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Build Calgary

Together we're building
a great city.

Council Strategic Meeting Build Calgary Update

C2015-0277
March 6, 2015

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There are instabilities in The City's current financial position.

A new approach to building the City is required.

The approach includes the Off-site Levy Bylaw and the City Charter and MGA processes.

The current Off-site Levy Bylaw operates under a set of assumptions.

If those assumptions are changed, the impact of the Off-site Levy Bylaw will change.

Initiatives



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 Calgary, Alberta T2G 0P2
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Today's Agenda

- There are instabilities in The City's current financial position.
- A new approach to building the City is required.
- The approach includes the Off-site Levy Bylaw and the City Charter and MGA processes.
- The current Off-site Levy bylaw operates under a set of assumptions.
- If those assumptions are changed, the impact of the Off-site Levy Bylaw will change.

Initiatives



Why Build Calgary?

The Opportunity

- Financially sustainable city building
- Infrastructure solutions that are responsive to growth
- Systems that allow complete communities to be built

Leadership Strategic Plan

Focus immediate and collective attention on planning and building a great city

- Corporate approach to strategic planning and investment
- Integrate master plans with a growth management philosophy
- Align capital investment with strategic infrastructure requirements
- Build trust with all partners and together address future growth

Leadership Strategic Plan

Strengthen The Corporation's financial position

- Create an investment strategy to fund essential infrastructure and close the current infrastructure gap, emphasizing return on municipal investment
- Secure provincial commitment through City Charter negotiations and MGA review
- Generate greater investment capital for infrastructure financing and realign investment to current priorities

Build Calgary - Initiatives

- **Off-site Levy Bylaw**
Council approval of an Offsite Levy Bylaw, for implementation in 2016
- **Legislative Framework**
A new relationship with the Province
- **Land Supply Process**
Transparent and orderly land/infrastructure delivery
- **Regional Coordination**
Partner with regional municipalities and agencies to ensure an efficient and sustainable metropolitan region
- **Commercial / Industrial / Transit Oriented Development**
Ensure significant development opportunities that generate non-residential tax revenue

Finance is an integral component of each objective

Collaboration with external partners is critical to success

Utilities Growth Funding & Financing Strategy

Commence engagement with Industry under the following principles:

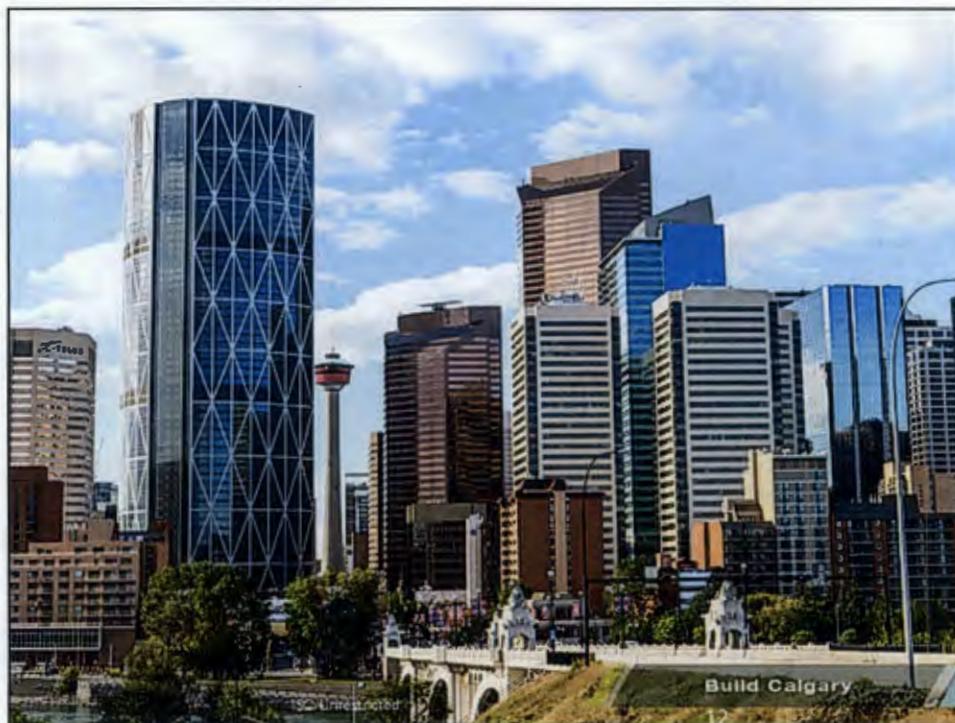
- Manage financial risk
- Financially sustainable
- Fair and equitable - benefiter pays
- Provide certainty – revenue assurance
- Resilient – solution that is responsive to changing conditions

