



2022 Citywide Growth Strategy Monitoring Report

2023 June 07

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Executive Summary

Purpose

Calgary's population is growing at a very rapid pace, and through the Citywide Growth Strategy ("Strategy"), The City works to accommodate this growth in a way that helps build a great city – balanced, sustainable, inclusive, efficient, and livable. This monitoring report provides Calgarians, businesses, the development and building industry, and Council with current growth-related information that includes updates on current growth activity and financial investment information at the citywide level, and for each of the three components of the Strategy – new communities, established areas, and industrial areas.

This report helps ensure transparency and accountability for the Strategy via data analysis and the accounting of investments related to growth and change. It also provides a look ahead to anticipated growth trends. These components help to support The City's growth investment and planning decision-making.

Key Takeaways

- Calgary has emerged from the COVID-19 pandemic with strong economic fundamentals and significant population growth, and an expectation of robust growth going forward.
- Calgary's advantage of relative housing affordability has led to historic levels of net migration, but strong demand, inflation, supply chain impacts, and rising interest rates have challenged overall affordability.
- Industrial floor space absorption in 2022 was more than double that of 2021 in the Calgary area. Greater availability of space and lower rents than other Canadian markets are a factor. Competition for development within the Calgary region continues.
- The city is well positioned in terms of serviced land supply for new communities, with 9 to 12 years of serviced land available as of 2022 April. There are currently 40 approved new communities and in 2022, Council approved the initiation of eight new community areas that will further increase choice and support affordability.
- Calgary's established areas continue to provide excellent development opportunities, as nearly 4,000 new housing starts occurred here in 2022.

Content

This monitoring report relies upon City of Calgary data sources, including the [Suburban Residential Growth report](#) and the [Calgary & Region Economic Outlook](#). The information in this report generally represents the 2022 calendar year. Any data sources that do not align with this period have been noted where applicable. Financial data is aligned with the 2019-2022 Service Plans and Budgets and/or the 2023-2026 Service Plans and Budgets and are noted as appropriate. Third party data has been sourced where stated; when data is not sourced it can be assumed to be from The City of Calgary.

A municipal census has not been completed since 2019, and there are no plans to reinstate it. This means that some previously reported data is not available, including, vacancy rates, and occupancy. As was the case in 2021, building permit data was primarily used to analyze and estimate residential growth across the city. In addition, this report uses data from the Federal Census. However, as Federal Census data does not provide the same level of detail as the Civic Census, and as it is collected only once every five years, some granularity is not available.

Growth in Calgary

Population Growth

Calgary saw record breaking population growth in 2022. According to Statistics Canada, Calgary's population in 2022 was 1.4 million people, an increase of 42,000, or 3%, over the year before. This makes Calgary the fastest growing city in Alberta in absolute terms. Alberta's population grew by 2.2% in 2022 (the highest provincial rate since 2014), caused by a combination of the highest interprovincial migration¹ in Canada, and almost 60,000 net new international migrants (almost three and a half times the previous year's gain)². Alberta and Calgary are expected to continue seeing increased interprovincial migration given the province's and city's relatively strong economic conditions, relatively affordable housing, and lower cost of living³.

Housing starts in the city of Calgary and the Calgary Census Metropolitan Area (CMA) continued their strong growth from 2021 into 2022. The Calgary CMA saw 17,300 housing starts in 2022, with 14,800 of those occurring in Calgary⁴. This is roughly 15% higher than 2021, but 88% higher than 2020. High numbers of housing starts are forecast to continue another year before moderating closer to pre-pandemic levels.

Building permit values for 2022 reached \$5.7 billion. Of that, \$4 billion (or 70%) was for residential development. This is similar to 2021 which also saw \$5.7 billion in value, with \$3.7 billion (or 65%) of that for residential development.

Development agreements, an indicator of future new community growth, also increased in 2022, continuing a recent upward trend from 2019. In 2022 there were 533 hectares of land added under development agreements, representing the largest area covered by new development agreements since 2015.

Even with a near-record amount of housing starts, home resale inventories ended 2022 at the lowest levels seen since 2005⁵. Inflationary increases starting in 2021 have reduced the purchasing power of households, and the Bank of Canada's interest rate increases in 2022 to combat inflation have resulted in significantly higher mortgage rates. This combination of effects is decreasing housing affordability Canada-wide, including in Calgary. According to ratehub.ca (a Canadian website for research and mortgage rate comparison), considering Calgary's average home price in 2023 January compared to 2022 January, the income required for a household to support a mortgage⁶ has risen from \$85,370 to \$105,680, an increase of almost 24% in one year and the largest percentage increase among Canada's major cities. As this cost increases it becomes more difficult to afford housing, especially for those who are not currently established in the housing market.

