

## Established Area Summary

The purpose of this attachment is to provide the rationale for established area investments that are being identified for consideration as part of the 2023-2026 Service Plans and Budgets balanced Citywide Growth Strategy (Part 1). An informational update on the work completed in Phase 2 of the Established Area Growth and Change Strategy (EAGCS) is also included (Part 2).

### Part 1: Established Area Investment Portfolio for 2023-2026

Established area growth is the component of the Citywide Growth Strategy that aims to support and encourage growth in existing Calgary neighbourhoods. While the foundational infrastructure has already been provided in these areas – and ongoing lifecycle, maintenance and other supporting investments continue to be provided by service lines – the identified established area investments aim to support communities experiencing growth pressures, and encourage opportunities for Transit Oriented Development.

For the upcoming budget cycle, two capital groupings have been developed that support communities in adapting to growth and change, and to encourage private investment. The investments that are being developed and reviewed as part of the 2023-2026 Service Plans and Budgets are identified in Attachments 2 and are summarized in the table below.

Investment		Description	Scale of Funding
1A	Phase 2 Public Space Investments	Program level investment to support improvements to public spaces in areas with strong short-term redevelopment markets, so these spaces can accommodate more people and activity.	\$60M
1B	Transit Oriented Development Investments	Investment to support streetscape improvements at the Ramsay-Inglewood Station area; and to plan and design public space improvements at two additional station areas that have yet to be determined.	\$23M

In addition to the two capital investments described above, there are two other programs of work that are identifying investments for 2023-2026 that will also enable growth and change within the established area. Council will see these as part of the full-service plans and budget later in 2022, but they are important to note here as supporting and enabling established area growth. These are:

- 2A. Main Streets program; and
- 2B. Utility network improvements (water, sanitary, and stormwater).

A detailed description of the two capital investments and two related capital asks are provided below.

### **1A. EAGCS Phase 2 Public Space Investments**

Administration has identified an investment in the magnitude of \$60M to support growth-related public space improvements in 2023-2026. This level of investment is based on the following considerations:

- Supporting and encouraging growth consistent with the Municipal Development Plan goals. This in turn contributes to positive social, environmental, climate and economic outcomes.
- Public space improvements have been identified by development and community stakeholders as critical components of attracting investment, creating complete communities and supporting communities experiencing growth pressures.
- While there are other capital programs that support the established area, a dedicated growth program demonstrates The City's commitment to supporting communities experiencing growth and change that is also aligned with the Local Area Planning program.
- This funding level is aligned with the \$15M per year provided in Phase 1, which successfully funded public space projects in all high-growth areas in the first phase of the program.
- The value of the initial list of candidate Phase 2 projects is estimated at \$45M-\$50M. An additional \$10M-\$15M, for a total of \$60M, will allow for additional projects to be considered that may be identified through the project evaluation process or later in the budget cycle.
- The amount respects Administration's capacity to deliver projects in a timely manner

#### *Sources of Funds*

Of the estimated \$60M for public space investments, \$21M would come from the remaining balance of the Established Area Investment Fund reserve. The remaining \$39M will be requested through the 2023-2026 Service Plans and Budgets process as an Annual Investment Program, with a funding source to be determined at that time.

A priority component of the Phase 2 work, as directed by Council through PFC2020-0381, was to explore reliable funding mechanisms as a way of supporting established area investments in a predictable and ongoing manner. Several funding mechanisms were explored, including property tax uplift through the North Hill Communities Property Tax Uplift pilot that was also directed by Council through PFC2020-0381.

Through the pilot, estimated property tax uplift in the North Hill communities was calculated using assessment and tax data to determine actual development, resulting increase in property values and associated increase in municipal tax levied. However, several challenges were identified with property tax uplift that led Administration not to recommend using this method as an ongoing funding mechanism, including:

- The property tax uplift calculations currently represent the total increase in property tax revenue and do not adjust for general market uplift nor incremental operating costs, so are not an accurate representation of return on growth.
- There will be significant administrative burden to tracking and allocating property tax uplift, including calculating incremental costs (referenced above), which are not currently calculated.

- Overall property tax uplift is already included in The City's budget and is currently spent on a citywide basis, allowing for flexibility on where funds are best spent.
- Capturing and allocating tax uplift to specific communities already experiencing redevelopment may raise equity concerns.

To conclude the two-year North Hill Communities Property Tax Uplift pilot, Administration is recommending that the calculated tax uplift of \$1.44M total over the two-year period be reinvested in the established area part of the 2023-2026 investments. Note that the North Hill Communities Local Area Plan area is included in the Phase 2 Focus Area of investment. It is also important to highlight that the estimated \$1.44M two-year property tax uplift has not been adjusted for general market uplift nor incremental operating costs.

