of a TIF zone does not result in an increase in property tax for ratepayers within the boundary; it is simply an earmarking of the expected increase in tax dollars to the redevelopment project. The rationale is that the initial public investment will attract private dollars, which over time increases the value of properties in the area, and encourages development. Considered over a longer term, the overall increase in property tax revenue within the geographic boundary is expected to justify the initial public expenditure (Weber and Goddeeris, 2007).

There are two primary components to the TIF concept, revenues and expenditures.

1. Revenues – Revenue for a TIF project can be raised in various ways (Klemanski, 1989). Initial revenue for the project is typically generated through the issuing of bonds. As the incremental property tax revenue increases, that money is used to pay off the initial bond, and fund additional projects. In some cases, municipally owned entities generate their own funds through corporate transactions (selling of land, development rights, etc.). As development occurs within the identified zone, the incremental increase in value is given to the authority responsible for advancing the district plan. Therefore, there is incentive for the entity to advance the project in a manner that most effectively maximizes the incremental rise in property tax revenue.

2. Expenditures – Initial expenditures are typically outlined in an approved Area Redevelopment Plan, which are identified and justified as necessary and fundamental to attract private investment to a given area. Such projects could be identified as part of fulfilling the 'but-for' test. Typically, these expenditures are in infrastructure, remediation of contaminated land, or in marketing the character or identity of an area.

The process through which a TIF is implemented has been well documented (Chapman & Gorina 2012; Greifer, 2005; Bartels & Hall, 2012; Klemanski, 1989). The process is generally outlined as follows:

1. Legislation is passed at a Provincial or State level, outlining the general policies for implementing a TIF in a given district
2. Local jurisdiction identifies a district or area and evaluates the feasibility of a TIF in that area
3. Assuming the TIF is deemed viable, the jurisdiction works towards a redevelopment plan (often known as an Area Redevelopment Plan or Community Improvement Plan). This plan identifies the boundary of the TIF, select investments intended to spur development, the justification for the intervention, and timelines, among other things
4. The plan receives legislative approval. The existing property tax base is frozen so that the increment can be identified. A special purpose vehicle tasked with advancing the plan is often established
5. Investments are made, and the redevelopment plan occurs
6. Monitoring and adjustment of the plan, as needed
7. The TIF revenue tool closes once the goals are completed and the bonds issued are repaid.

1.4 History behind TIF

Tax increment financing originated in California in 1952, as a tool to attract federal funding for municipal revitalization projects (Weber, 2003). At the time, the primary function of TIF was to promote redevelopment and to provide affordable housing (Kerth & Baxandall, 2011). However, it has been noted that TIF was also used to avoid the requirements that some states acquire direct voter approval for the ability to issue long-term public debt (Lefcoe & Swenson, 2014). TIF's spread across the United States was initially slow, having been adopted in only 8 states by 1970.

During the 1970's and 1980's, TIF use expanded dramatically, as states both adopted the scheme, and loosened regulations. This deregulation led to widespread adoption of TIF as a stimulus tool in many different jurisdictions, to achieve many different goals. For example, in 1985, Illinois loosened regulations and the number of TIF zones across the state quadrupled the following year (U.S. PIRG Education, 2011). The implementation of TIF was now extending far beyond redevelopment. In some cases, this led to diminishing public support, and the perception that the tool was employed to serve private interests at taxpayers' expense.

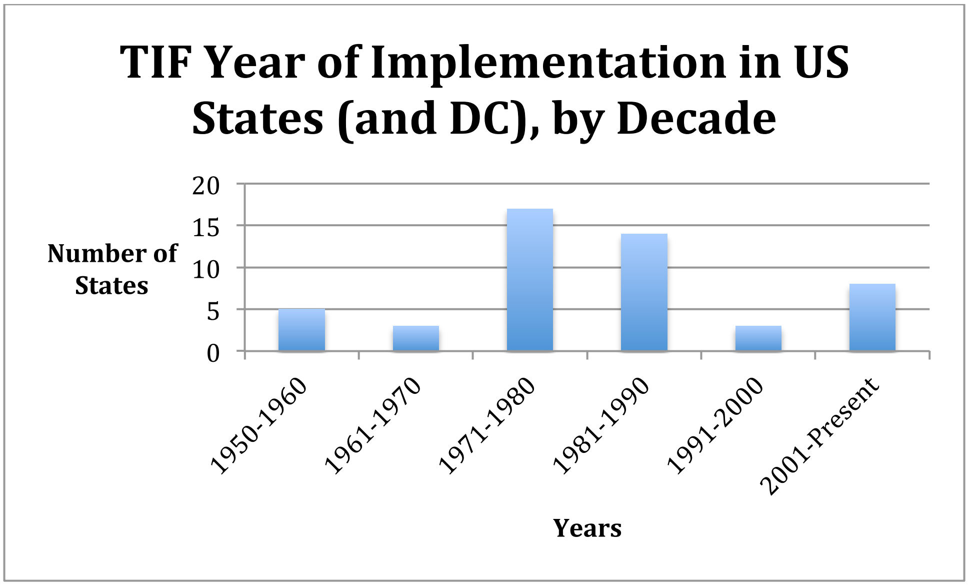

Figure 2. Source – U.S PIRG Education Fund, 2011.

1.5 Where has TIF been used?

As of 2016, TIF legislation exists in every state except Arizona. The degree to which TIF is used in each jurisdiction flows directly from the regulations imposed on the scheme. Further, the outcomes, financial implications and market impacts of the scheme are directly linked to the manner in which it is employed. California, for example, has recently drafted new regulation restricting the use of TIF, due to the long term financial volatility it was imposing on the state.

Having implemented a TIF in 2007, Calgary has the most experience with TIF in Canada.

1.6 Canada's Experience with TIF

In Canada, TIF is currently utilized in Calgary, Edmonton and Winnipeg, and in some smaller jurisdictions. Calgary became the first municipality in Canada to implement a TIF scheme in 2007, known in Alberta as a Community Revitalization Levy (CRL). Since then, TIF schemes have been implemented in Edmonton and Winnipeg.

In Ontario, TIF has been discussed as early as 2003. The City of Toronto proposed the implementation of a TIF scheme to encourage development as part of the *Etobicoke Centre Secondary Plan* (Toronto, 2003). More recently, studies evaluating the viability of a TIF in the East Bayfront have been discussed (Slack & Amborski, 2007). In 2015, Toronto Mayor John Tory announced plans to utilize TIF to fund portions of the proposed Smart Track rapid transit line (Found, 2016).

In 2006, the Government of Ontario passed legislation permitting the use of TIF, however no specific regulations guiding the implementation of the scheme have been developed. Since legislation was passed no municipality in Ontario has pursued the scheme.

2.0 Methodology

The goal of this project is to create guidelines to inform policymakers as to how to most effectively implement a TIF scheme, based heavily on Calgary's experience with TIF. To do this the report takes three different approaches: an academic literature review, a general policy review, and a case based approach. These three perspectives will lead to recommendations that guide how the City of Toronto should implement a TIF scheme.

The literature review will address the historical origins of TIF, as well as the theoretical and practical experiences different jurisdictions have had with the scheme. Academic literature will help position TIF within a broader set of municipal financial tools, and highlight some of the common strengths and weaknesses of the scheme. This review will further consider experiences in American jurisdictions, and how to mitigate risk and maximize potential successes based on those experiences. Discussion of American cases will describe the potential outcomes of a TIF, and supplement the theoretical applications with outcomes from actual implementation.

The general policy review portion of the analysis will focus on a comparison between Ontario and Alberta's legislation pertaining to TIF. Supported by the literature review, this will help reveal some of the differences between the two approaches, and lead to analysis and identification of some of the implications of these differences.

Finally, a direct case study of the City of Calgary's experience with TIF will be discussed. This case study will provide insight into the functioning of a TIF in a Canadian context.

Calgary was chosen as the primary case study for this report for several reasons. To date, Calgary is the largest jurisdiction in Canada to have implemented a TIF, and was the first Canadian city to use it. Similar to Toronto, Calgary has recently seen significant growth in existing built up areas, (Taylor, Burchfield & Kramer, 2014; Andrew, 2015). Further, the downtowns of both cities contain a substantial proportion of jobs and a healthy office sector. In Calgary, 36.5% of all employment is concentrated downtown (Calgary, 2013), whereas in Toronto this number is 34.9% (Toronto, 2014). Finally, Calgary, like Toronto, has strong planning frameworks to guide future development. Calgary's *Municipal Development Plan* and the *Calgary Transportation Plan* guide intensification and align growth at areas with transportation infrastructure, similar to Toronto's *Mid-Rise and Avenue Study* and *Official Plan*. Property taxes in each municipality are relatively low (Altus Group, 2013), and each municipality is responding to significant pressures in infrastructure provision and maintaining service levels.

Although the TIF experience is well documented in the United States, there exists essentially no literature discussing how TIF functions in a Canadian context. Differences in property tax collections, education taxes and municipal-state relationships mark notable differences between the two contexts. The impacts of these, as well as differences in urban morphology make it important to understand how TIF functions in a Canadian context.

There are some limitations related to the chosen design of the study. Despite being the oldest TIF in Canada, Calgary's experience is still unfolding. Therefore, an analysis at this date will capture the experience for essentially the first half of the execution of the levy, however it may be premature to conclusively evaluate the success of the CRL experiment in Calgary. Further, the study is occurring as Calgary deals with the most significant economic volatility in the last 30 years. This period marks an important test for the CRL, however the full impacts cannot be documented until after the study period.

3.0 Academic Context

3.1 What has TIF achieved?

Literature pertaining to the TIF experience is diverse. There is no academic consensus as to the effectiveness of a TIF policy or the outcomes that TIFs produce (Youngman, 2011). Uniformly, however, it has been noted that TIF has become a central component of American urban development policy, many suggesting that it is becoming the primary development tool (Goshorn, 1999; Briffault, 2010).

Because tax increment financing has been used in a range of contexts and for a number of purposes, it is difficult to ascertain the overall effectiveness of the tool. Obviously, using a TIF to revitalize a blighted industrial area will have very different impacts than a TIF on a greenfield development. Proponents suggest that TIF is a flexible and responsive policy, which functions as a self financed system (Briffault, 2010). It has been observed that TIF is a valuable tool to reduce risk on highly volatile projects, pursue mega projects, or mitigate site-specific impediments to encourage development (Weber & Goddeeris, 2007). The Canadian Home Builders Association has noted that an effectively designed TIF program can produce a win-win outcome for the municipality and for property owners (2005). In theory, TIF is a model worthy of consideration.

Case based academic research on the impacts of TIF can generally be divided into three different categories: impact on property values and economic considerations, municipal fiscal impact, and social impacts. The following literature review will identify findings in each of the three categories. Broadly, it has been noted that when used properly, a TIF scheme can strengthen communities and secure growth. However, when abused, TIF wastes taxpayer resources, or channels public money to private interests (Kerth & Baxandall, 2011).

3.2 Impacts on Property Values and Economic Considerations

A central component of tax increment financing is the extent to which property tax revenue increases as a result of public investment. Indeed, the absence of increased property value and subsequent tax revenue would result in the failure of a TIF. Additionally, the speed and degree to which private investment follows the creation of a TIF district is important in understanding how to effectively plan an implementation strategy for a TIF.

Greenbaum and Landers (2014) conducted a broad review of literature related to tax increment financing. They suggest that a majority of academic studies find evidence of some positive association between TIF districts and growth in property values. Smith's (2009) Chicago analysis supports this notion, concluding that there is a positive relationship between TIF designation and the rate of increase in prices and housing market activity.

Byrne (2006) extends this line of thought, arguing that there is a relationship between the degree to which an area is blighted and subsequent property value growth, essentially arguing that the more blighted an area's initial condition is, the higher the value increase potential is. Similarly, Weber, Bhatta and Merriman (2007) find that being in close proximity to a mixed use TIF zone has positive spillover effects on surrounding properties. These findings have important implications not only on where a TIF can most effectively generate revenue, but also on the potential social consequences, both within the TIF boundary, and in surrounding areas.

Alternatively, others suggest that there is no academic consensus about the effect of TIF on property value growth (Youngman, 2011). Briffault (2010) adopts a more nuanced view, stating that generally TIF does increase property values, but that there are counterexamples. Dye, Merriman and Gould (2014) looked at how TIF fared through the 2008 recession, and found that the slowdown did have a negative impact, but that the impact was not experienced equally, and that it flowed from how the TIF was used in specific jurisdictions.

3.3 Municipal Impacts

Briffault (2010) has suggested that TIF is employed as a 'closed loop' system that can achieve municipal goals without impacting municipal budgets. By diverting anticipated increases in property tax, it is argued that a jurisdiction has not hindered its' immediate ability to provide services to citizens. TIF should be utilized in such a manner that the impact on municipal planning, finances and operations is negligible.