Build Calgary - Progress to Date

Initiative	Actions
Off-site Levy Bylaw	<ul style="list-style-type: none"> • External Advisory Team formed & meeting • Partnering with Industry Symposium • Industry consultations
Legislative Framework	<ul style="list-style-type: none"> • Phase 1 Charter discussions - Elected Officials meeting • Ongoing MGA discussions with GoA
Land Supply	<ul style="list-style-type: none"> • Lot Supply Data preparation • Joint data release with UDI and CHBA
Regional Coordination	<ul style="list-style-type: none"> • Calgary Regional Partnership workshop • IGA2015-0143 Regional Matters Update #1
Commercial / Industrial / TOD	<ul style="list-style-type: none"> • Charter and work plan development

Currently Out of Build Calgary Scope

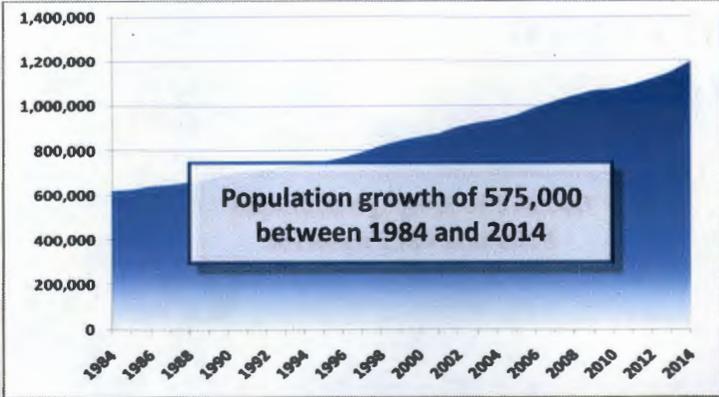
- Planning implementation and processes
- School sites and Joint Use Coordinating Committee (JUCC) matters
- Hospital sites and Alberta Health matters
- Affordable Housing (pending strategy approval)



Building Our City

Calgary's Growth Story

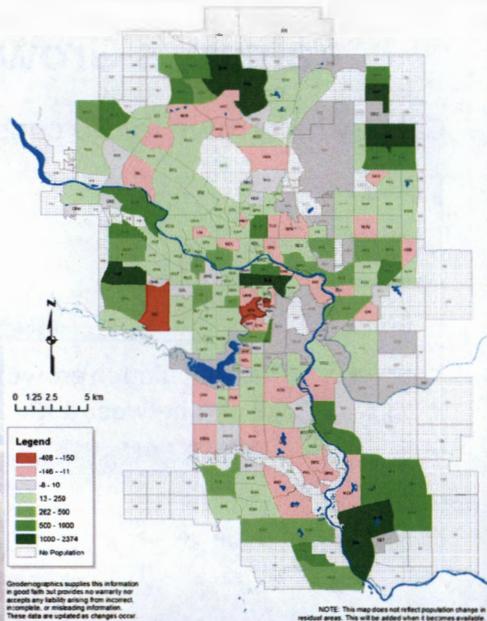
- Calgary has grown for 30 consecutive years.



Calgary's Growth Story

- This growth is an economic driver, but also brings fiscal challenges
- There are many external factors that influence growth (e.g., oil prices)
- Improving quality of life and building complete communities requires a continual multifaceted approach to planning for growth

Population Growth by Community, 2014



Economic Update

- Oil prices appear to have stabilized around US\$50.00/barrel
- Calgary's housing resale market may slow even further
- Employment figures yet to show signs of a weakening labour market
- Net migration to Calgary may stall
- Announced and anticipated capital spending cuts by energy companies may slow the rate of oil sands growth
- Possible cuts to government expenditures in the upcoming fiscal year may amplify the economic downturn

Planning for Growth

- How do we work together to achieve the right outcomes for our citizens?
- Growth strategies are created to achieve the optimal equilibrium between economic outcomes, fiscal responsibility and building a great City.