In consultation with community, cross-corporate, and building and development industry stakeholders, Administration determined an Annual Investment Program to be the most appropriate funding mechanism to support reliable growth investment in the established area. As such, the portion of the identified investment not covered by the Established Area Investment Fund reserve will be requested in the form of an Annual Investment Program (\$39M).

An Annual Investment Program was found to be the most appropriate funding mechanism for the following reasons:

- Provides a reliable funding mechanism to ensure some level of funding on a regular basis.
- While there is a commitment to some level of funding through this mechanism, the amount will be determined through the prioritization process. Thus, this ensures that established area investment follows the corporate-wide prioritization process.

Similar to Phase 1, program-level funding has been identified for the established area public space investment, as it provides the flexibility necessary to respond to community feedback and other factors as projects are refined and constructed. It also allows for growth-related opportunities that may emerge later in the 2023-2026 budget cycle to be considered for funding.

#### *Project Identification*

Growth-related public space investments are being identified through a criteria-based framework designed to identify projects that:

- Are located in areas experiencing growth pressures;
- Enhance or expand public spaces so they can better accommodate more people and activity;
- Can be easily implemented and delivered in 1-3 years, to support growing communities (generally smaller-scale projects with budgets under \$5M); and
- Support climate adaptation goals by incorporating climate-benefiting designs and technologies where possible.

Projects are identified through various community touchpoints, including previous engagement sessions, Local Area Plans, 311 calls and Councillor requests, and generally fall within one of the three following categories:

- **Streetscape improvements** such as traffic calming, new sidewalks and pathways and intersection improvements.

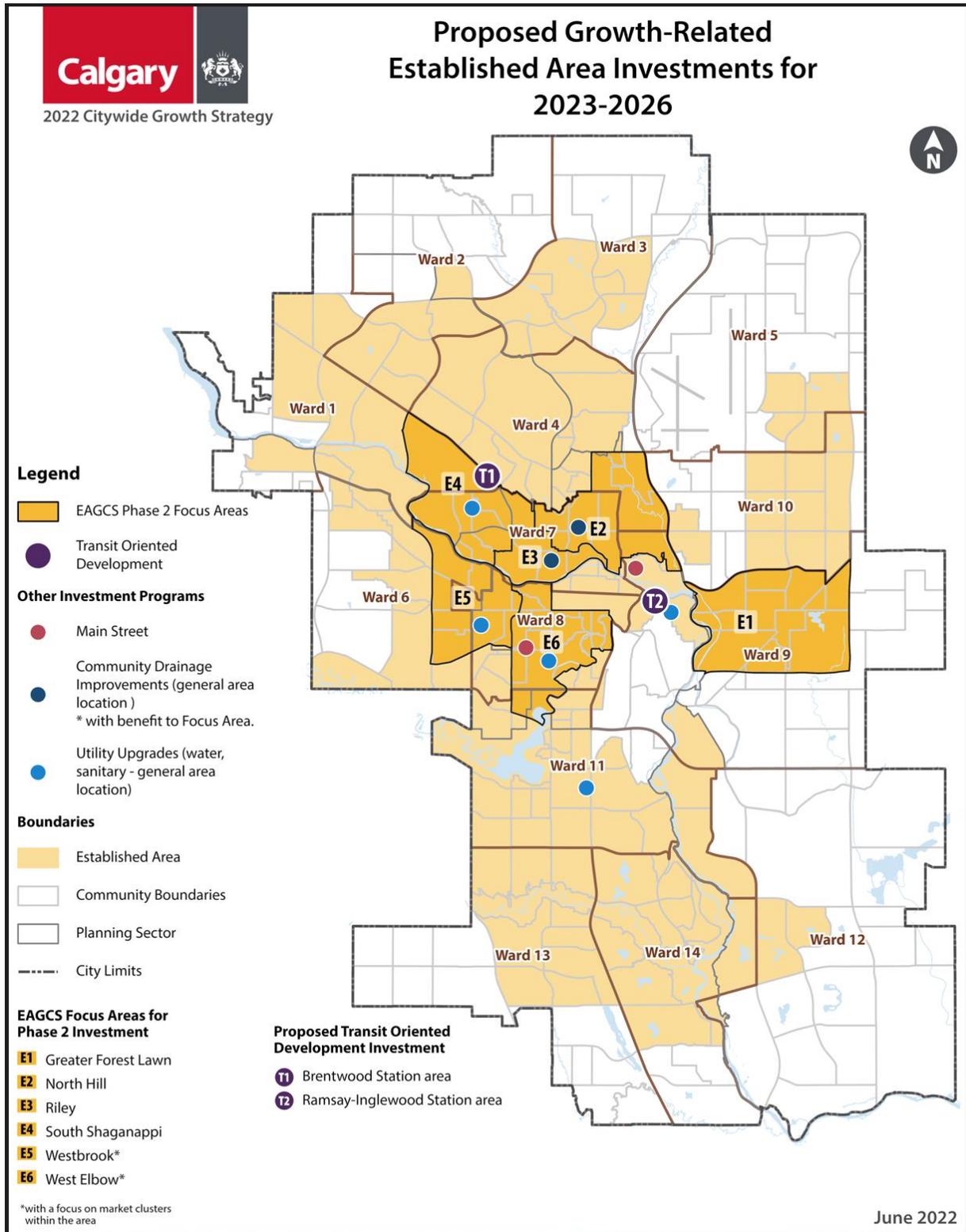
- **Parks and open space improvements** such as playgrounds, picnic tables and benches and field improvements
- **Partnership projects** with Calgary Neighbourhoods and Business Improvement Associations. This can include improvements and upgrades such as plazas, community gardens, some playgrounds and public art.

