



Calgary



# 2020 Growth Strategy Monitoring Report

Priorities and Finance Committee  
2020 October 19

PFC2020-0962  
ISC: Unrestricted



**Municipal  
Development  
Plan/Calgary  
Transportation Plan  
Alignment**

**Market Demand**

**Financial Impacts**

*Since 2018, **Citywide Growth Strategy** decisions have been made using a comprehensive, three factor framework*



# Growth Strategy Monitoring Report Overview

The **Citywide Growth Strategy** seeks to enable balanced growth across the city

The **Growth Strategy Monitoring Report** provides transparency and accountability



This is the **second year** of the Growth Strategy Monitoring Report

New for this year are updates on the **Industrial Strategy** and the **Established Area Growth and Change Strategy (EAGCS)** Phase 1 investments



## Citywide Market Overview

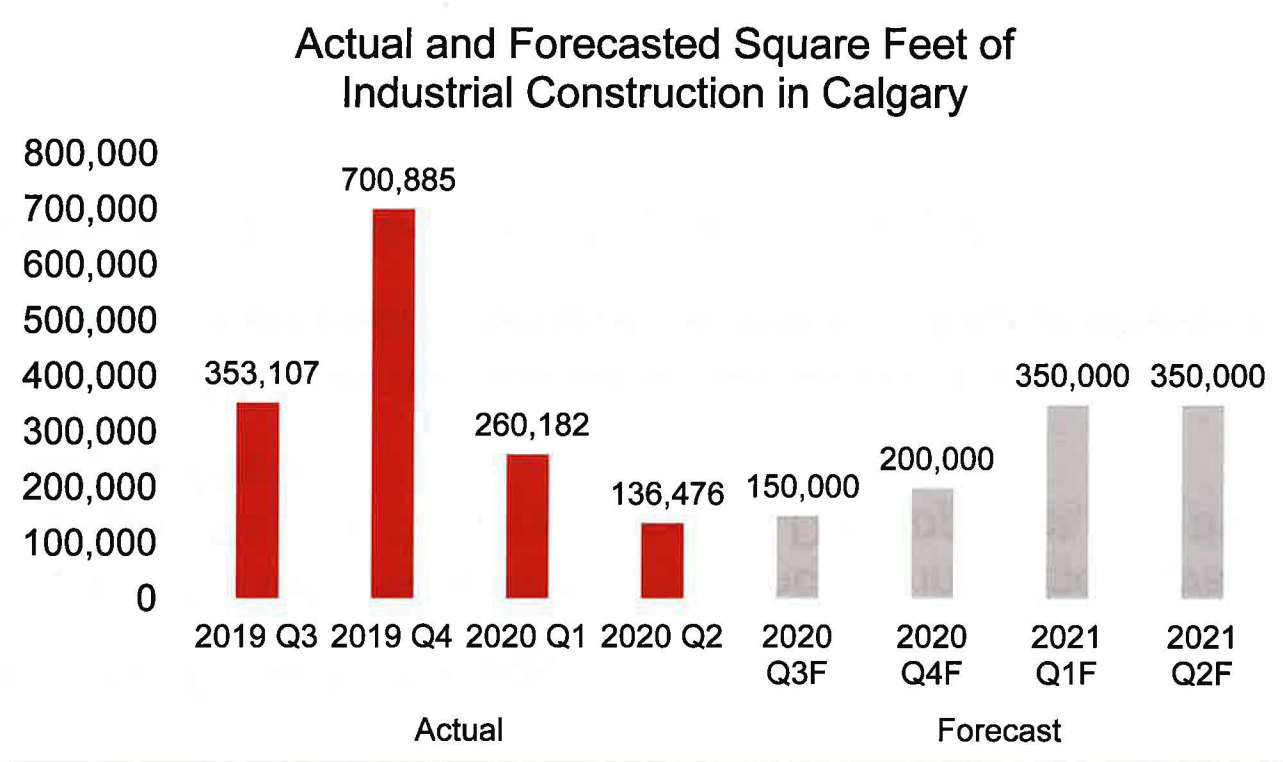
- By most measures, growth in 2019 was slightly stronger than 2018
- As a result of COVID-19, 2020 growth is down significantly compared to 2019

