

Citywide Growth Strategy in the 2023-2026 Service Plans and Budget Cycle

RECOMMENDATION(S):

That the Infrastructure and Planning Committee recommends that Council:

1. Direct Administration to use the growth portfolio identified in Attachment 2 as guidance for growth-related investments in the 2023-2026 Service Plans and Budgets process; and
2. Direct Administration to defer the 2022 Growth Monitoring Report from 2022 October to Q2 2023.

HIGHLIGHTS

- This report identifies a portfolio of growth-enabling investments and new community growth areas that will support growth and change throughout Calgary. Feedback from Council will assist Administration in prioritizing and finalizing the growth investment component of the 2023-2026 service plans and budgets.
- What does this mean to Calgarians? Calgary businesses will benefit from infrastructure improvements to connect more people to jobs and more goods to markets, established area residents will benefit from revitalized and expanded capacities of public spaces to attract and retain more residents, new community residents will benefit from completing communities with needed infrastructure faster, while maintaining housing choice and affordability.
- Why does it matter? Decisions about how and where Calgary invests in growth impacts the ability to achieve the long-term vision described in the Municipal Development Plan and Calgary Transportation Plan, and Council's priorities of economic, social and climate resiliency. Council's decisions about growth in this budget process will impact how we grow and change in the next budget cycle, and well beyond.
- The identified investments will:
 - Enable private investment in Calgary's industrial sector to respond to strong market demand, increase regional competitiveness;
 - Help sustain complete and vibrant neighbourhoods in the growing and changing established area, in support of a sustainable compact urban growth pattern; and
 - Help complete previously approved new communities and initiate new communities that augment existing housing choice and support housing affordability, while keeping within The City's financial capacity.
- Feedback from Council on the investment portfolio in this report will guide how citywide growth capital and operating investments are included in the ongoing 2023-2026 service plans and budgets process.
- As the 2021 Growth Strategy Monitoring Report came forward in 2022 January, this report also recommends that the next Growth Strategy Monitoring Report be deferred to 2023 Q2, instead of 2022 October as previously directed. The most current data will continue to be used in developing conclusions, regardless.
- Strategic Alignment to Council's Citizen Priorities: A prosperous city
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

Calgary is a growing city, and needs to respond to accommodate population, business and employment growth – throughout the city, and more specifically in new community, established community and industrial areas.

Growth carries benefits, but also risks. Growth helps build the places Calgarians love, it supports jobs, and provides the opportunity to be innovative in city building. Leveraging growth can be part of the solution to create a more equitable and climate resilient city that supports the needs of all Calgarians. But growth also carries significant costs and expectations. A well thought out growth strategy helps achieve the benefits while mitigating the risks.

In previous years, Administration provided recommendations to Council through separate reports and at different times for these areas. For the first time, this report integrates these components into a single citywide report to provide Council better visibility on the opportunities and trade-offs that may come with growth decisions and to enable a more comprehensive discussion on how Calgary grows. Industrial, established and new community areas are interdependent parts of Calgary, each offering unique and complementary opportunities to create an attractive, resilient, and affordable city. As has been the case since the initiation of the strategy in 2018, evaluating growth investments should be based on the three-factor foundation of aligning to the Municipal Development Plan/Calgary Transportation Plan, meeting market demand, and managing financial impacts while benefitting the economy.

The primary purpose of this report is to provide Council with a portfolio of:

1. Growth enabling investments that support population and business growth across industrial, established, and new community area; and
2. Supported new community business cases to be considered for Growth Management Overlay removal.

Council's direction on this report will be used to inform Administration's recommendations for the 2023-2026 service plan and budget process. Attachment 2 represents a summary of identified investments and business cases that can be used for this guidance.

How is the city growing?

Over the 2023-2026 period, Calgary's population is expected to grow by 22,000 people annually, or an additional 88,000 people in total, equivalent to the populations of Airdrie and Chestermere combined. From the Corporate Economics Spring 2022 Outlook, this growth translates into a need of approximately 44,000 single, semi-detached and multi-family homes.

