

June 27, 2022

**Members of Infrastructure & Planning Committee (IPC) And All Members of Calgary City Council**  
The City of Calgary  
PO Box 2100, Station M, Calgary, AB  
T2P 2M5

Dear Members of Council,

**Re: Citywide Growth Strategy in the 2023-2026 Services Lines and Budget Cycle, IP2022-0545**

BILD Calgary Region (BILD) acknowledges the dedication and significant work of the Administrative Management and Staff in preparing the above referenced Report and Attachments presenting the first comprehensive single city-wide growth strategy to Council, incorporating the interdependent components for Industrial Development, Established Areas and New Communities.

BILD members bring investment, jobs and financial resilience, resulting in economic growth, sustainability and monetary return to The City of Calgary. Importantly, BILD members' investments also bring supply and correspondingly drive affordability in the full spectrum of housing products available in Calgary. Accordingly, in the development and finalization of The City's growth plans, we encourage The City of Calgary to support investment in:

- Calgary's industrial sector to meet and grow market demand and increase regional competitiveness (see Attachment 1);
- The growth and change of Established neighbourhoods with constructive and affordable redevelopment (see Attachment 2); and
- New communities as an important and effective part of Calgary's overall growth strategy to deliver housing supply that meets increasing demand for innovation, choice and affordability. Strategic, thoughtful, and cost-effective investment will enhance and grow Calgary's competitive advantages (see Attachment 3).

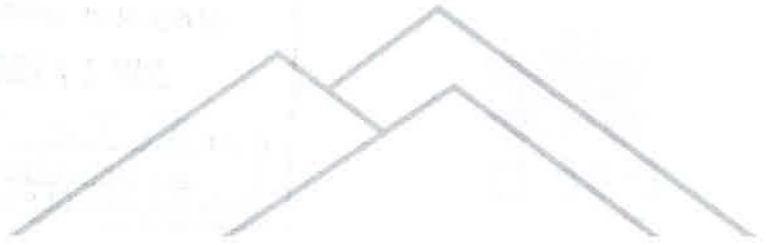
Our advocacy for these components and response to the Citywide Growth Strategy Report is more fully identified on three attachments entitled Industrial Sector, Established Area Growth and New Communities. We have also included an attachment titled Housing Supply (see Attachment 4). This fourth attachment includes references to materials on and the importance of housing supply in maintaining affordability.

Consistent with those attachments, BILD expects a number of key decisions and directions will result from Council members' review of the growth strategy. Key principles BILD and its members encourage Council to guide its decision making on these important matters include:

- Affordability
- Competitiveness
- Transparency
- Common understanding

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On June 23, 2022, as reported in The Calgary Herald, Calgary was ranked as tied for 3<sup>rd</sup> as most livable city (see: [Calgary rises to third most livable city in the world | Calgary Herald](#)). Mayor Jyoti Gondek said, “Our climb in the rankings for Most Livable City reflects the welcoming nature of our city, its affordability and the opportunity offered to entrepreneurs.” Amongst other things, preserving affordability, including for the full spectrum of housing, will be key to maintaining this enviable ranking.

BILD Calgary Region, our staff and Members, look forward to continuing our partnership with the Administration and Council to continue to invest in and grow Calgary’s reputation as a world-class city.

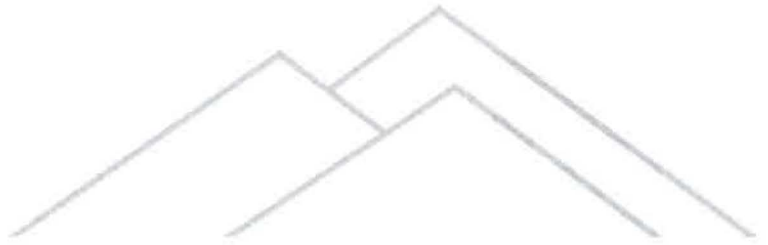
Respectfully,  
**BILD CALGARY REGION**

Brian Hahn, CEO

c.c. Stuart Dalgleish, General Manager, Planning & Development, City of Calgary  
Josh White, Director, Calgary Growth Strategies, City of Calgary  
Matthew Sheldrake, Acting Manager, Calgary Growth Strategies, City of Calgary  
Lesley Kalmakoff, Desmond Bliet, Abdul Jaffari, Brian Smith, Rayner Dsouza, Calgary Growth Strategies, City of Calgary