¹ Government of Alberta's Annual Population Report, 2021-2022.

² Government of Alberta's Annual Population Report, 2021-2022.

³ Government of Alberta Economic Trends, 2023 Feb

⁴ Canada Mortgage and Housing Corporation (CMHC) and reported in the Calgary & Region Economic Outlook 2023-2028, Spring 2023

⁵ Calgary Real Estate Board 2023 Housing Forecast

⁶ Assuming a mortgage with 20% down payment, 25-year amortization, an interest rate based on the average of Canada's five biggest banks, \$4,000 annual property taxes and \$150 monthly heating bills. This data is from ratehub.ca's 2023 January affordability analysis

Interprovincial migration can put pressure on the housing market. From Q3 2021 to Q2 2022, Alberta saw a net increase of 14,143 migration from Ontario alone⁷. This trend continued during Q4 2022, when over 70% of interprovincial migration into Alberta was from Ontario and British Columbia, totaling 8,422 people⁸.

2022 was a record year for growth. Calgary is seen as a growth leader and has earned the top spot in North America, and third world-wide, in an Economist Intelligence Unit (EIU) study that surveyed and ranked 172 cities from around the world according to their 2022 Global Liveability Index. Only three Canadian cities made the top 10 ranking with Calgary (3rd world-wide) beating Vancouver (5th world-wide), and Toronto (8th world-wide) in terms of the most livable cities⁹. With the recent strong growth, Calgary's economy is also being positively impacted as the city emerges from a period of slow economic activity.

Economic Recovery

Calgary is in a strong economic position relative to other Canadian cities, which contributes to and supports strong growth in the city. While many economic indicators dropped in 2020 due to the COVID-19 pandemic, by the end of 2022 these values had recovered to pre-pandemic levels¹⁰. Calgary's Real Gross Domestic Product (GDP) increase in 2022 was 5.0%, which is well above other major Canadian cities.

Total employment growth in the Calgary Economic Region is also very strong. In 2022, this growth was 7.3%, compared to 4.1% the year before, completing the recovery to pre-pandemic employment levels. This is also a higher rate of employment growth than Alberta at 5.2% for the same year. Additionally, Calgary's employment growth was higher than other major Canadian cities; this growth has caused unemployment in Calgary to fall to 6.0% in 2022. This rate is still higher than the overall unemployment rate for Canada (5.0%) but is the lowest seen in Calgary since 2015.

Crude oil prices averaged \$94.90 US per barrel (West Texas Intermediate) over 2022, higher than the previous four years, and are forecasted to stay between \$70 and \$80 for the next four years. This should help support Alberta's economy in the short to medium term.

Climate Trends

Where and how Calgary grows has important implications for the mitigation and adaptation goals of the Calgary Climate Strategy – Pathways to 2050. To meet the Calgary Climate Strategy's net zero target of 2050 and increase Calgary's resilience to climate change hazards, Calgary's growth patterns will need to shift towards the Municipal Development Plan's growth split target while ambitious climate action is also pursued. This growth split target calls for 50% of total population growth since 2006 to occur inside the Balanced Growth Boundary. By 2021, only 12.4% of population growth since 2006 was inside this boundary.

Following the growth split targets of the Municipal Development Plan will limit greenhouse gas emissions and preserve Calgary's natural assets; however, this alone will not achieve Calgary's climate objectives. New net zero communities, low carbon transportation options, and leveraging natural assets are all key to achieving our 2050 climate goals. Additionally, encouraging new, more compact types of development will help improve the overall efficiency of housing in all areas of Calgary.

⁷ Government of Alberta Annual Population Report (2023)

⁸ Government of Alberta Q4 2022 Population Statistics

⁹ The Global Liveability Index 2022: Recovery and Hardship, Economist Intelligence Unit

¹⁰ Calgary and Region Economic Outlook 2023-2028, Spring 2023

Industrial

Introduction

The industrial component of the Citywide Growth Strategy looks to enable sustainable industrial development. Strong industrial areas are the foundation for Calgary's role as an inland port and distribution centre for western Canada. The growth strategy work for industrial areas will further strengthen that foundation and support diversifying our city's economic growth.