To accommodate population, business and employment growth, investment is needed in all areas of the city. To maintain Calgary as an attractive place to live, work or start a business, it is important to anticipate, plan, and strategically invest to accommodate future growth.

Investments to support industrial area growth

To support industrial areas, this report identifies investments such as the 52 Street E Bus Rapid Transit corridor that will connect more people with jobs and improve mobility choices in east Calgary. Upgrades to the primary goods network such as the Glenmore Trail and Barlow Trail interchange will increase proximity to jobs and improve network accessibility for business logistics, while opening more industrial lands for development, expanding The City's tax base.

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Investments to support established area growth

The established area includes over 180 communities and is home to approximately 80 per cent of the city's population. Every ward includes a portion of the established area. To support these areas, investments in public spaces such as parks, open spaces, sidewalks, and pathways help communities build capacity to accommodate people and businesses choosing to locate here, improving quality of life for new and existing residents.

While most major infrastructure already exist in the established area – and there continues to be ongoing investments provided through The City's service lines – the identified established area investments aim specifically to improve public spaces so they can accommodate a growing population. Investments are targeted to areas with the strongest short-term redevelopment market activity, so those areas experiencing growth pressures remain livable and desirable places to live, visit and do business.

Investments to support previously approved and proposed new community growth

Calgary's new communities are more mixed use, dense, and livable than ever before. Investments in these new communities support housing choice and affordability. New community areas can be placed into two groupings – those that have been *previously approved* by Council and supported with the necessary initial infrastructure that has allowed housing development to start, and those areas that have been *proposed*, where the funding and/or delivery of infrastructure has not yet been committed to by Council. The former grouping has had Growth Management Overlay removed, while Growth Management Overlays remain on the latter. This mechanism ensures that new communities align with City policies and goals, and will be more financially sustainable for The City.

There are 39 previously approved new communities in Calgary currently. The estimated serviced population and housing supply remaining is approximately 31,000 single/semi-detached dwelling homes and 36,000 multi-residential homes. This amounts to an estimated 9 to 12 year supply range. These communities continue to require The City to commit to significant investment in transit, utilities, fire stations, and roadways to support further growth – when previous Councils approved this growth, it triggers a need to fund and provide services at the necessary times as development proceeds, in order to achieve the visions for these communities.

In addition to the previously approved new communities, proponents have submitted 19 business cases in proposed new community areas as part of the biannual evaluation process using criteria reflecting the three growth factors. Any business cases approved by Council would have Growth Management Overlays removed after the November budget decisions.

Conclusions

In summary, Administration has identified in the portfolio:

1. \$232 million for transit, roads, and utilities to support 250 hectares of **industrial areas**. These investments would increase access to approximately 9,000 jobs, improve mobility, increase The City's industrial tax base potential, and improve Calgary's regional competitiveness. See Attachment 3 for supporting rationale.
2. \$83 million in public space investments that will directly or indirectly benefit 54 **established area** communities identified to be experiencing growth and change. These investments

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would provide for 15-25 public space capacity building projects and improve the attractiveness of established areas for current and future residents and businesses. See Attachment 4 for supporting rationale.

3. \$532 million for transit, roads, utilities, and fire stations benefitting 39 **previously approved new communities**. These investments are part of The City's commitment to these actively developing areas and would help enable growth capacity of 25,000+ single/semi-detached homes, and 23,000+ multi-residential homes. See Attachment 5 for supporting rationale.
4. Five **new community business cases** that can be supported to help address market demand and improve housing choice in strong market sectors, leverage previous capital investments made by The City without triggering new capital investments, and help support activity and amenities in key centres. A further three business cases may be supportable if risks around servicing, operating cost efficiency and absorption can be mitigated. See Attachment 5 and 6 for supporting rationale.

How does this report impact the upcoming 2023-2026 budget and service plans process?

Investments identified in this report should be interpreted as warranting significant consideration, but not guaranteed to be included, in the 2023-2026 service plans and budgets. Administration will bring an overall budget recommendation that seeks to balance numerous priorities, while reflecting expected funding levels and capacity to deliver, in 2022 November.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Administration liaised with several multi-stakeholder groups as part of this work, including the Developer Advisory Committee, Industrial Strategy Working Group, the Established Area Growth and Change Strategy Advisory Group and three Working Groups, and the New Community Working Group. Administration also worked closely with the 19 proponents in the new community business case evaluation. Stakeholder letters are provided in Attachment 9.

