

Planning & Development Report to
Priorities and Finance Committee
2020 April 29

ISC: UNRESTRICTED
PFC2020-0381

Established Area Growth and Change Strategy 2020: Phase 1 Recommendations

EXECUTIVE SUMMARY

The recommendations of this report have been considered in the context of the COVID-19 emergency, however the vast majority of the supporting work was completed during the pre-COVID-19 period. The full financial impact to The City from COVID-19 is not yet fully known. As this report includes recommendations related to the One Calgary service plan and budget, and a review of capital project funding and delivery is underway, the outcomes of this report will be considered within the budgetary and project delivery framework.

The Established Area Growth and Change Strategy (the “Strategy”) was directed by Council in 2018 September (PFC2018-0891). It is the second part of the comprehensive city-wide growth strategy that began with the New Community Growth Strategy and includes the future Industrial Area Growth Strategy.

This work proposes making investments that can help deliver great communities for existing and future residents, and it identifies process improvements and the development of financial tools that will enable growth, boost investor confidence and certainty, and attract private investment to partner with public investments in communities. This work helps implement policy goals through strategic investments in redeveloping communities.

The four factors that support this decision making are: (1) aligning with long term Municipal Development Plan/Calgary Transportation Plan (MDP/CTP) policies, (2) meeting existing market demand, (3) considering financial impacts, and (4) ensuring redevelopment readiness of existing communities.

Phase 1 results include:

1. A recommended \$30M City investment program in the public realm and an identified \$5.4M budget allocation for utilities in the Phase 1 growth areas that supports an estimated 190 construction jobs, \$28M in Gross Domestic Product (Value Added) and \$71M in additional sales for the Calgary Economic Region in this budget cycle (Attachments 1, 2 and 4);
2. A recommendation to develop an off-site levy, in consultation with stakeholders, for local-sized water and sanitary pipes in the established area to provide cost certainty and predictability for developers (Attachment 3);
3. A property tax uplift pilot, for this budget cycle, in the North Hill Communities Local Area Plan (Attachment 3); and
4. Process and policy improvements that enable growth and support growing communities (Attachment 2).

The Strategy is part of a group of interconnected planning initiatives, known as the *Next Generation Planning System*, which will improve the way we plan Calgary’s future and help us implement and realize the MDP and its policies (see Attachment 6). Many of these initiatives are being worked on in parallel, including the pilot multi-community Local Area Plan for North Hill, and this Strategy.

Following this report, the Strategy work shifts into implementation of the recommended Phase 1 actions, as well as leading into a Phase 2 which is an expansion of this work in advance of the next budget cycle (Attachment 7).

Administration would like to acknowledge and thank the many businesses, community members, partners and development industry representatives that have contributed to the results of this work.

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ADMINISTRATION RECOMMENDATION:

Administration recommends* that the Priorities and Finance Committee recommends that Council:

- 1) Review the portfolio of public realm and utility investments, as indicated in Attachment 1, to be funded by the Established Area Investment Fund (public realm) and redirected capital budget (utilities), and:
Approve a capital budget request for Budget Id 481650 "Public Realm (EAGCS) of \$11.7M in 2021 and \$18.3M in 2022, funded by the Established Area Investment Fund.
- 2) Direct Administration to develop:
 - a) A new Established Area off-site levy for local-sized water and sanitary pipes, through consultation with stakeholders, and for Council's consideration, as part of the current Off-site Levy Bylaw review;
 - b) A two-year pilot Tax Uplift program in the North Hill Communities Local Area Plan to support future growth-related public realm investments; and
 - c) In Phase 2, additional financial tools and strategies for public realm investment and replenishment of the Established Area Investment Fund, as listed in Attachment 3.
- 3) Approve the Request to Create a New Reserve and associated Terms and Conditions for the Established Area Investment Fund (Attachment 4).
- 4) Direct Administration to continue Phase 2 of the Established Area Growth and Change Strategy work as defined in a Phase 2 Work Plan (Attachment 7) and bring back the next round of recommendations, no later than 2022 November, in coordination with the 2023-2026 business plan and budget cycle.

*The full financial impact to The City of the COVID-19 emergency is not yet understood. A comprehensive review of capital project funding and delivery is underway.