The Industrial Action Plan advances the goals of the Municipal Development Plan and Calgary Transportation Plan to ensure the availability and accessibility of lands for a wide range of future industrial activities, and to protect existing industrial areas from encroachment of non-industrial uses that may threaten future viability and economic competitiveness. Additionally, the Action Plan works to identify infrastructure investments to open strategic industrial areas for development, intensify existing industrial lands, and support job creation and economic diversification.

Climate

Industrial properties in Calgary generate approximately 8% of total citywide greenhouse gas emissions. Between 2020 and 2021, emissions of carbon dioxide equivalent by industry in Calgary increased 1.8%. Enabling the retrofit of existing industrial buildings and encouraging new ones to reduce or eliminate net emissions, are important steps on Calgary's path to net zero emissions by 2050. The Calgary Climate Strategy gives direction to update the Industrial Action Plan to support industrial operators in reducing greenhouse gas emissions and reducing vulnerability to climate related hazards in industrial areas. Actions to support these outcomes are being developed in collaboration with partners in the industrial sector.

Growth and Supply

Colliers International¹¹ reported that the average industrial vacancy rate for Calgary and the surrounding area continued to decrease in 2022, falling from 4.1% in 2021 Q4 to 2.3% in 2022 Q4. By submarket, the vacancy rate in Central Calgary was 1.7%, 2.2% in Southeast Calgary, 3.2% in Northeast Calgary, and near zero at 0.4% in Balzac. These are all significantly lower than the same time in 2021, demonstrating continued strength in the Calgary Region's industrial market.

There was just under 5.0 million square feet of industrial space under construction in the Greater Calgary area at the end of 2022; 3.0 million of that is in Calgary, with the remainder outside the city and mainly located in the Balzac area. In total, the Calgary area saw 11.7 million square feet of absorption in 2022, more than double the amount from last year, when it was 4.8 million square feet.

At the end of 2022, the direct asking rent in Calgary was \$11.81 per square foot¹². At the same time, the Greater Vancouver and Greater Toronto markets are seeing sub 1% vacancy rates and net rental rates \$5 to \$10 per square foot higher than in Calgary. Calgary's vacancy rate and competitive rental rates continue to make the city an attractive market for industrial developers who are exiting Vancouver and the Greater Toronto Area.

¹¹ Calgary Industrial Market Report, Q4 2022, Colliers International

¹² Avison Young Calgary industrial market report, Q4 2022

The rise of e-commerce, which spiked in demand during stay-at-home public health measures, has increased demand for warehousing space. Additionally, onshoring of manufacturing and goods storage, done to resolve supply chain challenges, will place more demand on local storage space¹³. These factors have combined to see the Warehousing and Storage industry enjoy gains through the COVID-19 pandemic. In 2022, Calgary saw 12.1 million square feet of new

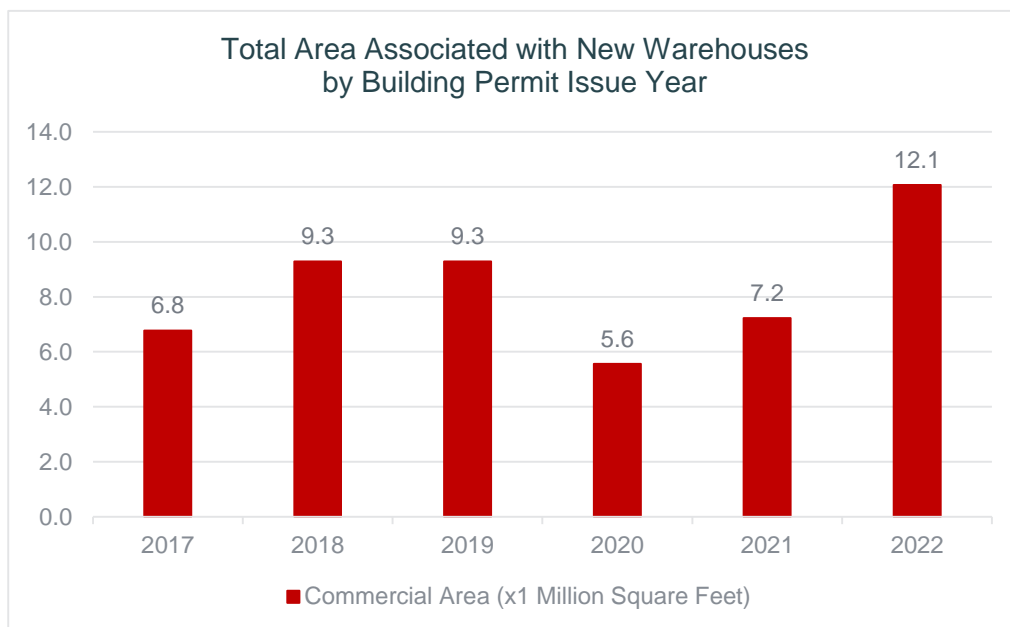


Figure 1: Total Area Associated with New Warehouses by Building Permit Issue Year

warehouse area associated with building permits, the highest of all permit use code types. This represents new build, alterations and additions for warehouse purposes. This is the highest since 2016 and continues a three-year increasing trend. As Calgary features a large, growing urban population and a geographic location with access to markets across Western Canada, this trend is likely to continue. The trend is visible in Figure 1.