However, there are situations where a TIF can have adverse impacts on municipal functions. Youngman (2011) suggests that a poorly managed TIF jurisdiction where projected revenues are not realized will impact a municipality's budget and ability to provide services. Furthermore, Merriman argues that TIF is 'strongly likely' to increase the long-term volatility of municipal revenues (2010). Although the short-term impacts may not be significant, if TIF is used widely in a jurisdiction, it can effectively tie up a municipality's future tax revenue.

Alternatively, Lefcoe argues that TIF is a preferred way for municipalities to finance capital improvements as a means to attract private investment (2011). It can be justified as a tool that directs local tax revenue to projects that benefit that local site. In this light, it can avoid many of the political issues associated with municipal public spending. TIF is often advanced as a way to leverage anticipated revenues, and can be utilized to avoid increasing property taxes (URS, 2004; Briffault, 2010) Sands and Reese (2007) suggest that a TIF can be a political strategy to avoid political implications related to spending decisions.

Sands and Reese (2007) further argue that TIFs can produce increased burdens on taxpayers outside the district, and that research has demonstrated the importance of understanding TIF at a local level to figure out potential impacts. Mason and Thomas (2010) conducted research in Missouri that finds that being adjacent to a municipality that has a TIF in place increases the likelihood that a neighbouring municipality will approve a TIF. This holds interesting insight into on how utilizing a TIF may impact decision making in jurisdictions surrounding the municipality. It further highlights the potentially competitive nature of TIF implementation across jurisdictions.

3.4 Social Impacts

Finally, the social impacts associated with a TIF should be considered. The findings hold important impact on municipalities and their citizens, particularly those living in communities before a TIF is designated. Many of the potential social consequences of a TIF scheme flow directly from the economic impacts. However, there are direct social concerns that should be explored.

As a potential agent of redevelopment, TIF could hold social implications similar to those of gentrification, which include displacement, a process of 'reverse filtering' which impacts housing affordability, and the creation of homogenous communities (Merriman, 2010; Smith, 1996; Walks & Maaranen, 2008). Alternatively, a TIF scheme offers a municipality potential control over the redevelopment of an area. Furthermore, the municipality has the ability to select where a TIF zone should be designated, and the nature of investments to be made. Indeed, a municipality could require affordable housing, transit and mixed-use communities as a component of a redevelopment scheme.

Weber and Goddeeris (2007) have argued that TIF policy can cause displacement and induce a process of gentrification, as well as disrupt an area's real estate market. They view TIF as a negative change agent whose social impact needs to be controlled. Yet, some states have implemented strategies to address negative implications. At times, California has mandated that 20% of residential property produced as a result of a TIF be devoted to affordable housing. Illinois has allowed tax revenue from a TIF to be devoted to job training for local residents in the area (Weber, 2003). Such strategies can mitigate potential consequences of redevelopment schemes.

In this light, it has been suggested that in certain contexts, TIF may not be viable from a financial perspective. However, if the potential social benefits of a TIF project are considered, the overall value of the project may be significant enough to the extent that the project is worth pursuing (Greenbaum & Landers, 2014). This view has particularly been advanced in terms of transit. It has been argued that TIF could be used to fund new transit initiatives, with positive social impact as the primary benefit (McIntosh, Trubka, & Newman, 2015).

Much of the social critique of tax increment financing has been documented in the impact it has on schools. Farmer and Poulos (2015) argue that one outcome of Chicago's use of TIF has created the opportunity to establish well funded, exclusive public schools and lower quality open enrollment schools. Quiroz and Lindsay (2015) extend this argument, suggesting that TIF has been used as a redevelopment tool in tandem with educational policy to promote increasingly affluent student concentrations in public schools, often at the expense of minority groups. Further, the placement of these well-funded schools are found to be in high income neighbourhoods, further polarizing low income residents (Ingram & Hong, 2009).

4.0 Local Factors that may influence a TIF

It is important to identify and discuss how local economic and regulatory conditions can influence TIF outcomes. Particularly, understanding how developers, policymakers and residents may interact with several components of a TIF is important. The purpose of this section is to identify several critical components of a tax increment financing scheme, and discuss how these may interact with local conditions. With this awareness, the implications of these factors can be mitigated through the design of a TIF regulation. The components are identified as follows (Schwartz, 2015):

1. Local economic environment
2. The 'but-for' test
3. Test of blight
4. Local political environment
5. Availability of other financial development tools

4.1 Economic Environment

An understanding of the strength of the local development market must be developed. The economic strength of a local market effectively underscores the viability and desirability of tax increment financing as a policy tool. As one of few government policies that localities can implement to raise revenue by increasing the value of property taxes (Briffault, 2010), TIF's success is built on the assumption that a public investment will result in property value appreciation. Therefore, an understanding of local, regional and national economic trends must be developed.

Within a local context, the strength of the market can dictate the leverage and positioning a municipality may have when considering a TIF policy. If the real estate market is characterized by significant development activity and increasing prices, it is important that a municipality seriously consider what districts and neighbourhoods will naturally attract private investment, regardless of public activity. Traditionally, TIF has been used to incentivize development in blighted, or underutilized areas (MFOA, 2006). However, Weber & Goddeeris (2007) argue that TIF can be used in a strong market as a tool to control and influence development in a given district. TIF's utility can extend beyond blighted areas, and it can be used to provide affordable housing, increase density, or acquire green space.

In such an economic environment, utilizing TIF to encourage investment in brownfield sites or blighted areas may be considered. Additionally, TIF could be used to shift development patterns onto particular corridors, nodes or neighbourhoods, or to leverage investments in new infrastructure, particularly transit.

Alternatively, if a municipality is characterized by declining market activity and stagnant prices, implementation of TIF may take a different form. Using it as a simple economic tool may be explored as a means to attract employment, certain uses, or industries. However, in this situation it is important to consider whether TIF is simply shifting employment patterns around within a municipality, or actually attracting new development (Skidmore & Kashian, 2010). Further, analyzing the impact a TIF may have on property values in a depressed market is fundamental. If the TIF does not increase property tax revenue, it will not be financially sustainable, and could produce a net cost to the municipality and subsequently its residents.

The decision to use tax increment financing cannot be divorced from the local economic environment. In fact, TIF critically relies on market dynamics as a means to leverage public benefits.

4.2 The 'But-For' Test

The 'but-for' test considers if, in the absence of public intervention, private sector investment would have occurred in an area designated as a TIF district. It is a theoretical exercise, and must be justified on development pressure, economic analysis and natural expansion. In 2003, only 14 American states applied a formal 'but-for' test (Gibson, 2003). However, implicitly, this test is the underlying justification for a tax increment financing scheme.

Quantifying the 'but-for' case can be challenging, and dependent upon a municipality's goals. In some cases, a municipality may apply the test rigidly, and require a significant quantitative rationale showing that private investment would not follow in the absence of a public capital outlay. Others apply a strong qualitative justification. For example, Calgary's East Village has been subject to two redevelopment plans, in 1979 and 1990, which offered some funding for redevelopment. Further, two Area Structure Plans were passed in 1994 and 2001, articulating a broader vision for the area (Calgary, 2010). However, no development followed. Therefore, a strong 'but-for' case had been naturally developed, over a long time period.

Alternatively, as a largely subjective test, the 'but-for' test can essentially be avoided in applying for a TIF district (Youngman 2011; Briffault, 2010). To the extent that some rationale can be developed, it is challenging to refute the test for causality. Indeed, Wisconsin applies a 'but-for' test, which has the potential to be abused because of the subjective nature of the concept, and the challenges associated with evaluating whether proposed projects are conditioned on the implementation of a TIF or not (Kashian, et. al, 2007; Skidmore & Kashian, 2010).

In some jurisdictions TIF has evolved and expanded beyond addressing a 'but-for' test to a general development tool (Briffault, 2010). It has been suggested that TIF can effectively guide development in areas that are already experiencing growth (Byrne, 2006). For example, TIF has been so widespread that approximately one third of Chicago's property tax base is in a TIF zone (Smith, 2009).

It is critical that a municipality considers the 'but-for' case, and the role it would play in a TIF district. As the justification for tax increment financing, the 'but-for' test is a central component of the decision to implement a TIF (Sands et. al, 2007). Obviously, there are vast differences in the extent to which the test is applied, depending on the goals and anticipated outcomes of each locality. To prevent abuse of TIF and ensure that it is used effectively, it is important that policymakers consider the role of a 'but-for' test, in achieving the desired outcome.

4.3 Test of Blight

Another central component to be considered in the application of a TIF policy is a test for blight. Similar to the 'but-for' test, the definition of blight is often unclear and subject to manipulation, either by a municipality or by a private proponent. Nonetheless, addressing if and how TIF will interact with blight is a central component to a jurisdiction's decision to implement a TIF. According to Gibson (2003), in 2003 34 states had a test of 'blight' as a requirement for designating a TIF district. However, defining blight is an elusive concept (Sands, 2007). The way that a municipality seeks to define or enforce a test for blight holds significant implications on the role a TIF may be expected to serve in a jurisdiction.

The City of Portland applies the test as a district meeting one or more of the following conditions (Oregon, 2013):

1. Unsafe structures
2. Disuse of property resulting from faulty planning
3. Inadequate size or dimension for property usefulness and development
4. Lot layout that disregards physical characteristics of the terrain
5. Inadequate streets and other right of ways, open spaces and utilities
6. Property or lots that are subject to inundation by water
7. Prevalence of depreciated values
8. Lack of proper utilization of areas
9. Loss of population to the area

Clearly, there are many ways in which blight can be defined, construed and addressed through this statute. It has been noted that the original intent of TIF was as a tool to eliminate blight, but that it is now more broadly applied (Novak, 1999). The blight test can be utilized or manipulated to adopt subjective understandings of blight. Further, with such a wide range of definitions, there are many different ways to argue that an area is 'blighted' to attract funding. TIF in Missouri was originally intended to redevelop blighted areas, however a broadly worded blight test allows for manipulation by both public officials and private developers (Goshorn, 1999). Missouri historically defined blight in very broad terms, discussing the test as one where the provision of housing is limited due to defective street layouts, unsafe conditions and conditions that endanger life or property, amongst other tests. The definition is subjective, and does not contain any quantitative metrics against which an evaluation can be conducted. Therefore, in municipalities competing for investment, this test can be loosely defined, to attract as much investment as possible. Through this flexibility, TIF becomes a general economic investment tool, used to control, influence or simply attract certain uses. For example, a study found that 45% of Wisconsin's TIF districts were used to develop open space and farmland, instead of as a tool to address blight (LeRoy, 2008).

Alternatively, municipalities can apply a strict test for blight. Requiring quantitative tests ensures that TIF is only utilized as a tool to remove blight. Requiring a potential designation area to meet threshold tests pertaining to vacant sites, percentage of residents in poverty, or unemployment rates are metrics that could be utilized to ensure a consistent application of TIF, and that the program is used as a target for blight exclusively. Further, state or provincial caps on the percentage of municipal debt or expenditures that can be devoted to TIF financing could be used to limit the scope of TIF.

Therefore, identifying and understanding the role a TIF may be expected to take in a given context is a critical component of assessing TIF's viability. The decision as to if a blight test should be applied or not, as well as the degree to which it should be tested, has significant implications on how the tool operates. Therefore, in evaluating the viability of a TIF for a given jurisdiction, the goal of the TIF project is crucial. TIF is frequently used for redevelopment of areas that are blighted. However, as seen, the test for blight has been reduced to achieve different goals. If the removal of blight is not the goal of the TIF, a test for blight is irrelevant. Alternatively, if the municipal entity is seeking an initiative that addresses urban blight, a stronger test should be considered.

4.4 Local Political Environment

In many places, tax increment financing has been increasingly relied on for political reasons. It has been suggested that the diversion of future property tax revenue to current projects has been employed by municipal councils to avoid increases in property taxes (URS, 2004; Weber & Goddeeris, 2007). Or, in many American jurisdictions, it has been used in response to state initiated freezes on property tax increases. It must be noted that there are structural long-term implications of avoiding increases in property tax bills. TIF can function as a tool to mitigate such issues, bearing in mind that it cannot resolve structural revenue inefficiencies.

Additionally, TIF has been advanced as a tool that "offers local officials flexibility and autonomy in planning and decision-making and removes contested revenue allocation decisions from the frission of every-day budgetary politics" (Weber & Goddeeris, 2007, p. 2). Tax increment financing has therefore been utilized as a tool that supersedes the budgetary process. It can provide another opportunity to pursue a project in a way that does not immediately impact the operating or capital budgets. Sands, et al. (2007) suggest that the popularity of TIF lies in the presumed benefits, as municipalities do not have to pay for development with increased taxes or diverting other revenue.