	2018	2019	Per cent change (2018-2019)	Jan-Aug (2019)	Jan-Aug (2020)	Per cent change (2019-2020)
Total citywide building permit construction value	\$4.4 billion	\$5.2 billion	18%	\$2.7 billion	\$2.2 billion	19%
City of Calgary Housing Starts	9,350	10,632	14%	5,747	4,618	20%
Calgary share of Census Metropolitan Area housing starts	85%	89%	4%	89%	85%	4%

Sources: City of Calgary, CMHC



- An estimated 747,000 square feet of construction and 26 hectares of land is expected to be absorbed in 2020, significantly lower than the 5 year average
- A rebound to 1.7M square feet is forecasted for 2021, which is at the 5 year average



Source: City of Calgary, CBRE Limited



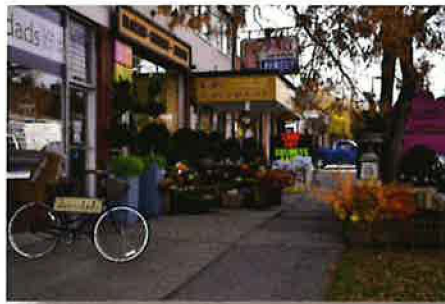
- **Industrial Area Growth Strategy**

- Members of the external working group include industrial developers, NAIOP, BILD Calgary Region, Calgary Economic Development, and the Calgary International Airport
- Initiated in 2020, work has started to identify short term solutions and longer term goals that will help to remove barriers to industrial development
- A scoping report for the work is targeted for early 2021





- In 2019, an estimated 4,100 units (43 per cent in the city) were built in the established areas, based on building permits

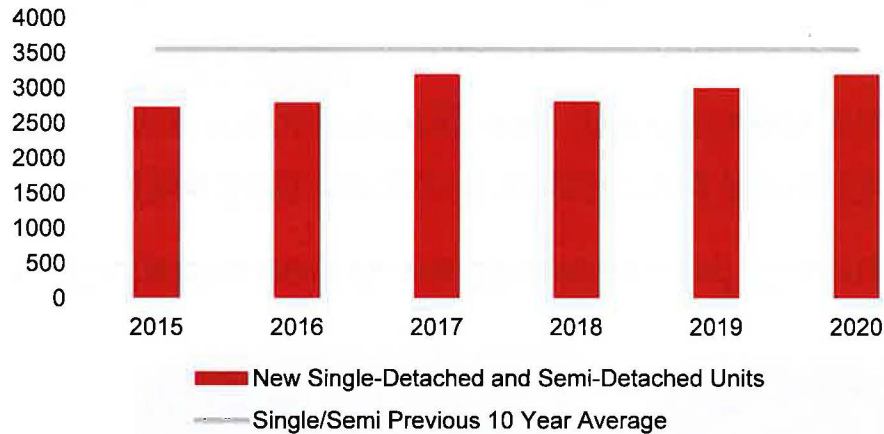


- **Established Area Growth and Change Strategy**
  - The \$30 million Established Area Growth and Change (EAGCS) projects are transitioning into the delivery phase with construction anticipated in 2021-2022
  - Phase 2 of the EAGCS is underway, focusing on growth-related financial tools and investment recommendations

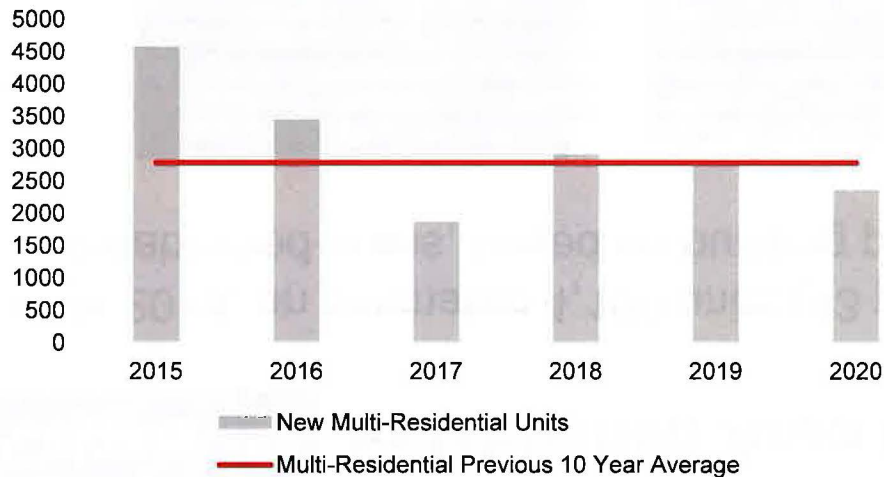


# New Community Residential Overview

New Community Single/Semi Detached Dwellings



New Community Multi-Residential Dwellings



- In absence of a 2020 census, an estimated 3,200 single/semi detached units and 2,400 multi-residential units were built in the 27 actively developing communities
- After hitting a multi-year low in May, monthly single residential construction values have rebounded sharply into September
- Causes may be low mortgage rates, mortgage qualification parameters, and demand shift from COVID-19