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## Citywide Growth Strategy in the 2023-2026 Services Lines and Budget Cycle, IP2022-0545

### **ATTACHMENT 1: INDUSTRIAL DEVELOPMENT**

BILD Calgary Region's (BILD) Staff and Members have been active participants on the Industrial Strategy Working Group since its inception in 2016.

The Strategic Working Group have identified various initiatives, policy and process changes that have been recommended for implementation to support the Industrial Development sector.

As identified in the Cushman and Wakefield report, there is work to be done to remove barriers to and increase the competitiveness of industrial development and industrial ownership in Calgary.

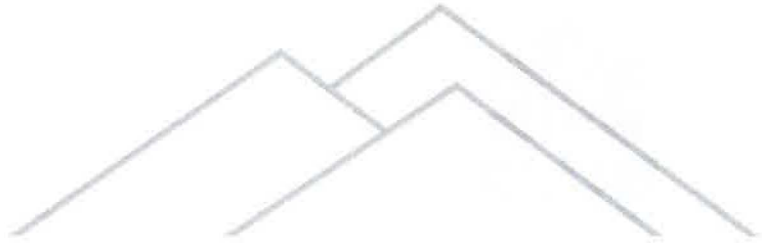
BILD encourages the City of Calgary to take actions, including development of policy and investment in support of projects that will competitively enable industrial growth in the City of Calgary in order to:

- Affirm the City of Calgary's commitment to grow the industrial sector.
- Increase Industrial sector tax base by supporting balanced, competitive, municipal tax rates/revenues, municipal utility and related municipal fees;
- Contribute to the City's competitiveness within the Calgary Region
- Support and grow private investment and increase competitively priced supply;
- Generate jobs and employment;
- Provide return on investment to Calgary and private investors; and
- Enhance Calgary's reputation as a North American inland port for the Industrial sector and a place to do business.

Industrial development is a key component of the City-wide Growth Strategy. BILD Members and Staff are committed to working with the City of Calgary Administration and Council to see it strengthen and prosper.

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### **ATTACHMENT 2: ESTABLISHED AREAS**

BILD Calgary Region (BILD)'s Members and Staff have been actively participating in Phase 1 and, more recently in Phase 2, of the Established Area Growth & Change Strategy (EAGCS) Advisory Committee, and the Utility, Market Trends and Comprehensive Investment Tools (CIT) Working Groups.

Among various financial tools explored in Phase 2, the CIT Working Group conducted the North Hill communities property tax uplift pilot review assessing tax data to determine actual development, increase in property values and associated increase in municipal tax levied. Notwithstanding the critical contribution to City revenue and return to the City on private sector investment, several challenges were identified with property tax and uplift as sustainable funding, the most compelling being that the *'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'*.

Accordingly, the CIT Working Group has recommended an Annual Investment Program as the most appropriate funding mechanism (as noted in the Administrative Report) as it provides a reliable funding mechanism on a regular basis and the amount will be determined through the corporate prioritization process. Additionally, the program provides flexibility to respond to community feedback and other factors, as well as growth-related opportunities that may emerge later in the 2023-2026 budget cycle.