A TIF program could be effectively employed in some contexts to ensure that local property tax money is utilized to meet local needs. Yet, it is equally important to balance those needs within a broader structure. In municipalities with certain political constraints related to infrastructure spending, or revenue generation, TIF could be a tool to achieve positive outcomes at a very local level.

4.5 Availability of Other Financial Development Tools

To assess the viability of a TIF scheme, it is first important to understand other tools available to a jurisdiction, and the appropriate time to utilize them. Municipalities hold a plethora of tools that can achieve a range of outcomes. The purpose of this criterion is not to provide an evaluation of all available tools and their potential impacts, but to identify some that have the capacity to produce similar levels of change. To illustrate some of the options, several cases will be discussed.

In recent years, several large-scale redevelopment projects have occurred in Toronto. These have been initiated through both municipal and higher order initiatives. This section attempts to document some of these initiatives, and identify some of the characteristics of each case that resulted in each tool being utilized.

In conjunction with the Government of Ontario and Government of Canada, the City of Toronto entered into a tripartite agreement to establish Waterfront Toronto, a special purpose vehicle to revitalize Toronto's Waterfront. Each party contributed $500 million to Waterfront Toronto, resembling a substantial capital investment. In 2000, it was estimated that the revitalization project would require a public investment of $5.2 billion (Toronto, 2000). With such significant capital requirements, utilizing a TIF may prove risky, in addition to potentially violating the Ontario Government's *Tax Increment Financing Act*, which stipulates that a maximum of 1% of municipal revenues can be generated through TIF. If the expected returns don't materialize over the long term, the municipality would have to devote substantial revenue to offset the cost of the program. This particular model more effectively leverages revenue from all three levels of government. It may be effective in schemes where different levels of government own land, and where the capital commitment is beyond the capacity of a municipality to deliver.

The redevelopment of Regent Park is occurring as a public private partnership between the City of Toronto, Toronto Community Housing Corporation (TCHC) and Daniels Corporation. The goal of the project is the revitalization of the Regent Park community, while maintaining the number of affordable housing units in the area. On completion, Regent Park will contain 5,400 market rate units, and 2,083 rent geared to income affordable units (TCHC, n.d.). With the primary stakeholder being TCHC, the expected outcome contains a strong focus on affordable housing units. As TIF derives revenue from increased property taxes, and TCHC has been exempted from paying property taxes on more than half of its buildings (Standard & Poors, 2014), revenues from a TIF model may not have been significant enough to fund the redevelopment. Further, as the City of Toronto is not a development partner in the project, decisions pertaining to development, and the ownership of land, are being made primarily by TCHC. TIF can be used as a tool to influence development and encourage the provision of affordable housing. However, to function, a TIF must have stable and growing revenue through household property taxes, and a more central role in the development process.

The Government of Ontario constructed the West Don Lands Athlete's Village for the Pan Am games. Primarily owned by the Government of Ontario, the area had previously attracted no private attention because it sat in a floodplain. It was intended to be a pilot project for tax increment financing. However, because Toronto won the Pan Am games, construction was advanced fifteen years, requiring a more direct intervention strategy.

Each of these cases provides insight into why different schemes were chosen. However, each schema offers an understanding as to how other tools are presently used, and how a TIF district could be effectively utilized in Toronto. Therefore, it is important to note that TIF is not a holistic solution, and must be understood as one of many options. However, understanding when and how it can be utilized effectively ensures that when it is used, it is done so in a way that is responsible and an effective public policy.

4.6 The Need for Local Evaluation

Clearly, the outcomes of tax increment financing are diverse, and dependent on multiple variables. Most importantly, the TIF experience flows directly from the regulatory controls placed on it, as well as the economic and political environments in which it is implemented. Indeed, research in Texas has suggested a relationship between stronger management strategies and the performance of TIF districts (Bartells & Hall, 2011). Therefore, it is important to build an understanding of policies and regulations that respond to local conditions.

In this light, discussions surrounding the implementation of a TIF in Toronto must respond to local conditions. Further, understanding the relationship between the Provincial and municipal government is a critical component to developing recommendations for an effective implementation of TIF. Therefore, an analysis and discussion of Calgary's experience with tax increment financing can inform the process in Toronto.

5.0 Provincial Legislative Summary

5.1 Ontario

In 2006, the Government of Ontario passed the *Tax Increment Financing Act* (Appendix I). The Act provides the legislative framework that informs TIF implementation in Ontario municipalities. However, within this legislation, no localized regulations have been developed. No jurisdiction has developed regulations as to how TIFs are calculated and operationally executed within a local boundary. There are several notable elements of the Act, which significantly impact how a TIF could be implemented in Ontario.

Section 1 of the Act identifies the following as eligible projects for TIF:

- Construction of municipal infrastructure or facilities to assist in:
    - The redevelopment or intensification of previously developed areas
    - Development of an urban growth centre defined in the *Places to Grow Act*
- Environmental remediation of land in a previously developed area
- Construction of a municipal public transit facility

Yet, Section 2(3) provides an exception, noting that a project that does not fulfill one of the aforementioned criteria can be approved if it is believed that the project will provide a significant public benefit and may not occur in the absence of a tax increment financing scheme.

The limitations identified in Section 1 effectively contain the potential for abuse. However, by providing an exception for projects deemed to be in the public interest, the legislation has the potential to be abused. In many other jurisdictions, the notion of a project being in the public interest has led to the funding of projects like sports arenas and large format retail nodes on greenfield sites. For example, in Wisconsin, a TIF was approved to support developing a Wal-Mart retail outlet on a suburban greenfield site (LeRoy, 2008). Although in some situations specially approved projects may produce public benefit, there is question as to whether it is maximizing value for taxpayer dollars. Therefore the exception provided in Section 2(3) is open-ended and could cause TIF to be poorly implemented.

Section 2(1) notes that a proponent can apply to receive funding for, "a proposed project from the Crown in right of the education tax increments that are expected to occur." This suggests that when a TIF district is delineated, the incremental increase in property values devoted to education boards does not automatically revert to the agency funding the project. Municipalities are eligible to apply for that funding from the Provincial government, however that revenue is not given as of right.

Uncertainty about the education increment represents a significant financial risk that may be one of the reasons that TIF has not been implemented in Ontario. Some municipalities employ TIF as a means of diverting education revenue to infrastructure projects, revenue that is normally given to education boards. This revenue source is normally not accessible to municipalities. This strategy can create tension between the municipality and school board. Further, the Provincial government may be reluctant to provide extra funding for the education portion of the TIF. By not fully committing to funding the education increment at the outset, the Province has introduced risk. Indeed, given an uncertain revenue stream, it is challenging for the municipality to propose a financial plan with a significant degree of confidence.

Section 2(2) of the Act notes that a feasibility study is required as a condition of approval of a TIF district. Two sections of the feasibility study are particularly notable:

- Identification of the proposed increase in tax revenue that is expected to occur as a result of the designation of a TIF district

- An analysis of the nature and timing of any new development that can be reasonably expected to occur in the TIF district without it being designated

First, the separation of the incremental revenue associated with the TIF investment is challenging. An increase in property values can be due to general inflationary pressures, or an increase in market-wide demand for land or a certain property class. Alternatively, it can be challenging to prove that a project was advanced due to TIF investment, or if it was as a result of general market activity. Because of this, municipalities can exaggerate the financial outcomes associated with a TIF. Although there is no identified best practice or solution, it is important to be aware of the implications on municipal finances, and the decision to implement a TIF strategy. Controlling for inflationary value increase and recognizing general market demand helps to distinguish the impact of a TIF from general market activity.

Similarly, analyzing the nature and timing of new development expected to occur without a TIF designation flows directly from the challenge of predicting private market activity. Such an estimate is dependent on the interaction of various factors, including social, economic, cultural and spatial. Further, some of this information is privately held. Therein estimates of this nature must be understood within the inherent uncertainties of urban development, land economics and social trends.

Section 2(3) of the Act further states that municipalities are limited in the scale of implementation of a TIF district, to the extent that the total area designated within a single municipality does not exceed 1% of overall municipal tax revenues.
This is an effective measure to limit the scope of TIF implementation across a jurisdiction. As previously noted, widespread use of TIF has the potential to significantly impact the long-term stability of a municipality's finances. Further, experiences with TIF in the United States shows that in some situations, the use of TIF can create situations whereby private proponents may be reluctant to invest in a project unless the municipality provides infrastructure and other upgrades through

a TIF. The presence of TIF can create an additional competitive layer to development. By limiting the scope of a TIF use from the outset, the potential for abuse and subsequent financial instability has been reduced.

Section 4(2) says that a municipality can grant assistance to a manufacturing business or other industrial or commercial enterprise if:

a) It is for a project that is the environmental remediation of land,
b) It is authorized by the terms of a funding agreement,
c) It is authorized by the regulations.

This clause offers a municipality significant opportunity to invest in strategic sectors, preserve existing industries, or establish and foster employment clusters with potential conglomeration benefits. However, it is imperative that municipalities consider the industry carefully, and that it is in a sector that advances the public interest and improves municipal financial standing. A regulatory process must be implemented that is transparent and accountable, to ensure that the funds are not simply used as subsidies to private developments.

Ontario's *Tax Increment Financing Act* provides significant flexibility to municipalities to utilize a TIF scheme in a manner responsive to local needs. Discretion associated with the goals it is to achieve, the situations in which it can be used, and the industries that it can support all offer a balance between municipal responsibility and Provincial control.

Under the existing legislation, there is the potential that a local council may implement a TIF in an inefficient manner. However, by limiting the extent to which municipalities may rely on TIF, the Provincial government has effectively limited the downside risk associated with the scheme. This places responsibility on municipalities to utilize it effectively, as a failure of the scheme is not significant enough to the extent that it will undermine a city's finances. It will, however, have an impact on services offered, or force a jurisdiction to raise revenue to offset any failure in a TIF scheme.

It is important to emphasize that there currently exists no regulation guiding the implementation of TIF in Ontario (Found, 2016). In the absence of specific regulation, it is difficult for municipalities to plan and strategize how to implement a TIF program. Within the existing framework, it is advisable that municipalities develop guidelines as to how a TIF may be utilized in a local context. However, specific policies and applications aren't currently realistic until Provincial actions have been taken.

5.2 Alberta

In 2005, the Alberta Government amended the *Municipal Government Act,* adding Division 4.1, entitled *Community Revitalization Levy* (Appendix II)*.* This amendment outlines the legislative context under which a CRL may be advanced in the Province. In doing so, Alberta became the first Province in Canada to enable a tax increment financing scheme. Although called a community revitalization levy, for the purposes of this analysis, the terms CRL and TIF will be used interchangeably. The following identifies some of the important components of the Act, followed by a brief discussion of the implications of the policy.

There are two components to CRL regulation in Alberta, the legislation and the regulation. The legislation in place under the *Municipal Government Act* is permissive, and has minimal requirements. Alternatively, the regulations that municipalities are required to address are quite detailed. Therefore, Alberta's legislation is open-ended to the extent that it offers a considerable amount of opportunity to municipalities to request a CRL that is responsive to the needs of that municipality. Within that flexibility, it requires a well considered business case and development plan to be presented in order to receive full approval. The following will highlight some of the important features of each component.

Municipal Government Act

The document notes that any municipal council can pass a community revitalization levy bylaw, however that bylaw has no effect unless the Lieutenant Governor approves it. Further, there are certain powers granted to the Province that give it control in the final implementation of the CRL, namely that it can request identification of the uses, expected revenues and purpose of the levy.

Section 381.2(1) gives every council in the province the authority to pass a CRL bylaw, however (3) gives that bylaw no authority unless it is approved by the Lieutenant Governor, in whole or in part. Effectively, a municipality can engage in a CRL process prior to receiving approval. This can be done as a test to evaluate the political viability of a CRL or receive community feedback prior to applying for Provincial approval. However, it effectively concentrates all control for CRL legislation in Provincial hands. It does not provide municipalities with any reassurance that engaging in a CRL implementation process will lead to Provincial approval. It does grant municipalities substantial flexibility in designing a scheme that effectively responds to the local condition. Yet with minimal detail, it does not provide guidance to municipalities to develop a regulatory framework amenable to the Province.

Clause 381.5(1) grants the Lieutenant Governor far reaching powers in determining the applicability of a levy and how it is applied, but doesn't outline any specific measures. Thus, there is again uncertainty for a municipality considering the implementation of a CRL. Further, it doesn't identify any enforcement to limit the scope of a TIF

Regulatory Requirements

Despite the open-ended legislative context, the Alberta Government has additional regulations required prior to the approval of a council's CRL bylaw. The following points are taken from the City of Calgary's *Rivers District Community Revitalization Levy Regulation*, however a jurisdictional scan suggests that these appear to be consistently applied across all CRLs in Alberta.