## New Community Residential Overview

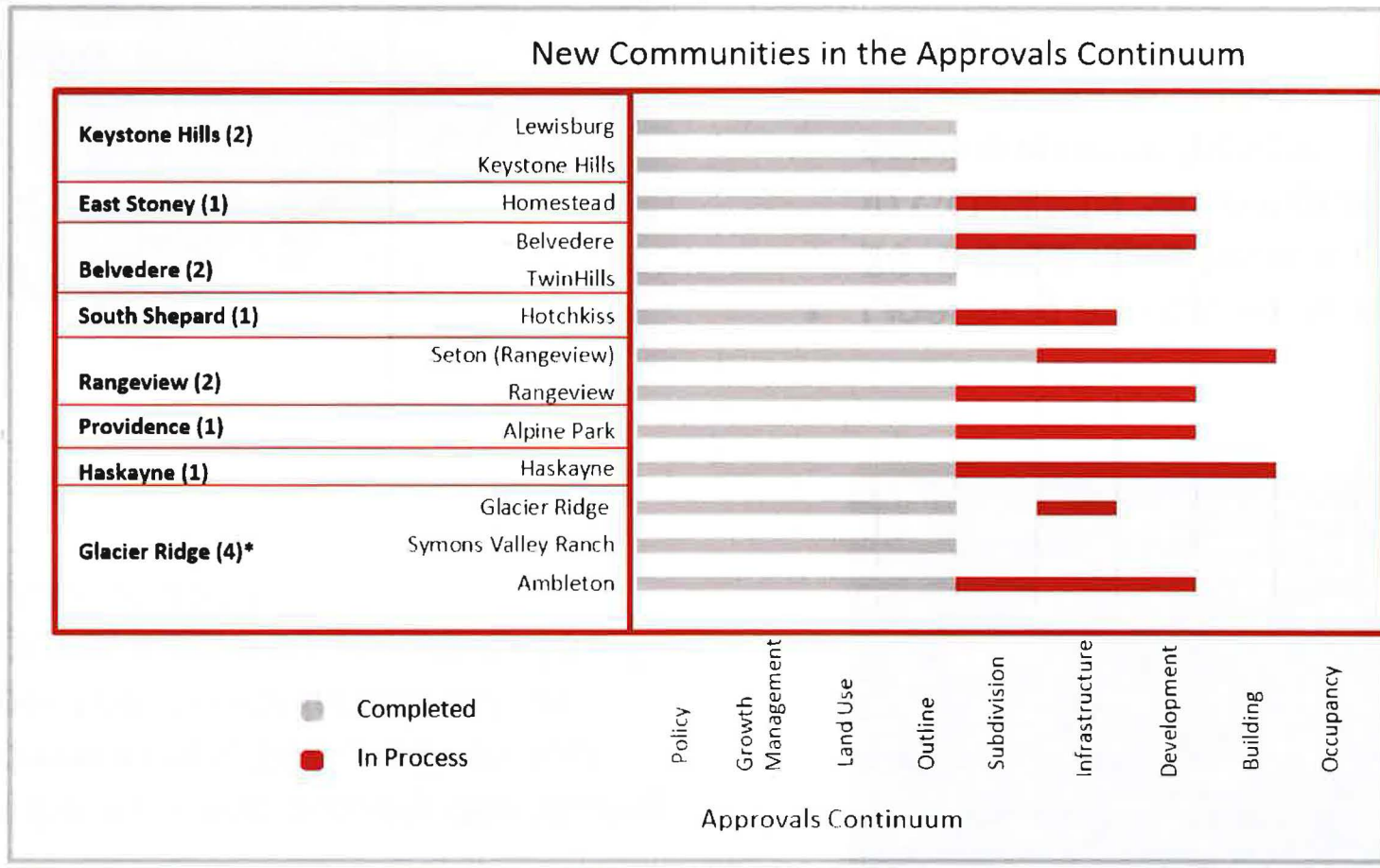
- In the new and actively developing communities, \$42.8 million was spent on capital infrastructure, against a revised budget of \$63.7 million in 2019