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RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE*, 2020 APRIL 29:

That Council:

1. Review the portfolio of public realm and utility investments, as indicated in Attachment 1, to be funded by the Established Area Investment Fund (public realm) and redirected capital budget (utilities), and:

Approve a capital budget request for Budget Id 481650 "Public Realm (EAGCS) of \$11.7M in 2021 and \$18.3M in 2022, funded by the Established Area Investment Fund.

2. Direct Administration to:

a. **Explore** a new Established Area off-site levy for local-sized water and sanitary pipes, through consultation with stakeholders, and for Council's consideration, as part of the current Off-site Levy Bylaw review;

b. **Develop** a two-year pilot Tax Uplift program in the North Hill Communities Local Area Plan to support future growth-related public realm investments; and

c. **Explore** additional financial tools and strategies for public realm investment in Phase 2 and replenishing the Established Area Investment Fund, as listed in Attachment 3, **with a report back with preliminary recommendations through the Priorities and Finance Committee by end of Q4 2020.**

3. Approve the Request to Create a New Reserve and associated Terms and Conditions for the Established Area Investment Fund (Attachment 4).

4. Direct Administration to continue Phase 2 of the Established Area Growth and Change Strategy work as defined in a Phase 2 Work Plan (Attachment 7) **in collaboration with the Phase 1 stakeholders**, and bring back the next round of recommendations, no later than 2022 November, in coordination with the 2023-2026 business plan and budget cycle.

5. Direct that Administration explore allocating the funding for Pumphouse Park Improvements (Attachment 1) to Sunalta Community Hub Area Improvements.

*The full financial impact to The City of the COVID-19 emergency is not yet understood. A comprehensive review of capital project funding and delivery is underway.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2020 February 3, Council approved Notice of Motion PFC2020-0131 regarding "Identifying a Funding Source for Public Realm Improvements in Established Areas." This Notice of Motion provides \$30 million of funding towards public realm improvements in Phase 1 Established Areas. It also directs Administration to outline an investment decision framework in the 2020 May Phase 1 report, develop a Terms of Reference for the fund, and explore the opportunities to replenish the fund to ensure continued investment in redeveloping areas.

Additional previous direction is included in Attachment 6.

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BACKGROUND

The Strategy was directed by Council in 2018 September (PFC2018-0891), as a second part of the city-wide growth strategy that began with the New Community Growth Strategy and includes the future Industrial Area Growth Strategy. This work identifies focus areas and proposes investments that can help deliver great communities for existing and future residents consistent with the Municipal Development Plan (MDP) and enable growth through the efficient use of land and existing services. This Strategy supports Calgary's Comeback and is intended to help boost investor confidence and attract private investments to partner with public investments in existing communities.

This work was a collaboration between community and business stakeholders, shallow utility providers, development industry representatives, and City staff in various departments. Together, solutions were developed based on the current development context in Calgary.

This project is being undertaken in two phases. Phase 1 identified short-term actions and piloted a growth-related decision framework for actioning public realm and utility investments (Attachment 2) that align with guiding project factors. Phase 1 is foundational to Phase 2, which provides the opportunity to further develop and implement the more complex actions that have been identified to support growing communities.

As articulated in the PUD2019-0305 Update Report, Phase 1 was anticipated to identify growth areas with a higher likelihood to experience short-term redevelopment, to initiate proposals that include public investment opportunities that complement anticipated growth and change and private sector investment, and to identify funding, financing, and planning tools that could be deployed to support each proposed growth area. Investments were to be recommended through the 2020 November Mid-Cycle budget, and improvements and tools would be implemented as required. The Update Report also outlined the case for why investment in existing communities is important to the overall city.

As a part of the Next Generation Planning program of work (Attachment 6), the Strategy links into the broader effort to deliver policy and implementation tools that better support the redevelopment context in Calgary.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Next Generation Planning System (Attachment 6) includes important and complementary foundations of both policy and investment. The Strategy identifies ways to intentionally support strategic growth in the established area, in alignment with and in support of the long-term MDP/CTP and Local Area Plan policy goals. This is through investments in public realm and infrastructure for existing and future residents and businesses of redeveloping communities. While being done in parallel with the initial Local Area Plans, the future phases will work to complement modern growth-enabling policy with public realm investment as local growth is realized.

To accomplish this, the framework for making growth planning recommendations in established areas is based on alignment with the MDP/CTP policies, meeting market demand, redevelopment readiness and consideration of the financial impacts and benefits of growth. Phase 1 proposes investments and process and policy improvements that can enable growth while supporting great communities for existing and future residents and businesses.