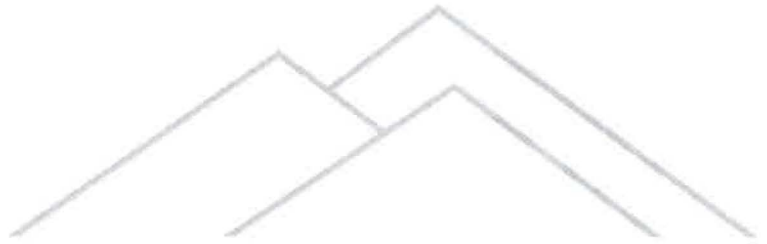
Growth-related public space investments should be identified in areas experiencing redevelopment pressures, where market potential is determined to be the strongest. In Phase 2, based upon findings of the EAGCS Market Trends Working Group, the EAGCS Advisory Committee recommended such investment in certain targeted communities in the Local Area Plan areas of North Hill, Riley, Westbrook and West Elbow. The Advisory Committee recommended a mid-budget cycle review be undertaken to evaluate and understand emerging redevelopment market and growth potential in the Local Area Plan areas of Greater Forest Lawn and South Shaganappi.

BILD advocates for a sustainable, empirical and repeatable approach to supporting redevelopment in Established Areas. In the absence of alternatives such as dedicated tax uplift programs, Council must be committed to ensuring the Annual Investment Program is fully supported and adequately funded.

In parallel to public space investment, the City must continue to invest in infrastructure in Established Areas through budget dedication to operations, maintenance and life cycle repair and replacement, in a thoughtful and intentional approach to support growth.

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### **ATTACHMENT 3: NEW COMMUNITIES**

BILD Calgary Region's (BILD) Staff and Members have been actively working to support the Business Case review process through the New Community Growth Strategy Working Group. BILD wishes to express our sincere appreciation to Administration, and in particular Matthew Sheldrake, Leslie Kalmakoff, Desmond Bliet, Brian Smith, Rayner Dsouza, and Josh White for the valuable work that they have contributed to this process.

While we appreciate and acknowledge the effort and undertakings of Administration, the current process for new community review and approval has highlighted concerns with the process, specifically:

#### **1. BILD's Focus**

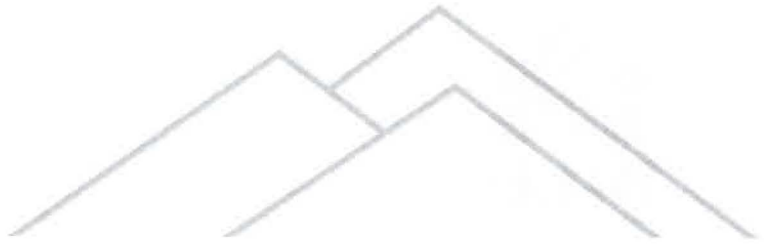
BILD does not take a position regarding any specific new community business case. Our focus is to facilitate a transparent, fair and reasonable process for new community business case evaluation and approval. Our key goals are focused on maintaining affordability, innovation and choice for our members' customers. In that regard and given the current shortage of fully serviced lots, BILD encourages Council as follows:

- To the extent there is no capital required for the development included in those business cases (as is the case with a number of the business cases under consideration with Administration's documents), approve those business cases forthwith so valuable time is not lost.
- For the other remaining business cases, to the extent they would otherwise merit approval but there is capital required to unlock additional supply, direct Administration to work with those business case proponents to develop capital infrastructure solutions at lowest reasonable cost and bring such solutions and business cases forward for consideration in the fall at budget deliberations.
- To ensure supply is maintained in an orderly fashion and on a lowest reasonable cost basis, we also encourage you and your Council colleagues to direct Administration to work with industry (BILD) in the development of additional funding and financing tools in support of affordability for the full spectrum of housing supply and choices. We welcome an opportunity, in collaboration with Administration, to report to Council at "budget time" on progress toward development of additional funding and financing tools.
- Consistent with Council's previous motion:  
"6. Explore the phasing out of the growth management overlay, and report back to the Priorities and Finance Committee no later than Q2 2020 with options to better align to our current economic situation and that creates policy that encourages a business-friendly environment and further development investment and retention in Calgary." (PFC2019-1062)

Reaffirm to Administration the need to proceed with the GMO review in a timely fashion and direct Administration to report back to Council on this matter in the fall of 2022.