Growth Strategies

- Creating growth strategies is a continual journey focused on achieving:
 - Contiguous growth and complete communities
 - Fiscal responsibility
 - Mitigating our risks
 - Maximizing our opportunities

Principles for Growth & Change



Growth Strategies

- Land supply, sequencing and levies are all components of having an effective growth strategy
 - **Land supply** – how much and where?
 - **Sequencing** – timing of development, contiguous phasing and aligning capital budgets
 - **Off-Site Levies** – developer contributions are an important part of the infrastructure funding strategy

Growth Tools

- Three specific growth tools are components of the Build Calgary initiatives
 - Off-Site Levy Bylaw
 - Land Supply Strategy (includes Lot Supply Reporting)
 - Sequencing
- These tools are connected and require an integrated approach to be effective.



Off-Site Levy Bylaw Update



What are Off-Site Levies?

- Population growth creates the need for infrastructure and other services.
- Developers pay for the cost of the local infrastructure needed to service their development.
- Offsite impacts (e.g., water and sanitary systems, arterial roads and intersections) are funded through offsite levy charges

New Offsite Levy Bylaw Underway

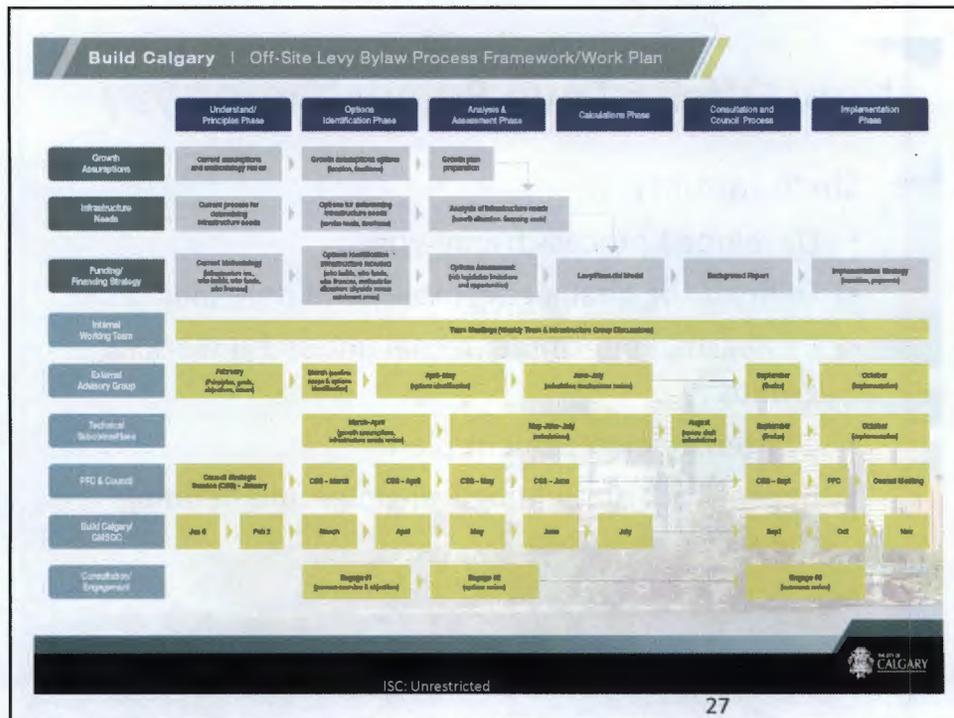
- Since January ...
 - Developed process framework
 - Defined the goal, deliverables and timelines
 - Established internal/external (industry) working groups
 - Drafted an engagement plan
 - Began work on Guiding Principles and defining the scope

Goal & Deliverables

Goal: To develop a funding strategy for growth related infrastructure.