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Investments are largely targeted for communities with current growth pressures and anticipated continued market interest, while the actions will be available in these areas and other redeveloping areas in the city.

Public realm and utility investments are outlined in Attachment 1, through a flexible program-level list of identified projects. The decision framework used to arrive at the list is included in Attachment 2 along with a summary of process and policy improvements that support the readiness of areas to receive growth. Attachment 3 outlines the related financial strategy under development. The elements identified in Attachments 1, 2, and 3 were developed through 2019-2020 in collaboration with stakeholders through Advisory and Working Groups and connections with members of Community Associations and Business Improvement Areas.

MDP/CTP Alignment

This Strategy is meant to align with the goals of the MDP by identifying areas and proposing investments that can help deliver great communities for existing and future residents, and enable growth through the efficient use of land and existing services. This supports moving Calgary towards outcomes identified in Sections 2.2, 3.5, and 5.2.4 of the MDP, including a more compact urban form, and supports intensification of the Developed Residential Areas. The CTP encourages transportation investment to support choice and capacity in intensifying areas. These goals in the MDP/CTP are also broadly aligned with other approved Council policies, including the Climate Resilience Strategy (Action 6.2) and the Resilience Strategy.

Market Demand

Strategic, sustainable growth in established areas is best achieved by coordinating The City's investment and policy efforts with areas of demonstrated market potential. Investment in these areas is anticipated to provide benefits to citizens and further encourage private redevelopment interest. As Phase 1 targets short-term investment and effort to prove the concept, four target areas were identified, using a short-term market potential analysis (Attachment 2). The Phase 1 analysis relied upon seven factors and over 20 indicators such as: development activity, housing stock change, policy status, existing amenities, housing prices, demographics, and community lifecycle. The methodology for market-based analysis was further vetted with industry stakeholders to ensure it fairly represented market expectations.

Growth areas identified for Phase 1 follow local area plan boundaries (as of 2019 November) rather than individual communities to align with the emerging multi-community Local Area Plan framework. This recognizes that local markets are not typically constrained by community boundaries and often share key corridors, amenities, and business areas. It also allowed the benefit of investment to be considered over a wider area.

Redevelopment Readiness

Redevelopment in established areas often involves additional complexity relative to other areas of the city. This term reflects the readiness of an area grow and change, and includes current and future land use, occurrence of under-density developments, areas of approved post-MDP local area policy, areas of market attractiveness, community lifecycle, community readiness to receive redevelopment, and the level of knowledge about the local infrastructure context. The focus of Phase 1 has been on areas showing strong redevelopment readiness, where City-led investment can be leveraged with private investments to achieve the goals of this Strategy.

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Growth-enabling local area policy indicates the readiness of communities for redevelopment and subsequent investment in public realm and infrastructure.

Readiness was used to help identify the Phase 1 growth areas and public realm investments were identified in consultation with community representatives. Several process and policy improvements identified for Phase 1 also support the evolution of established areas into a state of readiness. Attachment 5 outlines the learnings related to utility networks in the established area and important considerations in how growth-related investment in infrastructure can support redeveloping communities.

Process and policy improvements that support redevelopment readiness that are being implemented include:

1. Adjusting business practices to increase applicant awareness and access to utility information at an early stage in the redevelopment process (Attachment 2);
2. Incorporating lessons learned from the first stage of Main Streets project delivery, and gathering information and perspective on existing density bonusing programs to inform Phase 2 work;
3. Supporting policy development by creating policy content for local area plans and the Guidebook for Great Communities, and identifying market areas to inform the sequencing of work on new Local Area Plans; and
4. Reviewing pertinent existing utility standards in the established area to improve understanding of their origin and purpose (Attachments 2 and 5).

Financial Impact

The financial impacts of the Strategy should be considered in terms of both the availability of City funds to support this initiative and the impact to The City, stakeholders, and to the broader economy.