In terms of land supply, the situation in Calgary’s industrial areas is complex. Calgary currently has over 2,700 hectares of vacant industrial land¹⁴, predominantly located in the Northeast and Southeast sectors. Of this vacant land, just under 1,000 hectares are fully serviced¹⁵, and about 1,600 hectares are partially serviced, with the remainder being unserviced. While these are healthy levels, partially serviced land in particular can range from missing one to four of the required services. In addition, non-City infrastructure related issues (such as site access, subdivision, and financial considerations) can complicate servicing and delivery into the market. Helping facilitate the movement of land from partially serviced to serviced is a key focus of the Industrial Action Plan. Land supply by status and sector is summarized in Table 1.

Vacant Industrial Land by Servicing Status and Sector						
Parcel Size	Central	Northeast	Northwest	Southeast	Southwest	Total
Not Serviced (ha)	0.0	61.6	0.0	0.0	76.5	138.1
Partially Serviced (ha)	0.0	594.4	143.7	881.8	0.0	1619.9
Serviced (ha)	38.7	581.9	18.2	313.1	7.6	959.5
TOTAL	38.7	1237.9	161.9	1194.9	84.1	2717.5

Table 1: Vacant Industrial Land by Servicing Status and Sector

¹³ Cushman & Wakefield, Industrial Area Growth Strategy Consulting Report (Phase 2)

¹⁴ Cushman & Wakefield Industrial Area Growth Strategy Consulting Report

¹⁵ Fully serviced land has access to Water, Storm water, Sanitary Sewer, Transportation and Emergency Services. Partially serviced land has access to some but not all of these.

Financial Investment

In 2022, The City completed the Airport Trail Phase 2 improvements, including interchanges at 19th Street NE and Barlow Trail NE. Additionally, Airport Trail was extended from 36th Street to 60th Street NE. This project has supported the transportation network serving industrial areas in the Northeast.

Construction on the 144th Ave N Storm Trunk and Outfall in the Keystone area is ongoing, expected to be complete by 2024 at a cost of \$10.4M. This will provide important stormwater servicing to industrial and residential areas in the Keystone Hills area.

In the Southeast, major intersection upgrades completed in 2022 at Glenmore Trail and 68th Street SE improved safety, access, and circulation. The 68th Street SE pathway was also extended to improve walking and cycling access.

In the 2023-2026 Service Plans and Budgets, Council approved funding for two projects that will support industrial development: the Inglewood Sanitary Trunk Upgrade Phase 2 (\$19.2M), and the Nose Creek Sanitary Trunk Upgrade (\$42.7M). The Inglewood project is located in the central part of the city and is expected to be complete and operational in 2024. The Nose Creek project is located in the North of the city and will support not only industrial operations in Northeast Calgary, but also residential development in Keystone Hills and Glacier Ridge.

Next Steps

An Industrial Action Plan has been brought forward to Council in each of the last three years; the 2023 Industrial Action Plan was at Infrastructure and Planning Committee on 2023 May 10 (IP2023-0346). Once approved by Council, this plan and its six actions will chart a path for further growth over the next year.

New Communities

Introduction

New communities are an important part of how Calgary grows, providing affordable and diverse housing choices for Calgarians on the city's edges. One of the key goals of the strategy for new communities is to link infrastructure investment with land use and development approvals. This helps ensure that new community growth can be serviced, is financially sustainable, and aligns with the vision of the Municipal Development Plan.

These efforts aim to confirm that The City can fully support and invest in new communities, not just in the short-term, but also once they are completed and established. The City's approach to new communities is to ensure that they are compact and complete, provide a wide range of housing choice, mobility options, and access to daily needs for future residents.