Key Deliverables:

- Draft Off-Site Levy Bylaw
- Background Report
- Proposed legislative changes
- Process Improvements
- Implementation Plan



Next Steps

- Guiding principles
- Define the scope
- Continue background work and technical analysis
- Plan the first stakeholder engagement session

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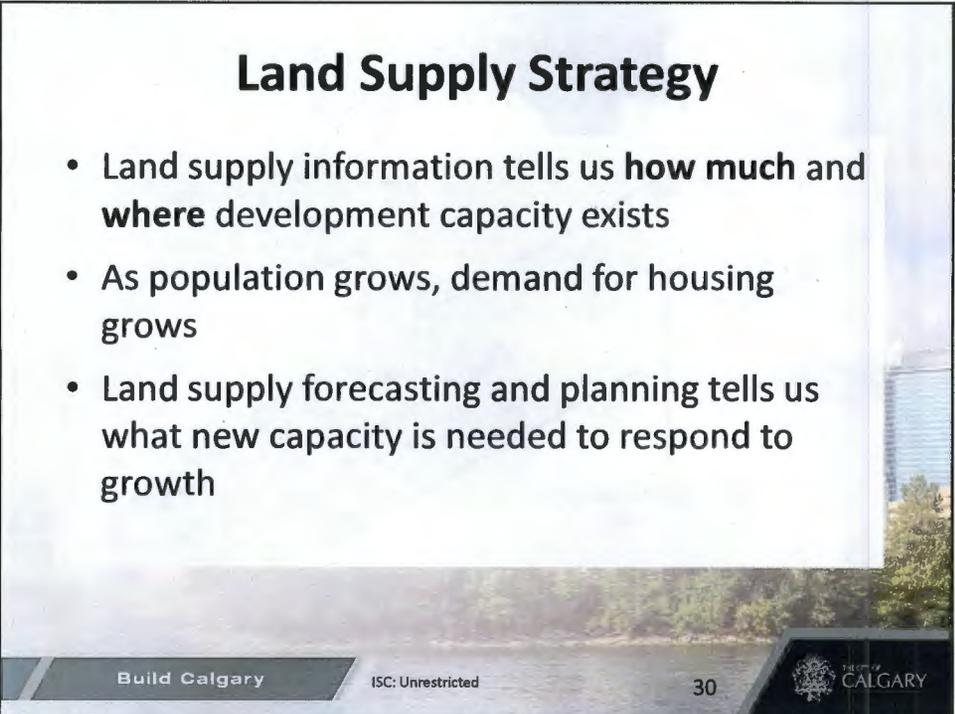


Land Supply Strategy

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Land Supply Strategy

- Land supply information tells us **how much** and **where** development capacity exists
- As population grows, demand for housing grows
- Land supply forecasting and planning tells us what new capacity is needed to respond to growth

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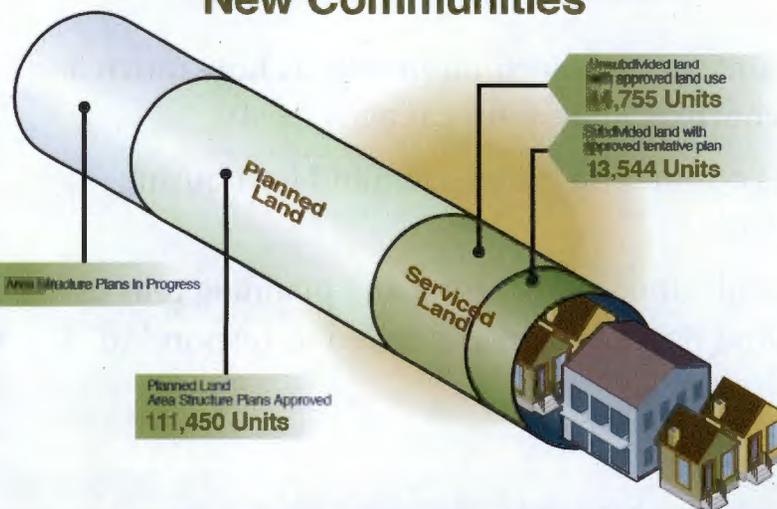
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Supply/Demand Challenges

- In the housing market, it takes time to create supply
- Too **little** supply drives up the cost of housing which can affect affordability, reduce competition and discourages innovation
- Too **much** supply leads to premature investment in infrastructure, ties up money, and slows build out of communities
- Requires long term planning and finding the right balance