The first part of the financial work focused on developing growth area proposals for the Phase 1 areas (Attachment 2) that outlined meaningful and tangible investments in public amenities and infrastructure that could support growth, create jobs and alleviate growth-related pressures. This report identifies a \$30M portfolio of investments in the public realm and a budget allocation of \$5.4M for investment in water and sanitary utilities (aligned with Main Street streetscape improvements) to be delivered over the remaining One Calgary (2019-2022) service plan and budget, the portfolio of investments is outlined in Attachment 1. This level of investment supports an estimated 190 construction jobs, \$28M in GDP and \$71M in additional sales for the Calgary Economic Region in this budget cycle.

In 2020 February, Council directed \$30M to support this initiative that appropriately complements the number of identified public realm projects that can be delivered in 2021-2022. Funding for utility upgrades required considerations for budget redirections within the Water and Wastewater service lines.

The second part of the financial work in Phase 1 was to examine available financial tools in a Calgary context, and to identify and advance the most appropriate tools to support short-term investment in public realm and infrastructure in growth areas. The progress of this work through 2019 is outlined in Attachment 3. This work is foundational to the continued efforts of the Strategy into Phase 2 to identify sustainable longer-term tools for this purpose.

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Established Area Investment Fund: To support the Strategy to be a long-term and sustainable program focused on public improvements, Administration is recommending the approval of a new reserve (Recommendation 4 and Attachment 4) called the Established Area Investment Fund. This reserve will be monitored, evaluated and reported on through the annual growth monitoring report and the annual corporate reporting on the status of reserves and liabilities and also be included in the triennial reserve review. Sources of funds for this reserve are discussed below.

Phase 1 Funding Mechanisms

Public Realm Investment - For funding Phase 1 investment, a Notice of Motion (PFC2020-0131) was approved by Council that identified an initial \$30 million from the Corporate Fiscal Stability Reserve (FSR) for public realm improvements. These funds will be held in the Established Area Investment Fund and will enable the delivery of the recommended portfolio of public realm projects outlined in Attachment 1.

Property Tax Uplift Pilot: Administration is also recommending property tax uplift reinvestment as a funding tool for public realm improvements (Recommendation 2b, and Attachment 3). In the short term, this will be piloted in the North Hill Communities Local Area Plan to gauge the effectiveness of this tool prior to consideration for more broad application for the 2023-2026 budget cycle. Tax uplift refers to the increase in the property taxes of a property due to the redevelopment of that property. The strength of this tool is that it is easy to draw the link of investment in public realm infrastructure to growth. The weakness of this tool is that growth is variable and uncertain, it can allocate revenue away from other City priorities, and there could be long delays between realized growth and tangible local investment. If successful, this tool could be used to help replenish the Established Area Investment Fund and contribute to future public realm investments in established areas. In the North Hill pilot, revenues generated through this pilot will be reinvested in the North Hill communities. The effectiveness of geographic based property tax investment will be evaluated through the pilot.

Utility Investment – Two water and sanitary utility upgrades have been identified within Phase 1 to support priority Main Streets projects, at an estimated value of \$5.4 million with construction timing to be coordinated with Main Streets streetscape construction.

Capital Program Prioritization: In support of the Strategy and Main Streets programs, upgrades to water and sanitary were identified around 17 Avenue SW and 33 Avenue SW. The limited existing program budgets within the Water and Wastewater services lines are being redirected to fund these upgrades. A dedicated capital program with increased funding specific to this initiative may be required in the 2023-2026 budget cycle and beyond as Phase 2 is developed and implemented.

Established Area Off-Site Levy: To provide cost certainty to developers in the established area, it is recommended that further work on the development of a levy for local-sized water and sanitary infrastructure be included in the ongoing review of the Off-Site Levy Bylaw (Recommendation 2a). This approach would be guided by current provincial legislation to help offset the financial risk and uncertainty of upgrades that may be triggered by redevelopment (sometimes referred to as the 'first in' problem). This work would involve extensive stakeholder consultation and be presented to Council for a final decision along with the review of the Off-site

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Levy Bylaw. This concept was advanced through the Utilities Working Group, part of the engagement framework for the Strategy.

Conclusion: Phase 1 Findings and Outcomes

Phase 1 respected the timeframe for this work related to budget decisions, and identified short term actions, as well as developed the foundation of work that will continue into Phase 2. Phase 1 actions include:

1. A \$30 million investment program in public realm and a \$5.4 million planned investment in utilities in the Phase 1 growth areas (Attachments 1 and 2),
2. Process and policy improvements that support ongoing redevelopment, growth and change across all established areas (Attachment 2); and
3. The implementation of funding mechanisms to enable the delivery of identified investments (Attachments 3 and 4).