To meet program objectives, public space investments are targeted to areas where growth and change is happening to the greatest degree. Market research was conducted in collaboration with multi-stakeholder groups to identify areas where the short-term (1 to 3 years) redevelopment market is currently the strongest, and where growth and change is expected to be most prevalent. Quantitative indicators that considered land use characteristics, development trends, housing stock changes, policy, amenities and population changes were combined with qualitative considerations related to other anticipated public investments and equity needs aligned with growth to determine areas of market strength.

Map 1 below illustrates the Phase 2 Focus Areas, where the short-term redevelopment market potential was determined to be the strongest, and where Phase 2 public space investments will be targeted. These areas include the Local Area Plan areas of Greater Forest Lawn, North Hill, Riley, South Shaganappi, Westbrook and West Elbow.

Phase 2 public space improvement projects are currently being identified and evaluated against program criteria. A list of projects is being developed to support the 2023-2026 Service Plans and Budgets discussions process. For an example of the types of projects expected to be supported in Phase 2 of this program, please refer to the Phase 1 public space improvement projects. Information on those projects can be found on [Calgary.ca/establishedarea](https://calgary.ca/establishedarea).

Map 1: EAGCS Phase 2 Focus Areas



## **1B. Transit Oriented Development Program, 2023-2026 Capital Investments**

The Transit Oriented Development Program (TOD Program) was created to encourage and support opportunities for TOD across Calgary. A significant component of the TOD Program is to plan, design and build public space and utility upgrades to ensure station areas are ready to support investment in TOD by the private sector and other levels of government, such as the Housing Accelerator Fund.

Over the last year, the TOD Program has worked with internal and external partners to create a short-list of station areas that are likely candidates for TOD over the next 5-10 years. To support these opportunities, an estimated investment of \$23M is required in the 2023-2026 Service Plans and Budgets. This will be used to fund the following work:

1. [Ramsay-Inglewood Station Area Improvements](#)
  - a. \$16M to finalize designs and initiate construction of streetscape improvements that will better connect the station with proposed development in the surrounding communities, including the new mixed-use firehall in Inglewood.
  - b. A second phase of construction is expected in 2027-2030 to complete streetscape improvements and build a community greenway in sequence with the opening of the Green Line.
2. Two additional Station Areas
  - a. \$7M for planning, design and early construction of public space improvements, in preparation for additional investment in 2027-2030.

## **Other Capital Investments that Support Established Area Growth**

There are a variety of City programs that invest in the established area, which contribute to the livability of Calgary's established communities. For example, Affordable Housing investments provide access to safe and affordable housing, Facility Management maintains and refurbishes public buildings and Parks constructs and maintains an accessible park system for all Calgarians.

The Established Area Growth and Change Strategy is one of several City programs that specifically aim to support and enable growth as envisioned in the Municipal Development Plan. Below are descriptions of two additional anticipated 2023-2026 investments that complement the Established Area Growth and Change Strategy work in enabling and supporting growth in the established area. Note that the investments discussed below are not part of the \$60M Established Area Phase 2 public space investments or \$23M Transit Oriented Development investments and are being presented here to highlight other growth-related investment programs that may also benefit the established area in the 2023-2026 budget cycle.