The Residential Pipeline New Communities



Land Supply & Developing Areas

Indicator	Definition	MDP Target	Current Supply**
Land Within Boundary	<ul style="list-style-type: none"> Developable land remaining within city limits 	30 years (MDP 5.2.2.b)	Up to 35 years
Greenfield Planned Land Supply	<ul style="list-style-type: none"> With approved Area Structure Plans 2 ASPs complete and 4 ASPs ongoing 	15 years (MDP 5.2.3.a)	Up to 25 years (once Developer Funded Area Structure Plans are complete)
Greenfield Serviced Land Supply	<ul style="list-style-type: none"> Fire*, Transportation*, Water, Sanitary and Storm servicing 	2-5 years suburban* (MDP 5.2.3.b, Land Supply Strategy)	3 years

*Fire and Transportation were added to the serviced definition in 2013, and range changed to 2-5y

** Land supply levels are monitored and reported through Geodemographics

Land Supply & Developed Areas

- Redevelopment potential of 280,000 units based on *existing* land use designations
- Realistically, 52,000 units based on vacant and underutilized parcels
- **2013:** 2,900 units created
- **2014:** 3,500 units created

Accommodating Growth

- **How** did we accommodate 40,000 in 2014?
 - 10,491 natural increase ←
 - 28,017 net migration
 - **38,508 total**
- Of the 38,508
 - 22,281 – in newly developing suburbs
 - 16,227 – in the developed areas ←
- Of the 22,281
 - 60% single/semi units
 - 40% new multi units ←

Currently Working On ...

- Monitoring the supply
- Monthly lot supply reporting (City and Industry collaboration)
- Coordinating new growth infrastructure among the departments to ensure that supply is realized in a timely fashion

Lot Supply Released on Website

- New report shows lot supply for serviced land with land use
- Released by Geodemographics with the support of UDI-Calgary and CHBA-Calgary Region
- Serviced lot supply healthy in the short term
- Lower than ten year average due to high growth



Developing & Recently Completed Suburban Communities Supply Monitoring:

Monthly reporting will be adjusted (trued up) with each SIG annual inventory report. Takes December inventory adds in new supply and subtracts out absorption

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Lot Supply Report

- Includes lot supply numbers by:
 - Community
 - City leading infrastructure (Water, Fire, Transportation) is in place
 - Single Family & Multi-Family lots
 - Subdivided and unsubdivided lots
 - Absorption calculated from issued building permits

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Why this report?

- Geodemographics' *Suburban Residential Growth* report contains data, but it is a year old when published
- In a rapidly changing economy, The City, UDI and CHBA acknowledge the value of timely data for planning and forecasting

How was the report created?

- Improvements made to internal processes and data collection
- City/industry meetings to refine the report and methodology
- City worked with developers to audit lot numbers and fix errors in reporting

Results

- **Subdivided Lots**
 - **6,222 single family**
 - **7,322 multi family**
 - Final stage before house construction. Includes registered lots with servicing to property, plus lots with subdivision approval awaiting developer servicing
 - Lots have access to City leading infrastructure (Water, Transportation, Fire) and have approved land use

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Results

- **Unsubdivided Lots**
 - **20,310 single family**
 - **37,989 multi family**
 - Developer needs to apply for subdivision and run servicing from City (offsite) to developer (local) infrastructure
 - Lots have access to City leading infrastructure (Water, Transportation, Fire) and have approved land use

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Foundation for Next Steps

- We now have common language regarding lot supply and regularly updated information.
- How do we interpret this information and use it to inform the next steps of creating an effective land supply strategy?
- Identify issues that need to be resolved

Sequenced Lists & the 10 Year Capital Plan

- \$5.8 billion of spending in *Action Plan*
- 65% in Utilities and Transportation

Legend

- Pre Action Plan
- Action Plan 2015-18
- Remainder of Capital Plan 2019-24
- Investment timing TBD 2015-24



Conclusions

- MDP policies still relevant
- Housing trends are changing
 - Multi family share increasing
 - More growth being absorbed in developed areas
- Sequencing is still necessary for efficient, orderly development
- Lot supply healthy in the short term
- Opportunity for better alignment with industry through monitoring and engagement

Tying it all Together

- Comprehensive approach required for:
 - Offsite levies
 - Land supply
 - Sequencing
- Will lead to creative strategies that:
 - Achieve fiscal sustainability
 - Achieve MDP vision
 - Respond to the market demands
 - Create collaborative solutions



Build Calgary City Charter Update

In-camera discussion