Climate

Development of lands at the city's edge consumes open spaces and natural assets, including agricultural lands, and thereby is typically more greenhouse gas intensive (relative to inner-city development) and comes with increased risks to the city from climate change. The City is encouraging new communities to be developed in more climate-friendly ways. Urban form is chosen to encourage and enhance the use of active

modes and transit by building in more grid-like systems and providing good infrastructure for active modes such as sidewalks and better walking connections and pathways. Encouraging development of activity centres in new communities also helps reduce auto travel by providing easier active mode access to daily needs.

Emissions from buildings in Calgary are the highest proportion of emissions, representing 65% of The City's overall carbon dioxide equivalent emissions. From 2020 to 2021 the total amount of emissions from buildings decreased 1.7% city-wide. Additionally, from 2005 to 2021 the total emissions from buildings in Calgary decreased 7.2%. However, over this same period emissions from the transportation sector have increased (6% from 2020 to 2021, 20% from 2005 to 2021), which resulted in a net increase of emissions over those time periods of about 1%.

Where new community development takes place on the edges of Calgary, greater investments and incentives to support net-zero buildings and low-carbon transportation choices can help to limit the impact of this type of growth. Additionally, encouraging higher density housing forms will lower the greenhouse gas emissions intensity per unit – in fact, many new communities are more dense than established communities. The Calgary Climate Strategy contains numerous actions to support better climate-related outcomes in new communities. Work is underway to ensure that climate and energy planning are strategic priorities in decisions related to new community growth.

Growth and Supply

It was a strong year for new construction in 2022, especially multi-residential construction. More than half of the issued building permits for new homes in the new communities were for multi-residential units, only the second year this has happened since 2000. With issued permits for 4,971 units, this is the largest annual amount of new community multi-residential construction Calgary has seen. Combined with low density (single/semi) construction of 4,849 units, there were just under 10,000 units of issued building permits for new homes in Calgary's new communities.

In the last five years, residential building permits show that there were 56,075 total new units (single/semi-detached and multi-residential) city-wide, representing 11,215 units per year on average. New communities in Calgary have captured an average of 62% of the city-wide total units over the last five years, absorbing 35,020 units or an average of 7,004 units per year. The bulk of these new units occurred in the North and Northeast sectors (about 25% each) and the South and Southeast sectors (about 20% each).

In the Calgary Census Metropolitan Area (CMA) in 2022, the city of Calgary absorbed 86% of all housing starts. The regional growth share for Calgary is forecast to decrease mildly over the next five years¹⁶.

Forecasts for 2023-2026 estimate that 26,895 (6,724 per year average) units will be absorbed within new communities across the city. On a sector basis, the forecasts of total units suggest growth will be relatively evenly split between the North, Northeast, Southeast and South sectors, which combined would capture 87% of the total growth share within new communities. Figure 2 provides a map of new communities in Calgary.