The ability to hear directly from stakeholders at the June 27 Infrastructure and Planning Meeting is important for further informing Administration and member of Council. Stakeholders are [encouraged to speak](#) during the public hearing component of the meeting. Depending on their interests, speaker can identify under one of the following groupings – industrial, established area, new communities or citywide.

IMPLICATIONS

Social

How and where Calgary grows influences housing choice, affordability, and mobility options available to Calgarians and prospective newcomers. This report considers how Council will

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make service decisions in alignment to the Municipal Development Plan's policy goal of creating great communities [Part 2.3], and work towards the goals of the Social Wellbeing Policy.

Environmental

Calgary's growth pattern directly impacts the city's greenhouse gas emissions and exposure to current and future climate risks. The investments identified in this report seek alignment with Municipal Development Plan policy goal of a compact city [Part 2.2] and prioritize municipal capital infrastructure to support intensification of the Developed Areas [Part 5.2.5(b)] and seek to support growth while mitigating climate risk and minimizing broader environmental impact.

Economic

Investments in growth and development are an important economic driver for Calgary. Regulatory certainty about growth helps drive private investment decisions and job creation. The conclusions of this report seek alignment with the Municipal Development Plan policy goal of a creating a prosperous and diverse economy [Part 2.1].

Service and Financial Implications

Other:

Attachment 2 outlines the significant capital and operating cost requirements associated with citywide growth. The portfolio presented in the Attachment will be considered by Administration in the operating and capital investment prioritization of the 2023-2026 Service Plans and Budgets process. Funding sources will be evaluated as part of that process. Overall funding and corporate investment prioritization will set the final recommendations as part of the budget.

While not directly the result of this report, additional future investment is needed to complete growing established and approved new communities, including recreation, community services and supporting facility infrastructure.

RISK

There are several risks associated with this report:

1. **Not investing in a balanced and strategic way:** Growth will occur in Calgary regardless of this work but may not materialize in a way that is aligned with Council's priorities. Failing to invest strategically can result in a loss of competitiveness for Calgary's economy and risks burdening taxpayers to support over or under-built infrastructure and inefficient services.
2. **Market demand and economic outlook:** While Calgary's economic conditions continue to improve, unexpected changes in the economy will influence the pace and scale of Calgary's growth and ultimately how well-timed investments are with the economy.
3. **Capital investment cost escalation and delivery:** Several challenges associated with City infrastructure delivery have emerged that are likely to continue into the medium-term. These include cost escalation and materials availability risks, and the capacity of the organization to design and build a large portfolio of infrastructure.
4. **Timing:** While it is prudent to discuss growth ahead of budget finalization in November, it raises a risk that projects and business cases in the investment portfolio will ultimately not be able to be supported in the budget once they are assessed through the corporate financial and delivery prioritization processes.

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5. **Climate:** How Calgary physically grows is an important factor in the ability to meet The City's climate goals. Growth and intensification of the established area is a key opportunity to minimize climate impacts. New community development is a greenhouse gas intensive way to grow and can increase climate risk due to requiring additional infrastructure assets and leading to a loss of natural assets.

ATTACHMENT(S)

1. Background & Previous Council Direction
2. 2023-2026 Citywide Growth Investment Portfolio
3. Industrial Area Summary
4. Established Area Summary
5. New Communities Summary
6. 2022 New Community Business Case Submission Summaries
7. Climate Considerations
8. 2022-2023 Citywide Growth Strategy Work Plan
9. Stakeholder Letters
10. Presentation IP2022-0545

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalglish	Planning & Development	Approve
Michael Thompson	Utilities & Environmental Protection	Consult
Carla Male	Chief Financial Office	Consult
Doug Morgan	Transportation	Consult
Katie Black	Community Services	Consult
Chris Arthurs	Deputy City Manager's Office	Consult