

All that glitters is not gold. Are Calgary and Edmonton's new entertainment districts desirable or doomed? New School of Public Policy report

For Immediate Release

February 21st, 2019

Calgary – What do Edmonton's glittering new Arena District and Calgary's complete overhaul of its Rivers District have in common? Both cities pulled their projects off using a novel method of financing: the community revitalization levy (CRL).

CRL's are powerful tools – but they come with risks. They can cause economic harm when they are used incorrectly. Cities that use them need to ensure they follow certain defined principles. Without those safeguards, Calgary's Rivers District and Edmonton's Capital City Downtown Plan may not be the deal citizens expect.

Today, The School of Public Policy and authors Marina Spahlinger and Nancy Moke released a report that outlines a framework for the effective use and implementation of CRLs and examines the current CRL framework and mechanisms in Alberta.

According to Spahlinger, "A CRL should only be used if it can be demonstrated that it is in fact the best available financial tool to incentivize private investment and that it leads to long-term sustainable development of the revitalized area. In the case of Calgary's River District, it appears that those tests were not properly met, and so it is unclear whether the CRL really was the best financial tool available for the city to use in its effort to improve the area. While the property tax base in the Rivers District has grown more quickly than in the rest of the city, it is impossible to know how much more quickly it would have grown without the use of the CRL as a tool. There also seems to be a lack of clarity of whether new projects funded by the CRL will be in the public's best interest or if the money would be better used if returned to the tax base. Edmonton, meanwhile, did not pre-define the scope and the cost of all the projects it expects for its Capital City Downtown Plan. While that provides flexibility to develop new project ideas as more revenue materializes, it also allows for scope creep, and the risk that revenues will continue to be spent, even beyond their need, rather than being returned to the tax base. It is also unclear whether the Edmonton plan has actually succeeded in inducing economic growth. It may be that it has only shifted where people spend their money away from other parts of the city and into the downtown district, potentially harming some residents and businesses."

The province of Alberta, as well as the cities of Calgary and Edmonton, can take measures to increase transparency, accountability and public awareness as they relate to the use of CRLs. By filling the gaps and enhancing public-accountability tools, governments can showcase how CRLs can be successfully implemented in the province and set a positive tone for the use of CRLs in the future.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

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Media contact:

Morten Paulsen

morten.paulsen2@ucalgary.ca

403.220.2540