Before passing a CRL bylaw, the municipal council is required to addresses several elements. A full list of these is found in Appendix III, however several are highlighted:

- The need for the plan, including substantiation that redevelopment will not progress significantly in its absence
- Costs associated with the plan
- Revenues associated with the plan
- Proposed phasing of development
- Expected role of the private sector

The regulatory requirements force municipalities to create strong cases and plans for their redevelopment. The regulations help ensure that a CRL is implemented in a planned and well-considered manner, and accompanied by a planning process that facilitates redevelopment.

Alberta's legislative context is fairly open ended, and leaves municipalities with no 'as of right' ability to implement a CRL scheme, or certainty related to funding. However, it allows municipalities significant discretion in applying for the ability to implement a CRL. Effectively, there are no constraints guiding how a TIF can be implemented. This creates the potential for abuse. With no Provincial direction limiting the scope or scale through which CRLs can be used in Alberta municipalities, it is possible that their use becomes widespread and for a range of purposes.

5.3 Policy Comparison

Compared to Ontario's legislation, there are minimal limitations, enforceable provisions, or guidelines for use in Alberta. As such, TIF in Alberta has been used for a diversity of means. However, the long-term implications are unclear. The Ontario regulation contains far more explicit and significant controls. Steps have been undertaken to identify priority sites for redevelopment in Ontario, by ensuring that TIF is utilized in brownfield developments, growth centres or to fund transit. However, there is an element of discretion, allowing the government to approve a plan deemed to be in the 'public interest.'

In Alberta, there are fewer restrictions on where or how a TIF can be used. Section 2(b) requires a 'but-for' test, noting, "A community revitalization plan must address… the need for the plan, including substantiation that redevelopment will not progress significantly in its absence." Similar to Ontario, this restriction does not include quantitative metrics, and the case is considered through qualitative analysis. It is worth noting however, that there is no best practice, or even commonly identified way to quantify the 'but-for' question. As the only real restriction on where and how a TIF can be applied, this has allowed for the program to be used in diverse contexts, including the development of an arena district, brownfield remediation and to facilitate TOD investment. Whether or not these investments prove financially prudent remains to be seen, however, their application is wholly from municipal discretion.

6.0 Community Revitalization Levies in Practice

Initially, Calgary was the only municipality in Alberta to apply for a CRL, as a tool to be implemented in the city's East Village district. However, since then, CRLs have been applied for in several other contexts. In addition to Calgary, the Alberta government has approved regulation for a CRL in Cochrane, and three in Edmonton. Each is used in a different way, and to achieve a different outcome. The purpose of the following section is to briefly highlight the ways in which they are used.

CRL City and Name	Year of Provincial Approval	Size
Calgary – Rivers District	2007	113ha
Cochrane	2012	23ha
Edmonton – Belvedere	2010	131ha
Edmonton – The Quarters	2010	92ha
Edmonton – Capital City	2013	135ha

Table 1. CRL use in Alberta.

6.1 Edmonton – Belvedere

The Belvedere CRL in Edmonton is focused on the redevelopment of lands adjacent to an LRT station. These lands were historically industrial in nature, whose use declined in the 1990's. Now, the intention is to redevelop these lands into a mixed use, transit-oriented area. The city estimates that the overall cost of capital investment will be approximately $35 million, and will include investments in public infrastructure, and purchasing and repurposing vacant industrial buildings. Finally, 20% of the units in the area are earmarked for affordable housing.

6.2 Edmonton – The Quarters

The Quarters CRL is intended to revitalize an underutilized portion of the eastern part of Edmonton's downtown. It is expected that the redevelopment of the area will accommodate upwards of 20,000 residents, almost ten times the original population. The city has identified five different districts for the revitalization, including a civic and heritage district. In addition to the public investment, the city of Edmonton is offering financial incentives. Some of these include the fast tracking of approvals on private development projects in the area, giving increased discretion to development approvals officers and implementing an incentive-based zoning system that promotes good design, high density and mixed use.

6.3 Edmonton – Capital City

The Capital City CRL was the first CRL to be utilized in Edmonton. It is comprised of approximately half of downtown Edmonton. Of the 135ha of land, 32% is vacant, and approximately 20% is underdeveloped. Like the Quarters CRL, this area has seen very limited private investment, and the city believes that public infrastructure investment is necessary to create an environment conducive to private spending. To date, the city has invested $56 million on the project. Notably, one of the primary investments associated with this CRL is the construction of Rogers Place, the new Edmonton Oilers arena.

6.4 Cochrane

The Cochrane Downtown CRL is the first levy to be implemented in a smaller municipality in Alberta. It provides $13 million in capital improvements in downtown Cochrane, primarily around the remediation of a brownfield site, and the area surrounding it. One of the primary reasons the CRL is being used is so that the municipality can capture the education portion of the property tax bill, and redirect it to the remediation. Further, the municipality is acting very conservatively in its handling of the CRL, as it will not raise its debt limit, and unlike many CRL projects, the city will only provide debt financing at the initial stage of the project. In 2013, in recognition of the success of the CRL, the town received an award for Excellence in Government Finance from the Government Finance Officers Association (GFOA) of Canada and the United States.

6.5 Calgary

In 2007 the City of Calgary approved the *Rivers District Area Redevelopment Plan*. The plan identified a revitalization strategy for the East Village district of downtown Calgary. To achieve this, the City of Calgary received approval to impose a CRL to fund the project. It further incorporated the Calgary Municipal Land Corporation (CMLC) as the vehicle to advance the plan. Since inception, CMLC has embarked on a program to fund strategic infrastructure investments designed to attract private capital to the area. Some of the work completed and ongoing includes: a riverfront pathway, flood proofing, heritage restoration, public art and construction of a new central library. After the CRL closes, property tax revenue reverts back to general municipal income.

6.6 CRL use in Alberta

Clearly, the ways in which a CRL has been employed in Alberta are diverse. The use of a CRL has become a strategic tool to achieve several goals. In particular, the City of Edmonton has used several CRLs in different locations. From brownfield redevelopment and the revitalization of underutilized areas, to the creation of an arena district, the use of CRLs in Alberta is diverse. Although there are certainly potential criticisms and concerns related to implementation strategies in some Alberta contexts, a longer timeframe will reveal if and the extent to which any impact is felt.

7.0 Case Study: Calgary – Rivers District

7.1 Background – East Village

East Village is one of the oldest areas in Calgary. Its historical roots trace back to the routing of the Canadian Pacific Rail line through Calgary, which attracted settlers and investors to the area. By 1911, there was a mix of light industrial, residential and commercial functions (Calgary, 1911). This pattern was prevalent for the next 30 years, and was supplemented by several hotels emerging in the area to serve travellers along the rail lines.

After World War Two, it became clear that Calgary's urban development had shifted to the western half of downtown and suburban areas, as the East Village struggled to find an identity. This decline was reinforced in 1985, when the opening of the Calgary Municipal Building both symbolically and physically isolated East Village. By interrupting the street grid, demolishing 22 structures, and orienting its public plaza and main entrance to the west, the building represented more than the modernity of its façade (Peach, 1994).

Since then, the East Village has generally been characterized by blight and decline. The area became home to some of Calgary's most notorious drinking establishments such as the Cecil and King Edward Hotels. The opening of the Calgary Drop In Centre and Salvation Army further reinforced this image.

Several key demographics offer a profile of the community prior to the CRL intervention in 2007. In 2000, almost 63% of East Village residents were living in low-income households, compared to 14.8% in the rest of the city. Further, according to the *Rivers District Community Redevelopment Plan* as of 2001, the unemployment rate was 11.9% in East Village, three times greater than the overall city rate of 4.0%. Median household income remained stagnant, even as Alberta's economy rapidly expanded.

Demographic analysis paints a picture of an East Village that was economically depressed, and noticeably poorer than the rest of the city. As the rest of the city grew wealthier, East Village stagnated. Throughout Calgary's rapid economic growth in the early 2000's, it was clear that the East Village was actively becoming economically and social isolated from the rest of the city.

7.2 Municipal Interventions

The City of Calgary approved two redevelopment plans for East Village, in 1979 and 1990. Both of these plans offered some funding to incentivize private investment, however were largely unsuccessful. Two Area Structure Plans were approved in 1994 and 2001, providing a planning vision for the broader area (Calgary, 2010), however minimal development followed. In 2003, two residential developments were built in the area, consisting of 106 and 64 units respectively. However, since then, no private residential investment has occurred. From 2000-2005, only two residential development permits, and one commercial permit were issued in the East Village area.

In addition to the three 1960's era seniors housing facilities, the area generally consisted of underutilized land, some vacant heritage buildings, and two social housing facilities. Furthermore, the area was located in a floodplain, and had poorly maintained infrastructure. The 2004 *Downtown Urban Structure Plan* describes East Village as having 99 vacant parcels, comprising 22 acres. Further, it identified 36 virtually vacant parcels, comprising 8 acres.

7.3 The Community Revitalization Levy

Following the Alberta Government's passing of CRL legislation, the City of Calgary worked to create a redevelopment plan to fulfill Provincial requirements for a CRL for East Village. In 2006, the *Rivers District Area Redevelopment Plan* was approved, which outlined three crucial components to the plan:

1. The creation of the Calgary Municipal Land Corporation
2. The identification of infrastructure and investments to be undertaken
3. The identification of the boundary from which the CRL would collect revenues

The plan further identifies several important elements to justify the use of a TIF scheme. Indeed, it includes discussions of the 'but-for' test, existing conditions on the site, potential benefits and risks to the plan, an implementation timeline, and potential external impacts. This discussion addresses several traditional critiques and concerns about tax increment financing, and outlines some of the risks associated with the scheme, as applied to the context in Calgary.

7.4 The Calgary Municipal Land Corporation - Corporate Structure

The Calgary Municipal Land Corporation is an arm's length organization (Amborski & Golovkin, 2016) established by the City of Calgary in 2007. With the city as its only shareholder, it is an arm's length agency that acts in the interests of the municipality. CMLC is comprised of approximately 20 employees, and is governed by a board of directors that is appointed by the City of Calgary. It was established with the specific mandate of advancing the *Rivers District Revitalization Plan,* and by extension making strategic infrastructure investments in the area in support of the plan. A central component of this mandate was the development and implementation of a master plan for the East Village community.

The firm's mandate is to, "achieve the City [of Calgary's] objectives for urban densification and community renewal, infrastructure investment and placemaking." To do this, the organization devotes a significant amount of resources to marketing, branding and creating partnerships, both with municipal organizations and private developers.

7.5 CMLC and Organizational Theory

Agency theory is based on the notion that a principal creates and delegates tasks to agents, with the expectation that agents will complete such tasks to advance the interests of the principal (Eisenhardt, 1989; Jensen and Meckling, 1976). Management literature emphasizes the value that a principal-agent relationship can have in large organizations that must balance several different interests at once. Designating tasks to an agent can focus objectives to support broader organizational goals (Bendickson et al., 2016).

To the extent that the interests of the principal and agent remains aligned, the theoretical implementation of such a relationship is efficient and desirable. However, critics of the agency relationship suggest that costs are incurred when an agent's utility maximizing decision creates a divergence between it and the interests of the principal (Davis, Schoorman, & Donaldson, 1997). Furthermore, critics may suggest that the creation of an agent leads to inefficiencies in the form of building an organizational expertise and capacity that may have already been in place in a corporate entity.

Within this body of literature, Filion & Sanderson (2011) have applied the concept of Organizational Crafting (OC) to urban planning theory. OC refers to the manner in which the principal-agent relationship is governed, and the strategies implemented to minimize potential divergence between the two entities. Furthermore, it explores strategies to help facilitate certain outcomes in the principal's interest. Some elements that can influence organizational behaviour include:

- Boundaries
- Governing laws and regulations
- Sources of, and distribution constraints on resources
- Formal channels connecting the organization to external actors.

Obviously, a municipality deals with a range of issues and goals. Organizational theory has different applicability in a municipal context. However, by creating a private entity with a particular mandate, a municipality is able to introduce regulations and limitations that align the interests of the corporation with specific goals of the municipality. It effectively functions as a coordinated business unit intent on one sector or focus. It can craft an image, and expertise in that one area, and in such sense can function more effectively that a larger entity. To this end, the creation of CMLC as an agent of the City of Calgary is efficient, and could produce a more effective way of achieving the goals outlined for East Village.

The manner in which CMLC has been created has strategically aligned its corporate goals with the City of Calgary's redevelopment goals. As a corporation, CMLC prioritizes financial responsibility with land transactions, infrastructure investments and efficient corporate structure. As CMLC makes prudent and strategic investments, it influences increases in property values and subsequently internal returns on such investment. Therein, the model of aligning CMLC's corporate goals with the goals of the redevelopment has proven important in utilizing CMLC effectively as a vehicle for advancing the redevelopment of the East Village. This necessitates CMLC functioning as an efficient and desirable entity within the City of Calgary, both within East Village and potentially beyond. Further, it aligns with traditional corporate principles.