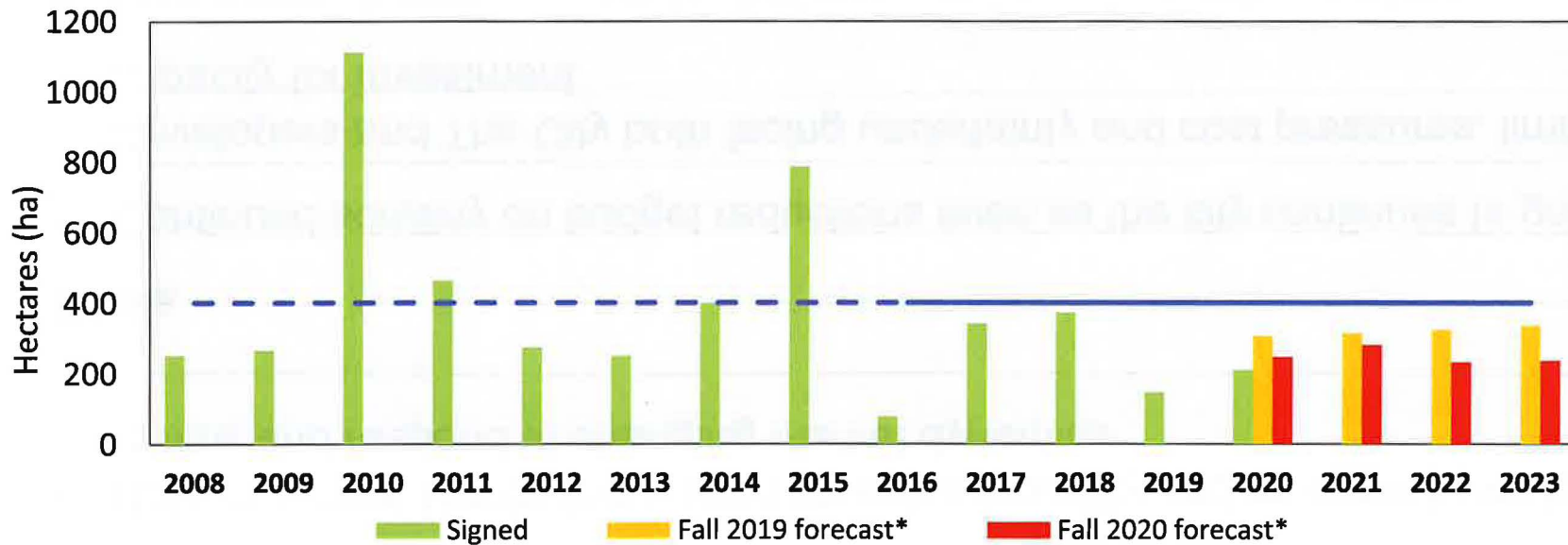
- Operating and capital spends in 2019/2020 have been lower due to COVID-19, slower growth, service level reductions, and adjustments to infrastructure delivery



# 14 New Communities (NCGS 2018)



- 7 of 14 new communities have executed a development agreement
- Construction has started on approximately 100 units
- By 2022, majority are not likely to meet development anticipated in 2018



- Since the 2016 Off-site Levy Bylaw was passed, the anticipated 401 hectares of development has not occurred, and this is not expected to change in the near term
- Lower growth and higher residential densities are contributors to this trend

\*2019 & 2020 forecasts are model-based forecast numbers.



## Opportunities

- Immediate private development opportunities are available in established, industrial, and new community areas
- Development continues to move forward in all areas of the city
- Role of annual Monitoring Report provides flexibility and an opportunity to review and respond to changing market dynamics

## Risks

- Continued scrutiny on budget reductions even as the city continues to grow
- Developers and The City both facing uncertainty and cost pressures, limiting capacity for investment
- Lower growth revenues could challenge ability to fund infrastructure commitments



- Citywide residential growth in Calgary in 2019 improved over 2018, but was slightly lower than the five year average
- So far in 2020, development value is down 20 per cent from 2019
- Data and analysis provided in the report outlines that there is sufficient growth capacity to accommodate demand
- The Citywide Growth Strategy is having impacts in new community, established, and industrial areas, but balance is key





That the Priorities and Finance Committee recommends that Council direct Administration to bring a Growth Strategy Monitoring Report to the Priorities and Finance Committee no later than 2022 January.