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## 2. Business Case Evaluation Criteria

In as much as there has been positive progress in the business case process, BILD questions whether this current process supports optimal outcomes. The criteria for evaluating business cases remain relatively subjective and difficult to measure for Business Case proponents and likely for The City too. Variability and subjectivity in the Citywide Growth Strategy: New Communities Business Case evaluation and review process makes it difficult for proponents. Given the above observations, the objectives of The City in evaluating business cases needs increased transparency with less subjective and more concise evaluation criteria.

## 3. Growth Management Overlay Process

Historically, Council's decision to commence an ASP was tied to the capital budget. Approval of an ASP signalled The City's intention to invest in an area for future growth and development. In this way, ASPs were The City's mechanism for making land available for development. Once an ASP was approved, outline plans/land use amendment applications often proceeded, followed sequentially by subdivision, development permit applications and building permit applications.

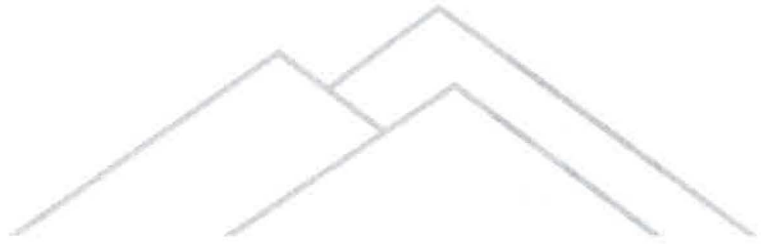
In recent years, Council directed Administration to commence ASPs when the required infrastructure has not been in Council's five year capital budget, nor in many instances, within the 10 year capital plan.

Council identified the need for the "gate" analysis to shift from the approval of the ASP itself, to a business case submittal stage in the planning process. The new "gate" process involved the application of a Growth Management Overlay (Overlay). The intake of business cases is to occur every two years and is aligned with the general service plan and budget. The Overlay covered the entire ASP area where portions of the Overlay could be removed by Council through an ASP amendment that requires a public hearing of Council when it is determined that growth management issues have been resolved. As a result of this decision, the Growth Management Overlay process became the new 'gate' for development approvals.

The Overlay serves to direct development in the plan area to lands determined to be ready for development. This overlay process has shifted the point within the planning process at which growth is managed and the appropriate assessments and decisions are made. As highlighted by the prior Council's Motion to explore the phasing out of the Growth Management Overlay, the amount of information being put before councillors, industry, stakeholders and the public combined with the very short time to review this information has created an unneeded level of complexity and uncertainty. BILD believes that it would be beneficial to both The City and Industry to explore a stepped or stage-gate type of review which will allow for thoughtful understanding, review and clarity of the meaning and significance of the information.

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### **ATTACHMENT 4: HOUSING SUPPLY**

#### **Budget 2022 – A Plan to Grow Our Economy and Make Life More Affordable**

The 2022 Federal budget, Chapter 1 (see Chapter 1: Making Housing More Affordable | Budget 2022) identified numerous initiatives and resources focused on addressing a lack of housing supply as the key factor impacting affordability including the establishment of a new Housing Accelerator Fund to incentivize the cities and towns to support more housing built.

Chapter 1 notes:

“There are a number of factors that are making housing more expensive, but the biggest issue is supply. Put simply, Canada is facing a housing shortage—we have a lower number of homes per person than many OECD countries. Increasing our housing supply will be key to making housing more affordable for everyone.”

To achieve Calgary’s share of this funding, BILD respectfully asks Council to direct Administration to work with Industry to access these Federal funds to enable The City to support additional supply and achieve better affordability for its citizens. In addition, this collaboration could also explore creative funding and financing approaches that would maximize supply without placing The City at risk and hold existing ratepayers neutral to the greatest extent.