Recommended investments include a portfolio of growth-related public realm enhancements including transportation, traffic calming, pedestrian elements, and improvements to public spaces. Additional planned investments include utility upgrades to water and sanitary networks. Beyond addressing growth pressures in established areas, and delivering on policy objectives, it is expected that this investment in the 2019-2022 budget cycle will support an estimated 190 construction jobs in Calgary and \$28M in Gross Domestic Product (Value Added) to Calgary Economic Region with additional total sales of \$71M.

Process and policy improvements include changes to the development application process to provide improved information related to utilities, a simplified policy environment that is integrated with implementation, and the consideration of a new off-site levy in established areas to fund local-sized water and sanitary pipe upgrades. Some appropriate financial and planning tools were identified to advance these actions and were either fully or partially developed in the time available in Phase 1.

Phase 2 of the Strategy

Stakeholders were involved in the development of the Phase 2 Work Plan (Attachment 7). All stakeholder groups identified the critical importance of this work in supporting growing communities, and the need to develop more sustainable, permanent solutions through Phase 2. Phase 2 includes the development of annual monitoring and reporting on the impacts of the Phase 1 investments in supporting development projects and the delivery of public realm and infrastructure projects. This will be done with the New Community annual growth monitoring report. Administration will bring the next set of established areas capital investment recommendations in coordination with the 2023-2026 business plans and budget process, and in conjunction with the rest of the city-wide growth strategy, the Transit Oriented Development (TOD) Strategy, and the Main Streets program.

Stakeholder Engagement, Research and Communication

Stakeholders were engaged through a working group framework consisting of an Advisory Group and four working groups. Participation and perspective from stakeholders was key to building a foundation for the Strategy. The working groups each focused on unique elements of

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the Strategy (Attachment 8). Stakeholders represented communities, the Federation of Calgary Communities, Business Improvement Areas, shallow utility providers, the development industry (including NAIOP and BILD-Calgary Region) and Administration. Over 70 external individuals participated in Phase 1. Letters from stakeholders are included in Attachment 9.

The Advisory Group identified a set of principles as a foundation for how this project would be undertaken, as well as establishing a consensus model for decision-making. The Advisory Group provided critical guidance at key points in Phase 1. The working groups collaborated to identify the basic challenges in growing established areas that were related to public environment, deep and shallow utilities and financial, planning and policy tools.

The project team used web updates, information packages, meetings and emails to share information with Council and stakeholders throughout 2019. Information was also shared through Next Generation Planning projects. The Advisory Group and working groups were asked to share project information with their community and industry contacts.

Strategic Alignment

Attachment 6 outlines the strategic alignment of this work with policies like the MDP, CTP, Next Generation Planning System, the Calgary Climate Resilience Strategy, Resilient Calgary Strategy and Council's Priorities.

Social, Environmental, Economic (External)

Social

Facilitating growth in established communities supports the vibrancy and diversity of communities by sustaining public infrastructure and amenities to support a changing population and a range of housing choices that includes mid-density options. Investment in infrastructure supports development that can increase housing variety and affordability, providing opportunities for populations that are diverse both demographically and economically. Supporting the redevelopment and growth of communities can positively impact social inclusion, enhance accessibility standards and aging in community options for current and future residents.

Environmental

This work supports the goals of Calgary's Municipal Development Plan to foster a compact urban form. This limits the environmental footprint of the city by creating a more efficient use of land and infrastructure services. A more compact population supports infrastructure that provides mobility choices and the policies supporting transportation modes like walking, cycling, and transit within the Calgary Transportation Plan. Investment in amenities such as open space and the urban tree canopy helps sustain healthy spaces for citizens to connect to the environment.

Increased densification and infrastructure upgrades in established areas supports the goals of the Climate Resilience Strategy, specifically Action 6.2 which calls for the integration of GHG reduction considerations into growth management decisions. Efficient use of land and compact population helps to mitigate the emissions of climate change-causing greenhouse gasses by facilitating low- and zero-carbon transportation choices.