As an agency outside of municipal bureaucracy, CMLC has the ability to function as a private actor. It is not bound by government policy regarding the disposition of land it controls. Likewise, it can compete with other private entities to acquire land that may become available in the area with less bureaucracy to maneuver. Furthermore, as an arm's length agency, CMLC is responsive to, and able to build confidence amongst the private investment market. Given the inability of the City of Calgary to effectively implement previous redevelopment plans in the East Village, this was a crucial confidence-building step towards attracting investment. Therefore, such a private structure allows CMLC the ability to respond efficiently to changing market conditions, and the needs of public and private stakeholders.

7.6 CMLC as a Landowner

When CMLC was established, the City of Calgary committed to transferring a significant portion of land it held in East Village to the agency, to utilize in a manner that advances the redevelopment plan. Furthermore, the organization has actively worked to engage landowners in the area to strategically acquire select parcels. According to the *2008 Business Plan*, CMLC had begun to acquire all of the City of Calgary held land in East Village, and seven privately held parcels. The organization continues to acquire land as conditions change. For example, in 2015, the City of Calgary transferred the Cecil Hotel to CMLC after it was purchased by the city. Due to damage to the hotel, it was torn down and the site is currently being evaluated for potential future uses.

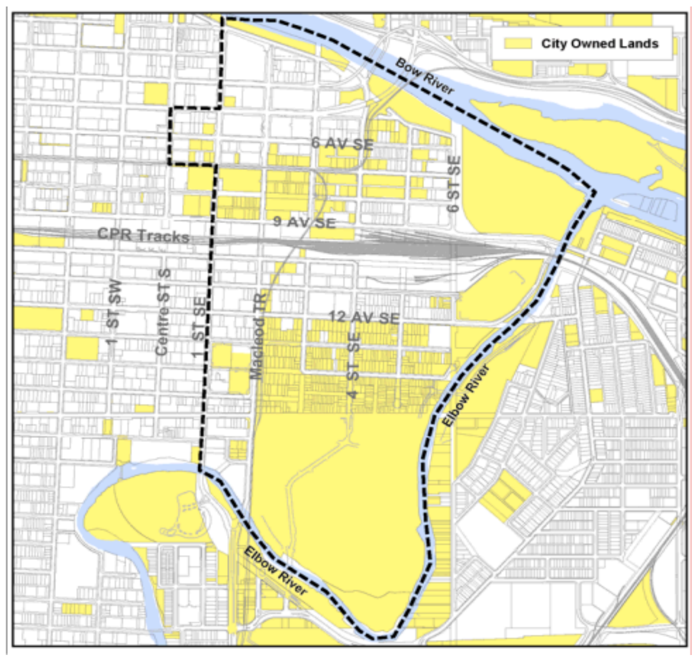

Figure 3. City Owned Land in the Rivers District.
Source – City of Calgary, 2007.

Ownership of land gives CMLC significant influence over the redevelopment process. It provides control over the process, timing and outcomes of the redevelopment project. For example, it could be used to ensure that land is not purchased for speculation. As the organization negotiates the sale of land with private developers, it allows CMLC the ability to insert clauses that stipulate timing of land activation, phasing and scope of development. Additionally, CMLC has significant control as to the use of each site, and residential or commercial mix.

7.7 Identification of Infrastructure and Investments

The *East Village Area Redevelopment Plan* identified several initial infrastructure investments argued to be crucial to attract private investment in the East Village area. These investments included the following, as well as estimates of their costs:

- Utilities work - $14,000,000
- Surface roadway improvements - $40,000,000
- Sidewalk and streetscape improvements - $24,000,000
- Parks and open space - $7,000,000
- Riverwalk - $22,000,000
- Cost escalation contingency - $28,000,000

The total cost of these investments was estimated at $135 million. Further, these projects are identified as initial undertakings, necessary precursors to initiate the redevelopment of East Village. The emphasis of these investments is on the provision of infrastructure and flood proofing measures. Effectively, these projects constitute the fulfillment of the 'but-for' test.

The document outlines future projects that may be undertaken as part of redevelopment, subject to revenues made available from the CRL. It further notes that funding partnerships with higher levels of government may be required. These projects included:

- 4th Street underpass - $50-70,000,000
- Environmental remediation - $35-55,000,000
- Parking facility - $30-40,000,000
- Central library - $150-200,000,000
- Calgary police headquarters - $300-500,000,000
-

- Infrastructure in Beltline/Stampede Park - $100-300,000,000
- Infrastructure in East Downtown - $50-150,000,000

7.8 Identification of the Revenue Boundary

The boundary from which CMLC collects CRL revenue from is shown in the image. Identified as the Rivers District, the incremental increases in tax revenue drawn from inside this boundary, as of December 31st, 2007 are directed to CMLC.

To fund the East Village project, the boundary has been widely drawn. Although most of the incremental revenue is to be invested on infrastructure in the East Village, there are some projects that have direct benefit for the entire Rivers District, and City of Calgary. For example, the addition of the 4th Street SE underpass provides an important connection to the downtown from the east end. Further, the planned extension of the Riverwalk trail network will benefit all users in Calgary's east downtown. However, the vast majority of work, as outlined in the initial *East Village Area Redevelopment Plan,* is on improvements within the East Village.

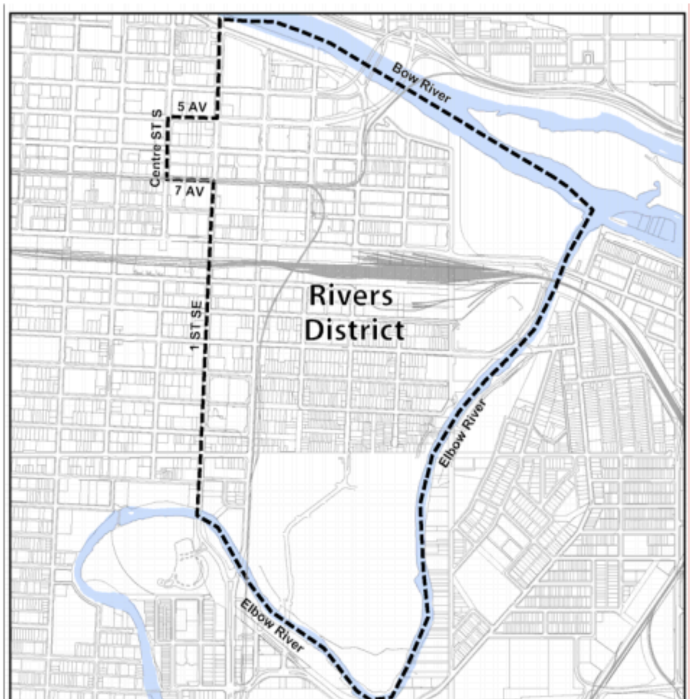

Figure 4: Rivers District Boundary.
Source – City of Calgary, 2007.

Notably, the boundary was strategically drawn to include The Bow Tower, a 1.7 million square foot office tower located at the corner of 6th Avenue and Centre Street, at the very west end of the boundary. The construction of the Bow Tower was completed in 2011, at which point the incremental increase in property value reverted to CMLC's general revenue. With a 2015 assessed value of almost $1.3 billion, the inclusion of the Bow Tower produces significant financial benefit for CMLC.

Clearly, the manner in which the boundary is drawn has important implications on the financial viability of a CRL and can dictate the speed and scope to which a project is completed.

On the one hand, if the boundary is drawn largely, it will provide more financial means to advance the redevelopment project. This can be justified on the assumption that the broader area benefits in terms of an uplift in property values from redevelopment. It further can diversify and increase the revenue base that the CRL receives, which limits potential revenue volatility. A large boundary provides financial security to the advancement the project.

However, if the boundary is drawn too large, the property tax revenue diverted to the project extends beyond that which benefits from investment. Certainly it may provide more financial capacity to execute the project, however it presents risk. If the project fails to deliver anticipated returns, the municipality could be forced to divert revenue from other areas to fund the shortfall.

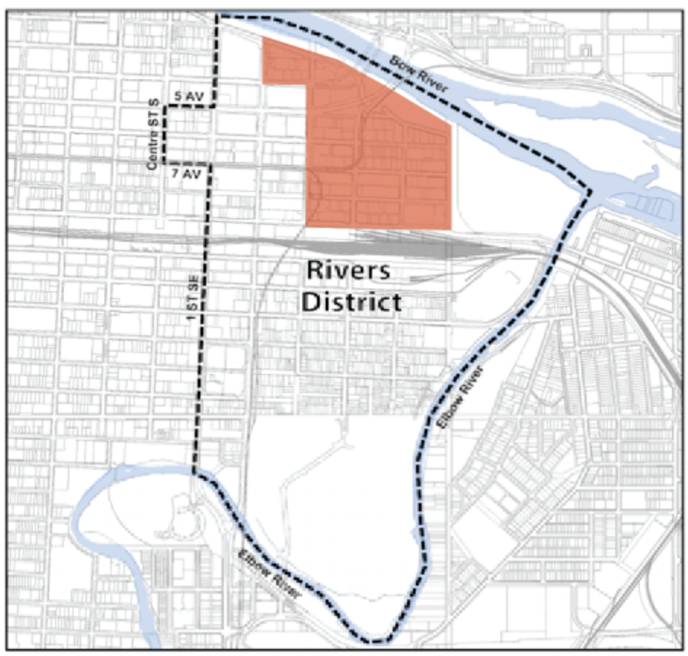

Figure 5. East Village within the Rivers District
Source – City of Calgary, 2007.

Therefore, the drawing of the revenue boundary to fund a CRL is a critical decision that can fundamentally determine the success of the program, but also potential impacts on municipal operating budgets. Municipalities must critically analyze the financial implications of any revenue boundary, both on the viability of the redevelopment project, and potential indirect impacts on the municipality. The drawing of the boundary must balance these two primary concerns.

7.9 CMLC as a Partner

As a significant landowner, investor and developer in East Village, the Calgary Municipal Land Corporation has been cognizant of the value of strategic partnerships. Indeed, one of the primary focuses of the organization is on fostering and strengthening such partnerships. CMLC's positioning places it in a unique situation with substantial responsibility to many different stakeholders. These stakeholders include the City of Calgary, ratepayers, the Government of Alberta, residents and private developers and investors. In order to advance the public interest and its mandate, CMLC must engage with several different public and private entities.

7.10 Public Engagement

The primary partnership function, and indeed goal of the revitalization of East Village is re-establishing a connection between citizens and the area. For decades, the area had a poor reputation, despite being located in central Calgary, and at the confluence of both the Bow and Elbow Rivers. Encouraging Calgarians to rediscover the area and recognize its potential is fundamental to the redevelopment. The branding and creation of a noticeable and positive identity is critical.

Additionally, as an intervener in the neighbourhood, CMLC must balance the implementation of the master plan vision with the existing residents and businesses in the community. Strategies to mitigate the impact of construction, density and traffic on such stakeholders are important to preserve a strong working relationship with the community.

Beyond engaging on a physical, experiential level, CMLC must articulate the broader master plan vision for the area. Creating an interest in the area as a place to visit, experience, and eventually to invest, work and potentially live in, is a critical component of the plan. Generating excitement, anticipation and investment potential from citizens lends validity to the private sector engagement component.

7.11 Private Engagement

In addition to public engagement, the marketing of a master plan vision to potential investors is crucial. As an area that has seen other failed municipally sponsored projects, CMLC must instill confidence and justify how this investment would materialize. Having a robust marketing and engagement program differentiates CMLC's strategy from previous unsuccessful revitalization efforts in East Village. Therefore, it forms a central component of the redevelopment strategy. CMLC further must find private development partners willing to work together on marketing, branding and strategy. Because the redevelopment of the East Village is tied not only to the creation of an identity but the physical realization of a plan, it becomes imperative that development partners work together with CMLC in a constructive manner to ensure timely delivery of projects.

Finally, as the master plan speaks to a diversity of building types, levels of affordability, and uses, engagement with all members of the development community becomes important. Providing a diverse mix of building types requires a broad strategic approach, and the development of a diversity of partnerships with actors across Canada.

7.12 Municipal Relationship

Lastly, as an agent of the City of Calgary, a strong working relationship between CMLC and bureaucrats is important. As both a landowner and developer, CMLC has been put in a unique position. Frequently projects it has partnered on require municipal approval, rezoning or investment. Occasionally this could position CMLC alongside a private proponent to advocate for regulatory approvals. Ensuring that the relationship with the city is strong and based on mutual interest is extremely important in distilling confidence amongst development partners and the public at large.