## **2A. Main Streets Program**

The Main Street program works with community stakeholders to plan, design and build vibrant main streets in established area communities. Main Street areas are unique in that they allow for a wide variety of uses, including retail and office, as well as promote mixed housing options

and higher density development that is necessary to support a range of services and amenities. Currently, three Main Street areas have completed the planning and design stages and are in various stages of construction (Bowness Road in Montgomery, 37 Avenue SW, and 17 Avenue SW). An estimated investment of \$70M is required for this program in the 2023-2026 Service Plans and Budgets. This will fund the design and construction of 1 Avenue NE and Edmonton Trail NE in Bridgeland, and 33 Avenue SW and 34 Avenue SW in Marda Loop.

## **2B. Utility Network Improvements (Water, Sanitary and Stormwater)**

For Phase 2, Administration has identified Community Drainage Improvement projects that represent a \$110M investment in the established area; an estimated \$38.1M of which is located in focus growth areas and will offer benefits to existing and future customers. The remaining estimated \$71.9M investment is planned within the established area to offer improved resiliency to stormwater flooding but is located outside of the focus growth areas. Projects include upgrades and extensions of stormwater pipes and new stormwater storage facilities, to create greater capacity in the system. These strategic investments will upgrade the infrastructure system and reduce flood risk for existing and future residential and business areas.

Additionally, Administration has identified \$7.1M in strategic proactive investments to support growth through water and sanitary upgrades. These projects are in addition to the \$5.4M that was identified in Phase 1 to support growth in Main Street improvement areas. This proactive stream of investment will target strategic infrastructure upgrades in high growth established area communities that are likely to be triggered at some point in the future by redevelopment. This investment also supports known, active redevelopment and other corporate growth investment initiatives, such as Main Streets. The program will align with other infrastructure projects where possible and thereby reduce repeated disruptions to the community.

## **Part 2: Established Area Growth and Change Strategy Phase 2 Update**

The Established Area Growth and Change Strategy is nearing the end of the Phase 2 workplan that was directed by Council through PFC2020-0381. In addition to identifying public space investments to support growth, the work has explored a variety of financial tools and identified and explored solutions to some of the challenges to redevelopment in the established area. This work has been supported by several multi-stakeholder groups that include representation from communities, local business, the building and development industry and Administration. A summary of the work undertaken in Phase 2 is provided below, while Figure 1 provides an at-a-glance overview.

### **Enabling Redevelopment Through Financial Tools**

Identifying and implementing ongoing funding sources to support established area communities is a critical component of reliably supporting growth in the established area. In Phase 2, financial tools were explored within the following three categories, as below. Key findings were:

- **City-funded tools:** a variety of funding mechanisms were explored, including a dedicated portion of property tax, Property Tax Uplift and Capital Budget Savings

Allocation. Through this work, Administration has determined that an Annual Investment Program is the most suitable funding mechanism for established area investment as detailed in the section above.

- **Industry-funded tools:** a review of the benefits, challenges and value of bonus density programs continued in this phase of work. The Community Amenity Contribution tool was explored as a possible alternative tool in areas outside the Downtown. Work on these tools is anticipated to continue into Phase 3.

A new Established Area Local-Sized Linear Levy is being explored that will facilitate cost sharing between developers for upgraded infrastructure needed to support redevelopment as directed through PFC2020-0381. Progress of this work will be reported on as part of the Off-site Levy Bylaw Review project.

- **Community-funded tools:** A comprehensive listing of community grants was developed during Phase 2, and challenges to accessing these grants were identified. Phase 3 of this work is anticipated to continue exploring how residents and businesses can contribute, partner and participate in the evolution of their communities.

### **Infrastructure Challenges to Redevelopment**

Redevelopment in the established area can be complicated by existing technical constraints, such as limitation of the existing deep and shallow utility networks, and the location of existing infrastructure such as overhead powerlines. Phase 2 of the work explored these challenges to not only support growth-related utility upgrades, but also to identify challenges and seek solutions. Key findings were:

- **Stormwater System Improvements:** An analysis of the drainage network within the North Hill Communities Local Area Plan was undertaken. The study provides a new way to identify where more detailed study or specific infrastructure upgrades may be needed to manage the risk of flooding. Administration will continue to apply this study method to ongoing and future Local Area Planning processes to support infrastructure planning and investment as growth materializes.
- **ENMAX Infrastructure Challenges:** Analysis was undertaken to better understand the scope and scale of overhead powerlines complicating redevelopment in the established area. Due to limited availability of detailed information, it was agreed that exploration of a solution not be pursued at this time.

Figure 1: EAGCS Phase 2 Work Completed and Main Results