¹⁶ Calgary & Region Economic Outlook 2023-2028, Spring 2023



Approved New Communities

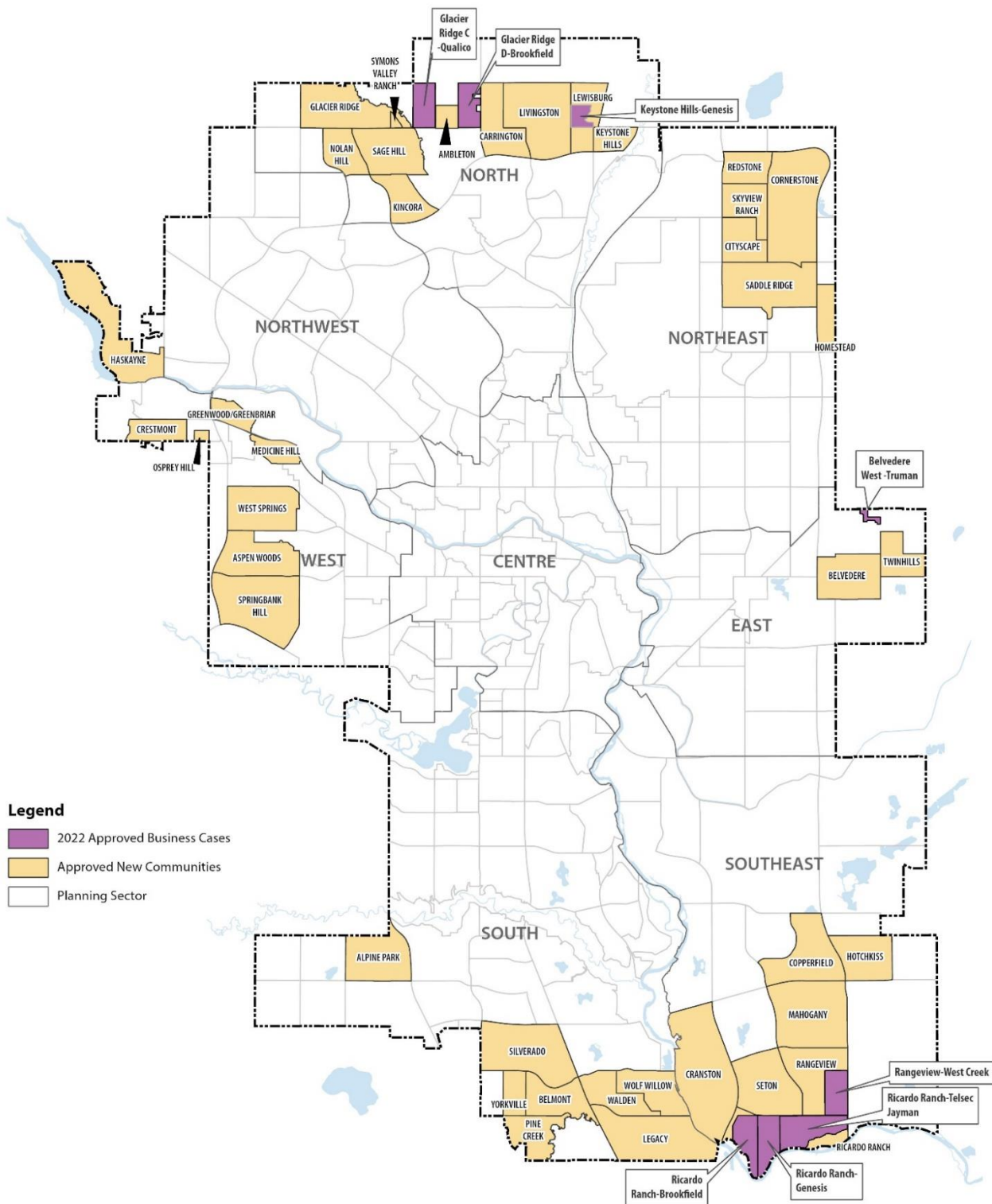


Figure 2: New Communities and 2022 Approved Business Cases

Current land supply shows Calgary is well positioned to accommodate additional growth in new communities in the short and medium term. As of 2022 April, there is 22-31 years of planned land supply¹⁷ available citywide. Considering only approved serviced land¹⁸, there is 9-12 years of land available, consisting of 1,882 hectares spread across the city. Additionally, there is 1,777 hectares of approved – yet to be serviced land¹⁹, representing another 6-9 years of supply. These data (summarized in Table 2) are as of 2022 April; updated land supply data for 2023 is expected in the coming months.

Sector	Building Permits Issued in 2022	Approved Serviced Land Supply (hectares)	Years of Approved Serviced Land Supply	Approved - Yet To Be Serviced Land Supply (hectares)	Years of Approved - Yet To Be Serviced Land Supply
North	2236	246	7 to 10	583	10 to 14
Northeast	2342	423	8 to 11	121	1
East	210	25	2 to 3	291	14 to 19
Southeast	2126	562	10 to 14	114	2 to 3
South	1942	265	7 to 10	593	12 to 16
West	691	271	24 to 33	0	0
Northwest	273	92	15 to 21	77	10 to 13
Total	9820	1884	9 to 12	1779	6 to 9

Table 2: 2022 Land Supply and Building Permits by Sector

Using data produced in the Suburban Residential Growth report, the estimated serviced land capacity in 2022 is largely the same as 2020 despite 21,382 units of absorption, suggesting a balanced approach to servicing commitments and budget re-allocation in the 2019-2022 budget cycle in terms of replenishing absorbed supply. From 2020 to 2022, total serviced land supply has remained largely unchanged.

Financial Investment

Over the course of 2022, The City delivered 16 distinct capital infrastructure projects related to new communities for a total spend of approximately \$231M (~\$207M of which was in the 2019-2022 Service Plans and Budgets cycle, with the remainder coming from an earlier budget cycle). The most significant of these are the Rangeview Sanitary Trunk Phase 1 (\$44M) and the North Ridge Feedermain Phase 1 (\$40M), followed by an interchange at 14th Street NW and Stoney Trail (\$22M) and the Airport Trail NE Road Widening Phase 1 (\$21M). Also funded and brought into operation was the Starlight East Pump Station (Interim Solution), with total spend to-date at approximately \$19M. Overall, the Glacier Ridge Area Structure Plan has seen the most total spend for projects made operational in the 2019-2022 Service Plans and Budgets cycle, followed by Ricardo Ranch and Rangeview Area Structure Plans. When considering ongoing projects with unspent capital budget carried-forward, plus new budget allocations in the 2023-2026 Service Plans and Budgets cycle, Keystone and Glacier Ridge will see the highest capital spending in the coming years. Figures 3 and 4 display geographic detail about investments in new communities and elsewhere.