8.0 Outcomes – What has CMLC achieved?

8.1 Financial

To date, the redevelopment of the East Village has proven tremendously successful at achieving several of the goals outlined by the *Rivers District Community Revitalization Plan.* Since 2007, CMLC has invested $357 million in East Village. According to CMLC's *2016 Business Plan Update*, this has so far unlocked $2.7 billion in private investment, which is expected to yield $725 million in revenues over the 20 years that the CRL is in operation. Beyond the 20-year term of the CRL, this revenue stream reverts back to the City of Calgary's general income, and is estimated to produce a benefit of $60 million annually.

This falls within the revenue estimates provided in the 2007 *Rivers District Community Revitalization Plan,* which provided the following scenarios:

Scenario	**Estimated Community Revitalization Levy**
Low	$725 million
Mid-Point	$945 million
High	$1,166 million

Table 2: Projected CRL Revenues Estimates to be collected over 20 years. Source – City of Calgary, 2007.

Given that the project is entering its 9th year, such results cannot be considered finalized. At this stage, it appears as though the projected CRL revenue from the East Village project will fall within initial estimates. At this point, despite falling within a 'low' scenario, it is important to note that the CRL is expected to nearly double the capital cost invested, which is a significant rate of return, notwithstanding the property tax revenue given back to the City of Calgary after the CRL closes.

8.2 Physical

Physical initiatives can be divided into two sections, those fundamental to the creation of an environment conducive to private investment, and those that have developed the image and regional appeal of the area. Both can be argued as necessary to drive consumer interest.

CMLC has independently constructed and developed several significant infrastructure projects that have activated private investment in the area. Some of these projects fulfill the 'but-for' test, and effectively anchor the land sales program and ensuing private development that has occurred in the area. As previously discussed, those investments totaled $135,000,000.

Beyond, CMLC has advanced several additional projects. These projects provide benefit for the East Village and broader Rivers District, however their scope is significant for the entire city. The new Central Library, National Music Centre, 4th Street Underpass and the creation of the St. Patrick's Island™ all reflect substantial civic functions that benefit the entire city. These projects have been led, and partially or fully funded by CMLC, rather than the City of Calgary, however are all done with the city's approval, and have been investments that the city has generally identified and planned to build for many years.

The decision to use CMLC as the vehicle to advance several municipal projects brings forth a question of scope expansion. The extent to which each of these initiatives may be undertaken depends on several factors. Therein, in approving the Rivers District CRL, the Alberta government has allowed the use of TIF to be relatively open ended in nature. As the government does not restrict the scope of the project to certain investments, the CRL can be used to fund projects over the next 20 years in the area, at the discretion of CMLC and the City of Calgary.

Although the projects contribute positively to both the East Village and Calgary's development, the extent to which each of these projects fulfills a 'but-for' case to galvanize investment in East Village is questionable. Each of these projects serves an important function, and have been identified as needed civic investments, however, the funding of such projects through the Rivers District CRL may obfuscate the mandate of CMLC, redefining it as a general development entity, rather than one with a geographic boundary. Indeed, the *2016 Business Plan* adjusts the mandate of CMLC, removing reference to the Rivers District. This reflects a shift towards CMLC being an active development partner in areas across the city.

In many cases CMLC may have the expertise to function as the most effective vehicle through which such initiatives should be advanced. However, if CMLC funds investments that clearly provide direct benefit for all Calgarians, it undermines the transparency of using a community revitalization levy to advance geographically specific redevelopment projects. Although these projects attract private investment in East Village, they are broad, city building investments that should be funded through a revenue tool that is not geographically constrained, and is drawn throughout the municipality. Such expansion suggests that CMLC is an effective vehicle, however a clearer delineation between CMLC's responsibilities and funding sources, and those of the City of Calgary could be articulated.

8.3 Social

Investments in cultural activities have had significant impact on making the East Village a newfound destination in the city. These investments have helped to recreate the identity of the area as a positive, vibrant and inclusive space. First, the construction of both a Central Library, and the National Music Centre in the community will attract citizens from across the area.

For example, CMLC has also developed a partnership with Calgary Opera to host opera performances for a week, attracting approximately 5,000 people. CMLC has recently been a significant sponsor of the 2016 Juno Awards in Calgary, and held several events in East Village. Additional events include yoga, music and food truck festivals. These are strategically organized to appeal to different demographics, lifestyles and income levels, and attract people to the area, where they physically experience the built form changes in the area. Further, it creates positive discussion through social media channels.

Additionally, the creation of a Riverwalk pathway system, the redevelopment of St. Patrick's Island as a public park, and creation of numerous smaller park spaces in the area makes an attractive public realm for which to gather. Reinvestment into Fort Calgary has attracted large-scale festivals, and acted as a significant green space.

8.4 Branding and Identity

Community engagement and public awareness of the East Village has also been robust. CMLC has developed a brand for the East Village, with the slogan, "newest, oldest, warmest, coolest," reflecting the history and future of the area. CMLC has worked with private development partners to develop a cooperative marketing plan, which commits all partners in the area to provide funding to help develop the East Village brand.

Total Spent on Marketing, 2009-2015	$5,791,879
Total Spent on East Village Sales and Experience Centre	$1,255,556
Total	$7,047,435
Marketing/Sales as a Percentage of CRL Revenue	**1.9%**

Table 3: CMLC Marketing Expenditures. Source – CMLC, 2009-2016.

Simultaneously, CMLC has constructed and opened the "East Village Experience Centre." This facility opened in the spring of 2012 and functions as a space where interested stakeholders can learn about the master plan, progress and change, and ask questions about the project. Further, it is a unique partnership with two of the private developers in the area, Embassy Bosa and Fram + Slokker. The centre features 'wings' on each side of the building that function as sales centres for condominium projects. It provides a single facility where individuals can develop a holistic understanding of the project.

8.5 Housing

In terms of community development, CMLC's land strategy has emphasized a diversity of housing types that attracts individuals from different incomes, demographics and family stages. This strategy ensures that East Village is a mixed income, mixed use community that offers opportunity for all citizens. Below is an inventory of existing and upcoming developments in the area, characterized by a brief discussion of their market placement.

The *Rivers District Community Revitalization Plan* identifies the following existing non-market housing in the area:

Name	Characterization	Units
Murdoch Manor	Senior Facility	360
King Tower	Senior Facility	143
Calgary Drop In Centre	Mixture of Social/Affordable Housing	1100 beds*
Salvation Army Centre of Hope	Social Housing	270 beds*

* Beds are not counted as individual units in the master plan

Table 4. Existing Non-Market Housing in East Village. Source – City of Calgary, 2007.

Beyond this, the focus of investment in the East Village is a mixture of market oriented housing, including units that are made accessible to a lower end of market demographic, due to tradeoffs in size or parking provision. The N3 project is a condominium project that offers no parking facilities. These cost savings are reflected in the purchase price, with the starting price for a 470 square foot unit being $233,000, significantly below other offerings in the area, and targeted to younger homeowners. Furthermore, a purpose built rental tower has been approved for the area, one of the first to be built in Calgary in 40 years. Although these units may be provided at market rates, the project has been defined as 'non-market,' because it serves a niche that is significantly underserved by the private market in Calgary, and provides alternatives to consumers who may not have the ability to commit to an ownership property.

Name	**Type**	**Number of Units**
The Hat	Purpose built rental	221
N3 Phase 1	No parking, units are offered at a lower end of market	167

Table 5. Upcoming Lower end of Market Housing in East Village

Combined with market housing, the East Village project anticipates a total of 11,500 people living in approximately 3,900 residential units. Based on the assumption that all future housing will be market rate, one can anticipate that full build out will see 891 non-market or lower end of market units in the area, and 3,000 market rate units built. Based on currently announced projects, and the assumption that all future residential product will be market rate housing, **22.8%** of housing the area will be available at either non-market rates, purpose built rental, or smaller units at lower prices. This is in addition to the 1,370 beds available for social and affordable housing found in existing facilities in East Village.

8.6 Public Art/Heritage Preservation

A component of the redevelopment process has been focused on identity. Two elements of such a process can be through provision of public art, and preservation of historical buildings. These initiatives can engage citizens, create a walkable and diverse streetscape, and attract investment.

The public art program in East Village has included significant involvement from both local and international artists. Through annual installations curated by local artists, the area continues to reinvent itself, and attract attention from the local community. Additionally, music will be a central focus of the area when the National Music Centre opens in the summer of 2016. This facility will feature performing art space, recording studios, a museum and a radio station, and function as a true hub and anchor for the arts community.

East Village has a long history in Calgary's evolution, and CMLC has invested significantly to preserve that history. To date, CMLC has invested approximately 15.5 million dollars into heritage preservation in the area. There exist four designated heritage buildings in the area, and they are being renovated to each serve a unique function within the redevelopment. In 2013, the Simmons building opened, containing a unique mix of three locally owned businesses – a bakery, coffee house and restaurant. The Hillier building has also been reinvigorated, and is currently home to CMLC's corporate offices. The King Edward hotel is being restored as a part of the National Music Centre Development, with its renowned jazz bar as a focal point. The St. Louis Hotel is currently being redeveloped and will soon be the new corporate home of CMLC and will feature an undetermined mixture of uses, including retail. These diverse functions have restored some of the history of the area, added to the diversity of uses and users, and helped to craft an identity and attraction.

8.7 Future

Recession

As the price of oil has steadily declined through the latter half of 2015 and into 2016, the economic advantage that underscores a significant portion of investment in Calgary has evaporated. Although the extent of the impact is still unknown, there is obviously potential for the stagnant economy to impact the plan for East Village, or delay progress. Because of the city's broader decision to intervene in the real estate market, it has increased its exposure to economic fluctuation. If the economic slowdown is prolonged and significant, the City of Calgary's long-term revenue streams may be negatively impacted.

Organizational Expansion and Growth

As an organization, CMLC has proven itself as an efficient and effective entity. With the tools, structure and mandate assigned to it, CMLC has advanced the interests of the City of Calgary, and developed strategic partnerships beyond. The *2016 Business Plan Update* notes that the organization is looking for opportunities to expand operations to deliver value for the City of Calgary.

Looking towards the future, CMLC has been working with the City of Calgary to conduct environmental remediation analysis on Calgary's west end. The goal of the study is to analyze the environmental conditions and legal restraints related to potential future development in the area.

Further, CMLC has signed a Memorandum of Understanding with the Calgary Stampede to advance several urban development projects on lands held by the Stampede, including transit-oriented development, residential intensification and the extension of the 17th Avenue SW retail connection. CMLC has additionally begun working with various stakeholders in the area to develop a single master plan vision for the Rivers District. Lastly, CMLC will assist the City of Calgary in developing its

Civic District Public Realm Strategy, aimed at improving the public spaces around City Hall.

Further, CMLC has mentioned the opportunity to explore consulting opportunities. The success of the East Village investment has given CMLC the CRL revenue to invest in the broader Rivers District

Within organizational theory literature, it has been suggested that in a principal-agent relationship, individuals involved in an organization have a vested interest in ensuring its survival and expansion. It can create situations whereby organizations seek to actively expand their mandate, which in some cases may be desirable, but must be critically evaluated. Within this context, it is important to understand how the Calgary Municipal Land Corporation functions, both internally and within the broader market.

CMLC's role has clearly expanded beyond that which it was initially created for. However, most of this expansion has been done in close collaboration with the City of Calgary. This work still advances the mandate of CMLC, and is done with the approval of the municipality. At this stage, it is desirable to extend the role of CMLC to address municipal needs. Further, CMLC has demonstrated its ability to make financially prudent investments on behalf of the City of Calgary.

This expansion should be noted in the context of Alberta's legislation and the existing corporate entities within the City. Calgary's Corporate Properties and Buildings Department currently deals with land transactions that advance the city's interest. However, this activity is related to individual parcels of land, and not master planning or the active development of communities. Alberta's legislation doesn't provide any constraints on the use of a CRL vehicle such as CMLC. Additionally, within the City of Calgary's corporate structure, there existed a need for an active development-focused entity. It therefore is logical and desirable for Calgary to have CMLC emerge as an arm's length land developer.

CMLC appears to be undergoing an evolution to becoming the City of Calgary's development arm. As CMLC grows in size and takes on more responsibility, the City of Calgary needs to be conscious of the financial implications of devoting larger property tax revenue to the agency, and to ensure that ongoing activities of the agency reflect the goals of the municipality.

Alternatively, Toronto has several entities that are involved in land development at varying degrees, including BUILD Toronto, Toronto Community Housing Corporation, and Waterfront Toronto. Given these existing organizations, it is potentially more desirable in Toronto to actively limit the scope of a TIF vehicle to ensure that its activities don't encroach on the expertise of another municipally owned entity.

Alternatively, it may be beneficial for the city to empower an existing entity that already has significant land holdings in areas that could benefit from public investment, and that are underutilized. For example, the Toronto Port Lands Company (TPLC) owns and manages more than 400 acres of land in and around the Port Lands (Toronto Port Lands Company, 2014). It acts in several different ways to lease and license that land with private stakeholders, to maximize financial returns to the City of Toronto. Due to the environmental, physical and financial challenges of attracting private investment to this area, it may be beneficial to explore a TIF scheme for the Port Lands, implemented through the TPLC.