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Economic (External)

Meaningful investment of the identified \$35.4 million in existing areas of the city that have the opportunities for growth through redevelopment will help bolster economic diversification and resilience by supporting tangible market demand while helping to increase the assessment base and support job creation. Growth in existing communities leverages existing infrastructure and services and creates cost efficiencies overall. An updated analysis of the impacts of meeting the Municipal Development Plan/Calgary Transportation Plan long-term goals by 2076 identified an approximate savings of \$17 billion in capital infrastructure over the next 60 years if the compact urban form outlined in the plans is achieved.

Financial Capacity

Current and Future Operating Budget:

There are minimal operating cost impacts related to the Phase 1 portfolio of capital projects recommended in this report. The recommended process and policy improvements represent a minimal operating impact, since the identified changes to business practices can be accommodated within existing operating resources. Recommendations in future phases of this work may have associated operating impacts, which will be identified at the time.

For the duration of the North Hill property tax uplift pilot, property tax income will be directed to the Established Area Investment Fund if there is a positive tax uplift and there are budget savings of the same amount available to use.

Current and Future Capital Budget:

No new capital funding is being requested in this report. The recommended portfolio of public realm and utility investments will be funded through (1) the \$30M identified in the Notice of Motion (PFC2020-0131) and (2) by \$5.4M capital budget redirection within the Water and Wastewater service lines. Future capital funding will require support through decisions in future business cycles and will consider additional funding and financing tools that will be evaluated in Phase 2 of this work. This fund complements the City's investment of \$5 billion through the City's four year capital budget related to capital maintenance, upgrades, growth, and service changes, and approximately \$1.7 billion is spent specifically for rehabilitation of existing infrastructure due to obsolescence, safety concerns, age, or condition of the infrastructures (C2018-1158 Att. 9, p 99).

Risk Assessment

While there are several risks associated with the recommendations outlined in this report, there is far greater risk associated with not intentionally supporting policy and investment to enable growth and change in established areas. The primary risks include:

- **State of Local Emergency:** The recommendations in this report have been considered in the context of the COVID-19 emergency, and with knowledge available at the time of publishing. Changes related to other City initiatives because of the emergency may also pose risks to the Strategy work. The ability to implement and realize actions outlined in this Strategy may be at risk, given the uncertainty of The City's financial capacity, availability of resources due to illness, personal commitments, and potential redeployments. Public hearing limitations pose risks to public and stakeholder perception of transparency, ability to participate, and

Approval(s): Dalglish, Stuart concurs with this report. Author: Kalmakoff, Lesley

City Clerks: J. Palaschuk

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effectiveness of participation. There may be lower stakeholder acceptance of change as individuals and organizations manage physical, financial, and psychological impacts of Covid-19. Additionally, Phase 2 actions may also be at risk, given the uncertainty related to stakeholder engagement and ability to participate as the emergency situation unfolds. Changes to other related City initiatives as a result of the emergency may also pose risks to the EAGCS work. The situation and impacts continue to be assessed and managed.

- **Strategic and Policy Risk:** Without an intentional approach to supporting growth in the established area, a number of Council-approved priorities are at risk of being achieved, including MDP growth targets for developed areas, Green House Gas emissions reductions targets (Climate Resilience Strategy), and Council Directive (N5) maximizing housing choice and affordability. Based on the current number of annual units being absorbed in the Developed Area as defined by the MDP, Calgary's target of 50 per cent population growth accommodated within this area continues to be at risk (as stated in the 2019 May 01 EAGCS update report, PUD2019-0305). While this Strategy doesn't remove this risk, it provides one mitigation strategy towards longer-term cumulative impact. The City's ability to achieve Green House Gas emissions reduction targets, as outlined in the Climate Resilience Strategy (2018) may be compromised, as planning and policy decisions, and infrastructure investments directly impact emissions and energy use in Calgary. As well, Council Directive (N5) to minimize cost of growth for The City, while maximizing housing choice and affordability, requires capital investment in infrastructure to be prioritized towards supporting intensification of developed areas (as outlined in the MDP).

Recommendations in this report are also complementary to a number of other City initiatives in established areas (e.g. projects as part of the Next Generation Planning System, Liveable Streets, and capital investment priorities of City service lines) that may be impacted should the recommendations not be approved.