#### **Canada’s Housing Supply Shortages:**

#### **Estimating what is needed to solve Canada’s housing affordability crisis by 2030**

In its June 2022 report ([Housing Shortages in Canada: Solving the Affordability Crisis | CMHC \(cmhc-schl.gc.ca\)](https://www.cmhc-schl.gc.ca)), the CMHC underscores the need for supply to improve and maintain affordability:

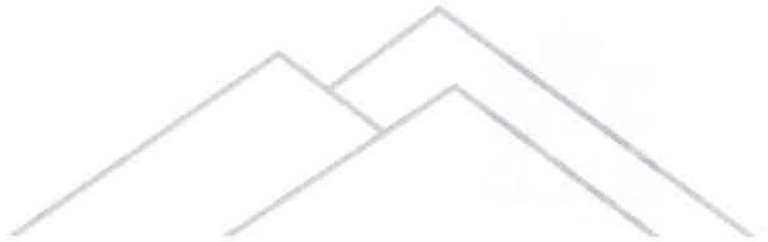
“... achieving housing affordability for everyone in Canada will be done with increasing supply in the rental and homeownership market, and having this supply respond more quickly to greater demand.

Developers must become more productive and make full use of land holdings to build more housing while governments must make regulatory systems faster and more efficient. Working together, the number of housing units built can be increased dramatically.

We need to take drastic measures now to produce more housing—not more reports.”

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**Scotiabank Reports ([May 12, 2021](#) & [January 12, 2022](#))**

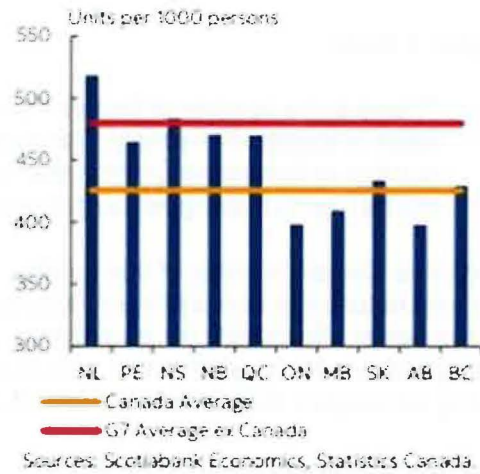
Recently, Scotiabank released reports (see links above) on the Canadian housing markets which showed Canada’s population-adjusted housing stock is the lowest in the G7. Alberta, Manitoba and Ontario are all below the national average per capita housing stock. The 2020 ranking of Calgary on a similar basis for Canadian cities is also shown below:

<b>Number of Housing Units per 1000 Residents in 10 Largest CMAs</b>		
Region	2016	2020e
Canada	427	424
Vancouver	398	406
Calgary	379	378
Winnipeg	401	398
Toronto	365	360
Hamilton	381	377
Ottawa-Gatineau	421	412
Montreal	440	437
Quebec City	475	484
Kitchener	389	376
Edmonton	394	393

Sources: Scotiabank Economics, Statistics Canada

**Chart 2**

**Total Private Dwellings to Population in 2020**



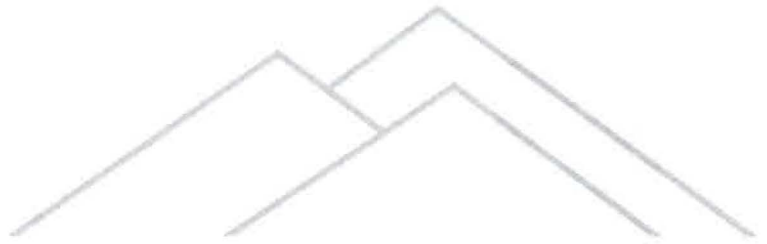
**Measurement and Definition of Lot Supply**

BILD believes that fully serviced lot supply is an issue in parts of Calgary and, if not addressed, will negatively impact market-priced home affordability. BILD completed a review of existing available lots in early February 2022. The review determined that there are now critical supply levels that can impact both affordability and the ability of the building and development industry to maintain a steady supply of serviced building lots.