Additionally, it is important to recognize that proposed investments like Smart Track cross municipal boundaries. In such a scenario, it is important to analyze the most efficient way to manage a TIF where the revenues and investments are less clearly defined. As a regional agency, Metrolinx's mandate may make it the appropriate organization to execute a TIF in such a situation. This would require the development of a complex revenue and expenditure plan by the municipalities involved, and significant regional cooperation. However, it is important to emphasize the importance of organizational crafting and ensuring that the scope and scale of the organization responds to the needs of the area.

9.0 Key Factors

Based on Calgary's experience, several underlying findings have emerged. These are identified as central to facilitating the outcomes of Calgary's CRL. Furthermore, such findings can inform best practices, or issues to consider in the implementation of a TIF in Toronto.

These findings are central to informing the design, locational considerations and processes of imposing a TIF regime. Properly implemented, these findings can comprise a toolbox that policymakers can refer to when considering and designing a TIF for a given area. Although by no means exhaustive, the key outcomes pertaining to the Calgary experience should be considered in the implementation of a TIF. For the City of Toronto, learning from the Calgary experience produces a critical case from which effective ways to advance a TIF regime can be analyzed.

The following five findings should shape future City of Toronto policy related to the implementation of a tax increment financing scheme:

1. Creation of a special purpose vehicle to promote accountability and focus tasks
2. How the revenue boundary for the TIF is drawn
3. Provincial legislation and scope control
4. Land ownership
5. Strategic partnerships

These policies should be addressed and formalized within the City of Toronto's Official Plan (OP). Despite the lack of Provincial regulation on TIF implementation, including such discussion in the OP can help influence potential Provincial regulation, and display a desire to implement a TIF scheme, or obtain further clarification from the Province.

9.1 Creation of a Special Purpose Vehicle and Accountability

The creation of the Calgary Municipal Land Corporation has been instrumental in executing the redevelopment plan. The firm acts as a landowner, developer and master planner, and is able to leverage these various roles to further its mandate. The ability to respond quickly to market conditions, negotiate purchase and sale agreements with different partners, effectively operate as a private organization has given CMLC tremendous ability to advance the project.

Further, the ability to create a unique brand and identity for East Village is important. Crafting a unique 'East Village' identity has given the area a similar treatment to a traditional private residential development, which can be attractive to consumers and businesses.

9.2 Drawing of the Boundary

The drawing of the boundary from which TIF revenue is derived from establishes the funding available to advance the project. In Calgary, the boundary was drawn quite liberally, to encompass a large geographic area, where substantial investment was occurring. This ensured that the CRL would grow over time, in many respects regardless of the progress in East Village.

Most central to this was the decision to draw the boundary to include the Bow Tower. Effectively, the incremental tax revenue provided by the Bow has expedited the redevelopment significantly, and provided a stable and significant source of revenue for CMLC since it was completed in 2012. The figure further identifies private projects completed that are within the CRL revenue boundary, but not within East Village. Once completed, the incremental increase in tax revenue from these projects is diverted to CMLC, to help fund the redevelopment. Yet, the extent to which these projects were developed as a result of the CRL is uncertain. Particularly, several of these initiatives began before the Rivers District

Revitalization Levy was in place. Although this funding is critical for the project, the test of causality between the development of these projects and the East Village revitalization is tenuous.

Project Name	Year Completed	Address	Residential Unit Count
Nuera	2012	211 13 Ave SE	220
Alura	2015	1320 1 SE	281
Keynote 1	2010	220 12 Ave SE	170
Keynote 2	2013	225 11 Ave SE	250
Guardian 1	2015	1122 3 St SE	308
Guardian 2	2016	1188 3 St SE	308

Table 6. Residential Projects complete or under construction as of 2016

Project Name	Year Completed	Address	2015 Assessed Value
Keynote 3	2013	1100 1 St SE	$170,220,000
Stampede Station	2009	1331 MacLeod Trail	$102,720,000
Biscuit Block	2014	438 11 Ave SE	$19,590,000
The Bow	2012	500 Centre St SE	$1,294,900,000

Note – Assessed value is based on the City of Calgary *Property Tax Assessment Estimator.*

Table 7. Commercial Projects completed as of 2016.

9.3 Provincial Legislation

The open-ended nature of the Provincial Legislation permitting a TIF created an environment whereby jurisdictions were able to consider the merits of TIF for their unique situations. The regulations provided a more specific guideline, however they give significant discretion and responsibility to municipality. This legislation has given CMLC the flexibility to operate and work with the City of Calgary to expand the scope of work as agreed upon. Further, it has created an opportunity for the CMLC to expand and take on additional work throughout the city. Effectively, Alberta's legislation, in the short term, has provided the flexibility to allow a municipality to take on the responsibility to implement a TIF in the manner it sees fit.

9.4 Land Ownership

Control of land has yielded several important outcomes. These are:

1. Control over the nature of development
2. Timing
3. Influence on private investment

Through the sale of land to private developers, CMLC can include provisions pertaining to the nature of use on the site. Although much of the residential development in the area is comprised of market rate condominiums, the control of land allows the organization influence as to where such uses locate and ground floor functions.

Additionally, the organization is able to control the timing of new development. This has three important implications. First, CMLC can prevent private purchase of land held for long term speculation. It can insert provisions of sale that require purchasers to activate the land within a given time frame. Second, this control gives CMLC the ability to ensure that new residential product in East Village does not cannibalize existing sales. It protects both the investments of the developers, and creates an effective supply-demand balance that can contribute to desirability in the consumer marketplace. Finally, this power gives the organization significant control over public relations. Strategic timing of new announcements ensures that the East Village receives media attention throughout the year, and highlights individual projects. This timing also ensures that there is always construction and sales activity occurring in the area, and that during times of economic decline, East Village is still active.

Project Name	Construction	Completion	Number of Units
Evolution Phase 1 (Fuse)	2012	2015	203
First	2013	2015	196
Evolution Phase 2 (Pulse)	2013	2016	271
N3	2015	2017/2018	168
Verve	2016	2018/2019	288

Table 8. Projects under Construction or in Sales

Project Name	Construction	Completion	Number of Units
Ink	2016 (Estimate)	2018 (Estimate)	119
The Hat (Rental)	2016 (Estimate)	2018 (Estimate)	221
Arris	2017 (Estimate)	2020 (Estimate)	500 (Estimate)
Verve Phase 2	2017 (Estimate)	2020 (Estimate)	Unknown

Table 9. Announced Upcoming Projects.

9.5 Partnerships

The East Village redevelopment has relied significantly on strategic partnerships to create an environment conducive to investment, attract public interest, and engage the development community.

The City of Calgary has taken several steps to facilitate the success of the project in East Village, and the constructive relationship between the municipal government and CMLC has allowed for important steps to encourage the development.

Specifically, this relationship has resulted in the transfer of land to CMLC. Further, it has led to the updating of the zoning code.

Zoning

Upon creating the CRL for East Village, the City of Calgary updated the zoning code for the area. Upon creation of this in 2007, East Village became the first area in Calgary to have a neighbourhood specific land use designations in the zoning by-law. The zoning change reflects the importance of strong partnerships, as these designations provide regulatory backing to support CMLC's redevelopment of the area. The zoning for the area is divided into several different designations, including:

- Centre City East Village Recreational District
- Centre City East Village Mixed Use District
- Centre City East Village Transition District
- Centre City East Village Primarily Residential District
- Centre City East Village Integrated Residential District
- Centre City East Village River Residential District

There are some notable elements to this, including:

- Bylaw 1230 stipulates that developments of over 50 units in East Village are required to provide at least 10% of all units at a size of 600-700 square feet.
- 1227 requires all motor vehicle parking to be located underground, unless they are subject to exception (2)
- 1231 states that the minimum building height in East Village is 9.0 metres

Each of these, in addition to the more specific by-laws in under each specific designation provides a supportive regulatory environment to advance the project.

10.0 Learning from Calgary: TIF Applicability in Toronto

In considering a TIF, there are several lessons from Calgary that should guide the City of Toronto. The section offers a discussion of some of those factors, and some of the options available to the city.

10.1 Limit the Scope

The Province of Ontario constrains the scope of a TIF by limiting the potential use to 1% of a municipality's total property tax revenue. This effectively limits municipal exposure to any risk associated with debt financing projects that are reliant on projected future property tax revenue. However, prior to establishing a TIF zone, the City of Toronto should clearly articulate the scope and goals of the redevelopment.

Further, there is the possibility that a TIF in Toronto could be implemented at a broader regional level, for example, as a means of funding cross-jurisdictional transit investments through Metrolinx. In this case, it is important that the relevant municipalities collaboratively establish an entity, along with clear, transparent policies that outline the scope of the TIF. Obviously, a TIF that encompasses multiple municipalities necessitates more considerations than one within a single jurisdiction. The Calgary case has shown the value of creating and empowering an entity that can respond to the issue. In a Toronto context, significant consideration should ensure that the scope of the TIF, is adequate to respond to the scale of the task.

The scope of the East Village project is fairly open ended, as are opportunities beyond East Village. If the City of Toronto, or broader region, intends on establishing an arm's length development corporation, it is imperative that the role of that organization is well defined and constrained. If it is indeed desirable for the organization to extend into opportunities beyond its additional mandate, such a goal should be clearly articulated in the initial planning phase. The City should further clarify the placement of such an organization within the context of other entities, including BUILD Toronto, Metrolinx, Waterfront Toronto and the TCHC.

10.2 Empower an Independent Entity

To execute a TIF, the City of Toronto should utilize an independent vehicle. This vehicle should by a private corporation governed by a board of directors appointed by the City of Toronto. Further, the City of Toronto should be the only shareholder of this organization. The board of directors for a TIF should be a mix of stakeholders. For example, depending on the goals, location and context in which the TIF is executed, it may prove beneficial to have Toronto Community Housing Corporation, Waterfront Toronto or a local Community Association or Business Improvement Area members on the board of directors.

10.3 Land Ownership

In considering where to designate a TIF zone, the availability of land must be prioritized. Lands for non-essential functions that are owned by governmental entities should, wherever possible, be transferred to the TIF agency. This gives the agency significant flexibility and control over the timing and nature of the redevelopment. Furthermore, one priority of the newly created vehicle should be the strategic acquisition of land as it becomes available.

10.4 Drawing the Revenue Boundary

The size of the boundary from which incremental tax revenue is devoted to funding the TIF project is critical. It is important to draw the boundary large enough to capture sufficient revenue to fund the project. However, the boundary should be drawn to bear some relationship to the area in which investment will occur. Projects like the development of transit infrastructure, increasing connectivity between neighbourhoods, flood-proofing or environmental mitigation may increase the benefit of development.

10.5 Strategic Partnerships

Maintaining strong relationships with public and private stakeholders is critical. Advancing redevelopment of this nature requires the constant engagement of private investors, homebuyers and businesses.

10.6 Goals and Outcomes

Articulating a clear vision of the expected outcomes is important to ensure that the project is effectively advanced. Establishing both quantitative and qualitative guidelines by which expected progress can be evaluated against should be used to determine the extent to which the program is effective.

11.0 Moving Forward: Time for TIF?

Tax increment financing is an innovative funding mechanism that, when used responsibly, can create positive outcomes in a given municipality. These outcomes flow directly from the way in which it is designed within a given local context. TIF can be used to respond to a diversity of needs, including redirecting growth and investment, funding public infrastructure, provision of social services and affordable housing, and brownfield reclamation. It is a flexible tool that can respond to various conditions

The City of Toronto currently faces significant questions related to growth management and financing constraints. The redevelopment of brownfield and underutilized areas of the city remains a challenge, while downtown Toronto continues to experience intense residential growth pressure. Finally, the provision of affordable housing, transportation alternatives and community amenities are frequently left unaddressed in many areas of the city.

Tax increment financing is by no means a panacea solution to Toronto’s issues. However, used properly, it can advance positive planning initiatives in a manner that does not constrain municipal finances. It can revitalize communities, provide new infrastructure or services, or redirect growth to create a more sustainable city.

Ontario has a responsible legislative framework within which TIF can be executed. The onus is now on policymakers and councilors to effectively utilize the tools available to them to improve the quality of life in Toronto.