- **Market Risk:** Within Calgary's Established Area, 22 per cent of communities are growing. Without intentional focus in these communities to meet market demand, affordability pressures may increase, and the communities will struggle to provide a range of housing types and tenures. While attention to forecasts and trends have underpinned this work, these analyses are based on assumptions that may prove to be inaccurate, as redevelopment is also dynamic and variable. There is also a risk that the market may not respond to recommended actions and investments in this strategy. These risks have been mitigated to the extent possible, through monitoring and developing recommendations in close collaboration with Industry stakeholders. Additional certainty of support for growth and investment in established areas in Calgary may also improve investor confidence and encourage private capital to remain in the local market.
- **Financial Risk:** Builders and developers involved in redevelopment are heavily influenced by economic and population trends, resulting in a high degree of market volatility and uncertainty. City capital budgets are currently constrained by a number of internal and external factors, and return on investment is unpredictable given the influence of economic and population trends. Council's decision to allocate \$30M towards the Strategy mitigates the near-term risk for an identified funding source, but funding sources to support new investments may be limited beyond the current budget cycle. Implementation of financial tools identified through Phase 2 of this work may take time to develop, and additional time to

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accumulate sufficient funds for future investments. This work acknowledges a shared risk approach between citizens, businesses, The City and Industry, has an identified near-term funding source, and a strategy to identify tools in Phase 2 to support ongoing future funds.

- Operating and Capital Delivery Risk: Current operating budgets and recent disruption to standard business practices pose a risk to the speed at which strategic investments, capital project delivery, and policy and financial tools may be realized. Further work on scope, cost and scheduling to finalize capital project delivery details in Phase 1 will help mitigate this risk, as well as incorporating implications of capital and operating expenditures into future growth recommendations.
- Stakeholder Expectations and Reputational Risk: Supporting redevelopment in an effort to achieve the long-term goals of the MDP and CTP requires multi-faceted approaches, which consider the role of a variety of stakeholders in achieving these goals. Recommendations put forward through this Strategy represent significant time and effort by Industry, business and community members, as well as staff from various departments across The City. The Strategy aims to be equitable across stakeholder groups, deliver cumulative impacts, and be clear in communication with stakeholders. If work does not proceed, there is a risk of reputational loss for The City, and may increase friction between stakeholder groups. Expectations related to scope, timing, and benefits will need to be addressed, as full benefits will take time to realize (such as activating investments, capital project completion, and market potential).
- Legislative Risk: The legislative environment in Alberta has been changing in recent years and in light of the current emergency. Future legislative changes may have unforeseen impacts to the policy and delivery environment under which this work is delivered, and the strategy and policy tools that may be recommended or implemented to support growth in established areas.

REASON(S) FOR RECOMMENDATION(S):

This set of growth enabling investments and process/policy improvements demonstrate an intentional approach to supporting growth and change in the established area of Calgary. The recommendations are aligned with the MDP/CTP goals, market factors, redevelopment readiness and financial impacts. The recommendations deliver on the goals of Phase 1, while setting up Phase 2 for continued success, and reflect priorities of stakeholders and Administration that were developed together through 2019. This work is foundational as this program moves into Phase 2 and will advance the Next Generation Planning System in Calgary.

This report aims to prove a concept where The City and stakeholders can realize shared benefit in enabling redevelopment and supporting growing communities. This helps The City be specific in its actions and tie those actions to market trends to leverage private investment and amplify the benefit. This work supports the realization of great communities for existing and future residents, enables growth through the efficient use of land and existing services, boosts investor confidence, supports job creation, and attracts private investment to partner with public investments in communities.

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ATTACHMENT(S)

1. Attachment 1 – EAGCS Phase 1 Portfolio of Public Realm and Utility Investments – PFC2020-0381
2. Attachment 2 – EAGCS Phase 1 Growth Area Investment Proposals and Process and Policy Improvements – PFC2020-0381
3. Attachment 3 – EAGCS Phase 1 Funding Strategies and Tools – PFC2020-0381
4. Attachment 4 – Request to Create a New Reserve – PFC2020-0381
5. Attachment 5 – Utilities and Established Area Growth – PFC2020-0381
6. Attachment 6 – EAGCS Phase 1 Strategic Considerations – PFC2020-0381
7. Attachment 7 – EAGCS Phase 2 Work Plan – PFC2020-0381
8. Attachment 8 – EAGCS Phase 1 Stakeholder Summary: What We Heard/Did – PFC2020-0381
9. Attachment 9 – EAGCS Phase 1 Stakeholder Letters – PFC2020-0381
10. **Attachment 10 – Public Submissions**