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<b>Lot Supply for Single/Semi Dwellings as of February 2022</b>				
<b>Sector</b>	<b>Serviced Lots Available as of February 2022<sup>1</sup></b>	<b>Serviced Lots Coming on<sup>1,2</sup> in 2022</b>	<b>Total Serviced Lots for 2022</b>	<b>City Forecast for 2021-2025 Average Annual<sup>3</sup></b>
North & Northwest <sup>4</sup>	900	1,615	2,515	808 (for the North) 510 (for the Northwest)
Northeast	418	728	1,146	878
East	68	124	192	808
Southeast	862	526	1,388	808
South	664	1,224	1,888	846

<sup>1</sup> Source: BILD collected data in February, 2022 from BILD Members and non-Members within the developing areas  
<sup>2</sup> Most lots “Coming On in 2022” are anticipated to be available in the Fall of 2022 for the 2023 construction season  
<sup>3</sup> Source: City of Calgary’s Suburban Residential Growth 2021-2025 report  
<sup>4</sup> To maintain confidentiality, the number of units available and/or will be available in the Northwest sector has been included in the North sector data

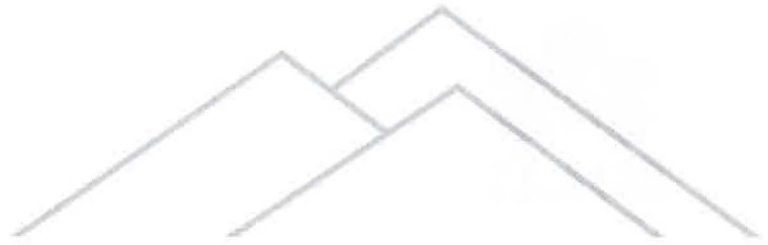
There are a few things worth noting: For a stable market, typically at the end of each year, developers require:

- an ongoing minimum of three years of approved land use in place to allow for the necessary City processes and approvals (Tentative Plan, Detailed Design & Engineering Drawings, Shallow Utility Review, Development Agreements, Surface Improvements Approval to Construct (stripping & grading, roads, deep utilities), Subdivision Endorsement, Construction of Surface Improvements, Land Titles, Building Permit, Construction Inspections, Occupancy) to ensure an orderly delivery of serviceable lots for builders to meet market demand; and
- a minimum of one and half years lot supply in the current year to allocate to builders for the subsequent year.

Consequently, any delay in orderly approvals will have a corresponding impact to the market.

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## **Understanding Land Supply versus Lot Supply**

The New Community Growth Strategy Working Group have been working to close the gap between The City's and the Industry's definition of land supply. There is a fundamental disconnect between the definition used by The City to measure serviced land supply (five leading infrastructure services – water, storm, sanitary, transportation and fire in place) versus Industry's definition of available land supply which from an industry perspective, represents building lots with all approvals and services in place and ready for construction. It appears that The City measures supply based on serviceable land available to developers whereas Industry and the market measure serviced land supply as available fully serviced lots ready for construction (i.e., services to the individual lot property lines). BILD's analysis suggests that if no further approvals are obtained by developers, there is currently less than a year supply of serviced lots available in Calgary. Industry considers less than a year lot supply as a critically low level that has a potential to impact both housing affordability and ongoing business continuity.

The transformation of serviced land supply to serviced lots is an orderly process that is dependent on many factors. These include the number of communities and developers that are aligned to the anticipated market supply and demand balances. Also, the ability to deliver serviced lots includes the number of communities and developers within a sector and how many work fronts are active. There are also practical and physical constraints on how fast individual developments can progress.

Although some lands approved for development by The City can proceed concurrently, a significant portion of lands require sequential development. Development of approved lands that are further away from existing development are contingent on the completion of infrastructure reaching these lands (i.e., growth follows infrastructure). For example, if lands are at the backend of an approved outline plan (e.g., several miles from where the pipes are), development on those lands will be delayed until the infrastructure reaches them. However, The City classifies these lands as 'Serviced Land', there may be no near-term serviced land supply (i.e., services at subdivided property lines) available for home builders. Accordingly, developers strive to support multiple builders and work fronts which creates a healthy competitive builder environment that fosters both consumer choice and housing affordability in Calgary.

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