Appendices:

Appendix I – *Tax Increment Financing Act, 2006*

Definitions

1. In this Act,

"designated project" means a project designated under this Act; ("projet désigné")

"education tax increment" means, in respect of a tax increment finance district, the tax increment in respect of taxes for school purposes or payments in lieu of taxes for school purposes; ("surcroît d'impôts scolaires")

"eligible project" means,

(a) the construction of municipal infrastructure or amenities to assist in,

(i) the redevelopment or intensification of previously developed areas, or

(ii) the development of an urban growth centre identified in a growth plan under the *Places to Grow Act, 2005*,

(b) the environmental remediation of land in a previously developed area, or

(c) the construction of a municipal public transit facility; ("projet admissible")

"Minister" means the Minister of Finance or such other member of the Executive Council to whom the administration of this Act is assigned under the *Executive Council Act*; ("ministre")

"municipal tax increment" means, in respect of a tax increment finance district, the tax increment in respect of taxes for municipal purposes or payments in lieu of taxes for municipal purposes; ("surcroît d'impôts municipaux")

"taxes" means taxes for municipal or school purposes or payments in lieu of taxes for municipal or school purposes; ("impôts")

"tax increment" means, in respect of a tax increment finance district established for a designated project, the amount, as determined in the prescribed manner, of an increase that results from the project in the amount of taxes levied in respect of real property in the district. ("surcroît d'impôts") 2006, c. 33, Sched. Z.7, s. 1.

Feasibility study

2. (1) A municipality may apply to receive funding for a proposed project from the Crown in right of Ontario that is based on the education tax increments expected to occur as a result of the project by preparing and submitting to the Minister a study examining the feasibility of the project. 2006, c. 33, Sched. Z.7, s. 2 (1).

Contents of feasibility study

(2) The feasibility study must satisfy the following requirements:

1. The study contains a description of the proposed project.
2. The study identifies the proposed tax increment finance district in which tax increments are expected to occur as a result of the proposed project and contains information relating to the amount of the expected tax increments.
3. The study contains an analysis of the nature and timing of any new development that can reasonably be expected to occur in the proposed tax increment finance district in the absence of the proposed project.
4. The study identifies as the proposed financing authority for the proposed project,

    i. one or more of the municipalities in which the proposed tax increment finance district is located,

    ii. a local board of one of the municipalities referred to in subparagraph i,

    iii. a municipal business corporation created by one or more of the municipalities referred to in subparagraph i, or

    iv. an entity that satisfies the prescribed conditions.

5. The study contains such additional information as may be required by the regulations. 2006, c. 33, Sched. Z.7, s. 2 (2).

Limitation, proposed tax increment finance district

(3) In determining which real property to include in a proposed tax increment finance district, a municipality shall ensure that the total amount of municipal tax increments for the municipality that the municipality expects to use in a given year to fund designated projects in the municipality does not exceed 1 per cent of the total taxes for municipal purposes that are expected to be raised for that year in respect of real property in the municipality. 2006, c. 33, Sched. Z.7, s. 2 (3).

Joint feasibility study

(4) If a proposed project will be carried out in two or more municipalities or the proposed tax increment finance district is located in two or more municipalities, the municipalities may prepare and submit a joint feasibility study in accordance with this section. 2006, c. 33, Sched. Z.7, s. 2 (4).

Minister's action

(5) The Minister may,

(a) refer the feasibility study to the Lieutenant Governor in Council; or

(b) refer the feasibility study back to the municipality or municipalities for further information or consideration. 2006, c. 33, Sched. Z.7, s. 2 (5).

Designation of proposed project

3. (1) After consideration of a feasibility study prepared in accordance with section 2, the Lieutenant Governor in Council may, if the Lieutenant Governor in Council considers it to be in the public interest,

(a) designate the proposed project for the purposes of being partly funded by the Crown in right of Ontario through tax increment financing if the proposed project is an eligible project;

(b) establish the tax increment finance district for the designated project;

(c) authorize the Minister to enter into a funding agreement with respect to the designated project; and

(d) specify the last year that education tax increments may be used to finance the designated project. 2006, c. 33, Sched. Z.7, s. 3 (1).

Same

(2) Despite clause (1) (a), the Lieutenant Governor in Council may designate a proposed project that is not an eligible project if the Lieutenant Governor in Council believes that the project will provide a significant public benefit but will not proceed in a timely manner unless it is funded in part by the Crown in right of Ontario through tax increment financing. 2006, c. 33, Sched. Z.7, s. 3 (2).

Funding agreement

4. (1) The parties to a funding agreement authorized under clause 3 (1) (c) for a designated project shall be,

(a) the Minister;

(b) every municipality that is providing funding for the project through tax increment financing; and

(c) the financing authority appointed for the designated project, if it is not a municipality referred to in clause (b). 2006, c. 33, Sched. Z.7, s. 4 (1).

Required matters

(2) A funding agreement under subsection (1) shall provide for the following:

1. Payments by the Minister in accordance with the regulations to the financing authority to partly fund the carrying out of the designated project.

2. Payments by the municipality or municipalities to partly fund the carrying out of the designated project.

3. The rights and obligations of the financing authority and the municipality or municipalities with respect to,

    i. the use of the funds received from the Minister and the time and manner in which amounts are to be repaid,

    ii. the carrying out of the project to which the agreement relates, and

    iii. the manner in which tax increments resulting from the project will be applied and the time period during which the tax increments will be applied in that manner.

4. The requirement that the financing authority or the municipality or municipalities make periodic reports to the Minister, including progress reports on the project, financial reports and reports relating to the calculation of tax increments. 2006, c. 33, Sched. Z.7, s. 4 (2).

Other terms

(3) A funding agreement shall contain such other terms and conditions as may be required by the regulations and may contain additional terms and conditions that do not conflict with this Act or the regulations. 2006, c. 33, Sched. Z.7, s. 4 (3).

Payments by municipality

(4) Despite section 106 of the *Municipal Act, 2001* and section 82 of the *City of Toronto Act, 2006*, a municipality may grant assistance to a manufacturing business or other industrial or commercial enterprise if the assistance,

(a) is for a designated project in a tax increment financing district that is the environmental remediation of land or is for the environmental remediation of land used or to be used for a designated project in a tax increment financing district;

(b) is authorized by the terms of a funding agreement; and

(c) is authorized by the regulations. 2006, c. 33, Sched. Z.7, s. 4 (4).

Limit on payments by the Minister

(5) The total amount of all payments by the Minister under a funding agreement shall not exceed the estimated amount over the term of the agreement of the education tax increments for the tax increment finance district to which the funding agreement relates. 2006, c. 33, Sched. Z.7, s. 4 (5).

Consolidated Revenue Fund

(6) Any monies required to be paid by the Minister under a funding agreement are a charge on and payable out of the Consolidated Revenue Fund. 2006, c. 33, Sched. Z.7, s. 4 (6).

Municipal Property Assessment Corporation

5. (1) When a proposed project is designated under this Act, the municipality that submitted the feasibility study for the project shall promptly provide to the

Municipal Property Assessment Corporation information concerning the tax increment finance district established for the project, the name and address of the financing authority for the project if it is not the municipality and such other information as the Municipal Property Assessment Corporation may reasonably require to carry out its functions under this section. 2006, c. 33, Sched. Z.7, s. 5 (1).

Portion of the roll

(2) The Municipal Property Assessment Corporation shall, in each year, on or before the time for returning assessment rolls to municipalities for the year under the *Assessment Act*, send a copy of the portion of the assessment roll for the real property in each tax increment finance district to the financing authority for the applicable designated project and to the municipality or municipalities in which the tax increment finance district is located. 2006, c. 33, Sched. Z.7, s. 5 (2).

Extension of time

(3) Despite subsection (2), if, in the year in which a tax increment finance district is established, it is not practicable for the Municipal Property Assessment Corporation to send the copy of the portion of the assessment roll for real property in the district within the time required under that subsection, the Municipal Property Assessment Corporation may send the copy of the portion of the assessment roll as soon after that time as it reasonably can. 2006, c. 33, Sched. Z.7, s. 5 (3).

Approved form of portion of the roll

(4) The Municipal Property Assessment Corporation shall send to the financing authority the portion of the roll described in subsection (2) in a form approved by the Minister. 2006, c. 33, Sched. Z.7, s. 5 (4).

Supplemental assessments, etc.

(5) The Municipal Property Assessment Corporation shall provide information to every financing authority for a designated project about any assessments or classifications of real property in the applicable tax increment finance district that are made under section 33 or 34 of the *Assessment Act*. 2006, c. 33, Sched. Z.7, s. 5 (5).

Same

(6) The Municipal Property Assessment Corporation shall provide the information required under subsection (5) to the financing authority at the same time that it provides the information to the municipality under the *Assessment Act*. 2006, c. 33, Sched. Z.7, s. 5 (6).

Regulations

6. (1) The Minister may make regulations,

(a) governing payments by the Minister under a funding agreement;

(b) prescribing the manner in which tax increments are calculated;

(c) prescribing types of information and documents to be included in a feasibility study;

(d) prescribing conditions for the purposes of subparagraph 4 iv of subsection 2 (2);

(e) prescribing additional restrictions or limits on payments by the Minister under a funding agreement or restrictions or limits on the time or manner of those payments;

(f) prescribing terms and conditions for the purposes of subsection 4 (3). 2006, c. 33, Sched. Z.7, s. 6 (1).

General or specific

(2) A regulation made under this Act may be general or specific. 2006, c. 33, Sched. Z.7, s. 6 (2).

7**.** Omitted (provides for coming into force of provisions of this Act). 2006, c. 33, Sched. Z.7, s. 7.

8**.** Omitted (enacts short title of this Act). 2006, c. 33, Sched. Z.7, s. 8.

Appendix II – *Community Revitalization Levy*

Division 4.1 Community Revitalization Levy

Definitions

381.1 In this Division,

1. (a) "incremental assessed value" means the increase in the assessed value of property located in a community revitalization levy area after the date the community revitalization levy bylaw is approved by the Lieutenant Governor in Council under section 381.2(3);
2. (b) "levy" means a community revitalization levy imposed under section 381.2(2).

381.2(1) Each council may pass a community revitalization levy bylaw.

(2) A community revitalization levy bylaw authorizes the council to impose a levy in respect of the incremental assessed value of property in a community revitalization levy 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.

(3) A community revitalization levy bylaw has no effect unless it is approved by the Lieutenant Governor in Council.

(4) The Lieutenant Governor in Council may approve a community revitalization levy bylaw in whole or in part or with variations and subject to conditions.

Person liable to pay levy

381.3 A levy imposed under this Division must be paid by the assessed persons of the property in the community revitalization levy area.

Incremental assessed value not subject to equalized assessment or requisition

381.4(1) Subject to subsection (2), the incremental assessed value of property in a community revitalization levy area shall not be included for the purpose of calculating

1. (a) an equalized assessment under Part 9, or
2. (b) the amount of a requisition under Part 10.

(2) Subsection (1) applies in respect of property in a community revitalization levy area only for 20 years from the year in which the community revitalization levy

bylaw is made or such shorter period as determined by the Lieutenant Governor in Council.

Regulations

381.5(1) The Lieutenant Governor in Council may make regulations

(a) establishing any area in Alberta as a community revitalization levy area;

(b) respecting a levy including, without limitation, regulations respecting the minimum and maximum levy that may be imposed and the application of the levy;

(c) respecting the assessment of property, including identifying or otherwise describing the assessed person in respect of the property, in a community revitalization levy area;

(d) respecting assessment rolls, assessment notices, tax rolls and tax notices in respect of property in a community revitalization levy area;

(e) respecting the application of any provision of this Act, with or without modification, to a community revitalization levy bylaw or a community revitalization levy, or both;

(f) respecting any other matter necessary or advisable to carry out the intent and purpose of this Division.

(2) A regulation under subsection (1) may be specific to a municipality or general in its application.

Appendix III – Regulations Under the CRL

a) the objectives, risks and benefits associated with the plan,
b) the need for the plan, including substantiation that redevelopment will not progress significantly in its absence,
c) the costs associated with the plan, including the amount and timing of projected
    a. redevelopment capital costs,
    b. borrowing costs, and
    c. other costs,
d) the revenues associated with the plan, including the amount and timing of projected
    a. community revitalization levies in respect of the incremental assessed value of property in the Rivers District,
    b. general municipal revenues, and
    c. other revenue sources,
e) the amount, timing and source of projected borrowings associated with the plan, and the amount and timing of the repayments,
f) a low, medium and high projection of estimated changes in the incremental assessed value of property in the Rivers District and the consequent impact on projected revenues from community revitalization levies,
g) how the municipality will fund any shortfall in the event that actual revenues associated with the plan are not sufficient to provide for the actual costs and repayment of borrowings associated with the plan,
h) the proposed land uses for the Rivers District,
i) the proposed phasing of development in the Rivers District,
j) the impact, if any, that the redevelopment of the Rivers District will have on the residents of that area,
k) which features, facilities and characteristics of the municipality will be adversely affected by the redevelopment of the Rivers District and what is proposed to mitigate those effects,
l) which historically significant buildings in the Rivers District will be conserved and maintained and how they will be conserved and maintained, and
m) the expected role of private sector developers in the redevelopment of the Rivers District.

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