¹⁷ Planned land supply includes areas with an approved Area Structure Plan in place.

¹⁸ Approved serviced land is vacant land that has capital infrastructure for transportation, water, sanitary, storm and emergency service capacity to allow for development.

¹⁹ Approved – yet to be serviced land is areas within vacant planned land where The City has committed to build the necessary leading infrastructure to service this land, but the infrastructure is not in place yet.



Citywide Growth Strategy Investments

Data current as of 2023 January

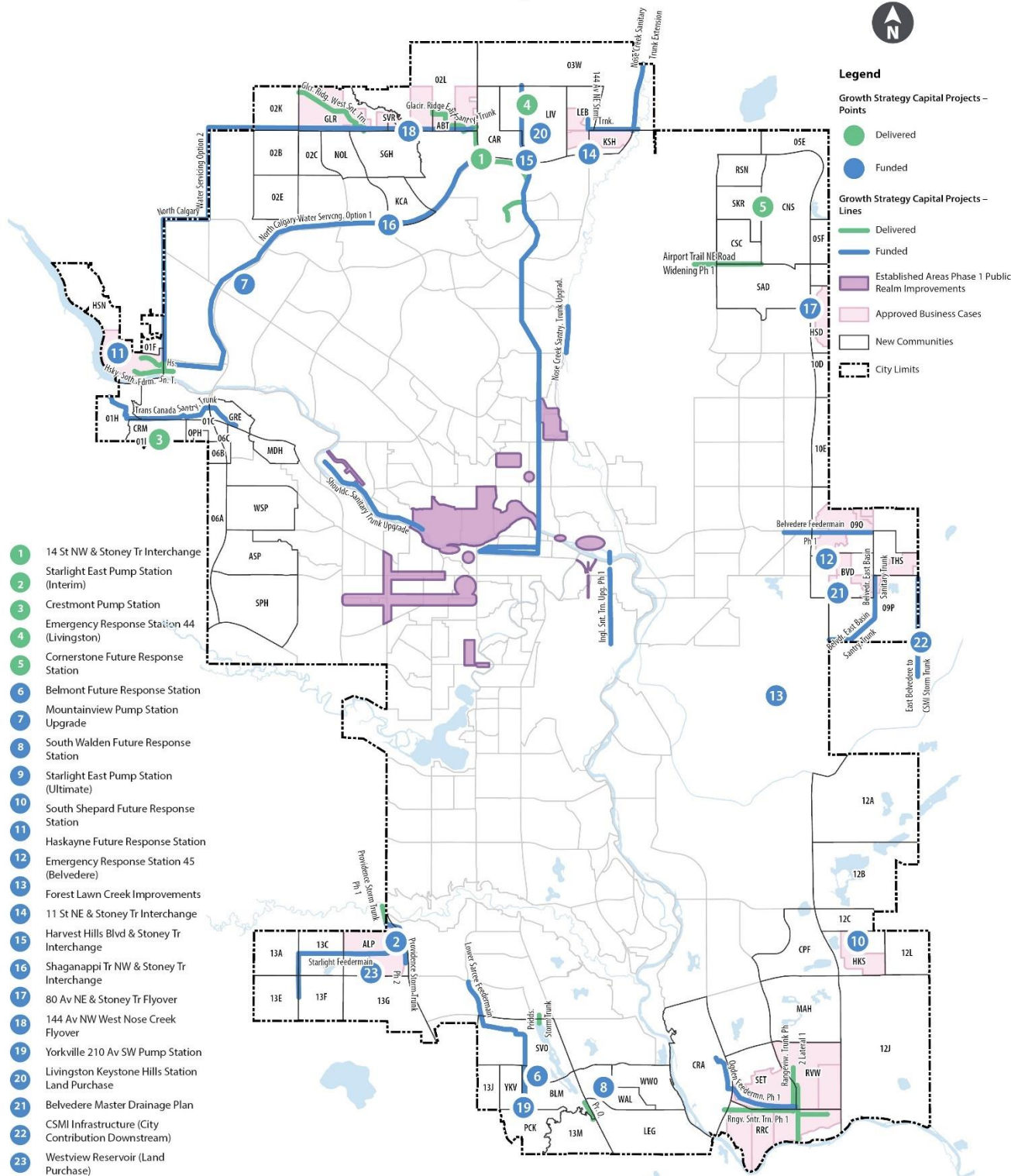


Figure 3: Citywide Growth Strategy Investments

A significant number of full and partial interchanges have been delivered along Stoney Trail, which will enable industrial and new community growth. The Livingston Emergency Response station was delivered in 2022 and will support new community growth in the Keystone Area Structure Plan. A number of utilities projects were also delivered in 2022:

- Glacier Ridge East and West Sanitary Trunk in the Glacier Ridge Area Structure Plan
- Rangeview Sanitary Trunk Phase 1, Rangeview Trunk Phase 2 Lateral 1 and the Rangeview-Seton Storm Trunk and Outfall Phase 1 to support growth in the Rangeview and Ricardo Ranch Area Structure Plans
- Haskayne Sanitary Trunk, Haskayne North Feedermain, and Haskayne South Feedermain in the Haskayne Area Structure Plan
- The Providence Storm Trunk Phase 1 to support the Providence Area Structure Plan

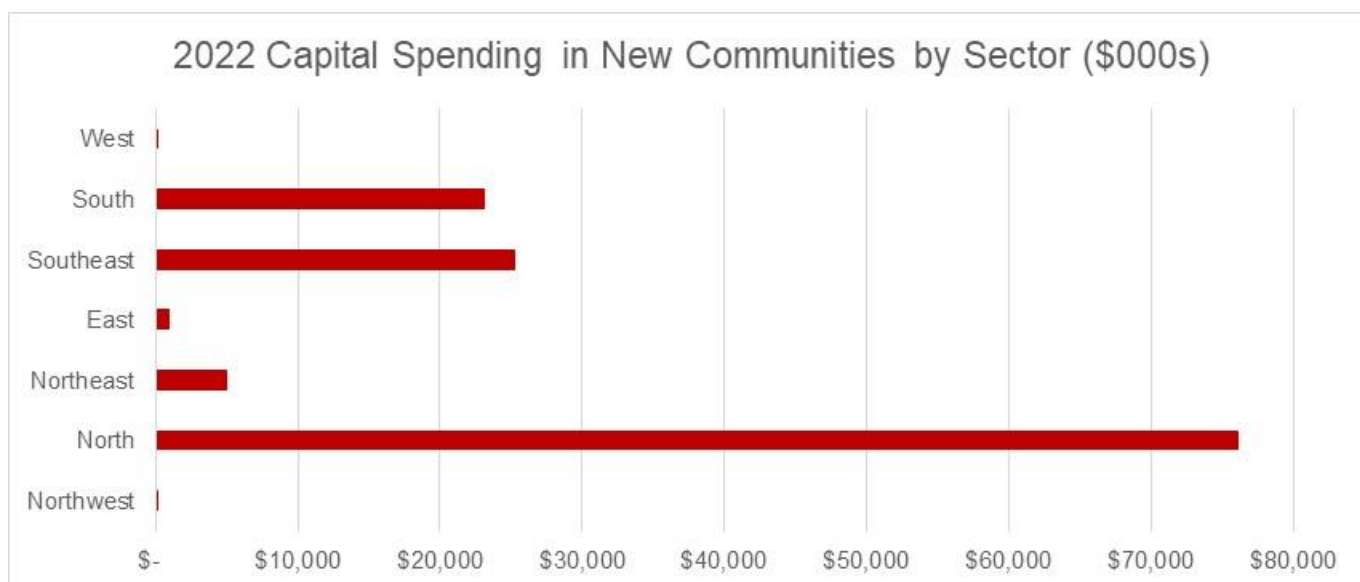


Figure 4: 2022 Capital Spending in New Communities by Sector (\$000s)

Operating budget allocations for new community business cases change as developments proceed. The 2019-2022 Service Plans and Budgets allocated \$91M for the 14 new community business cases approved in 2018. This number was later adjusted to \$73M, and as of 2022 December 40% of this allocation had been spent. These values are seen in Figure 5 on the next page. Instances where budgeted funds exceeded spending are associated with services such as Transit and Streets, where there was \$27.5M unspent budget remaining as of 2022 December. This spending is expected to increase as new communities continue developing, though the amount of unspent funding indicates that new communities are not growing as quickly as anticipated and the service level is not yet needed. The 2023-2026 Service Plans and Budgets has an additional allocation of \$25M, with much of the new allocations related to Parks and Open Spaces and Emergency Response coverage.

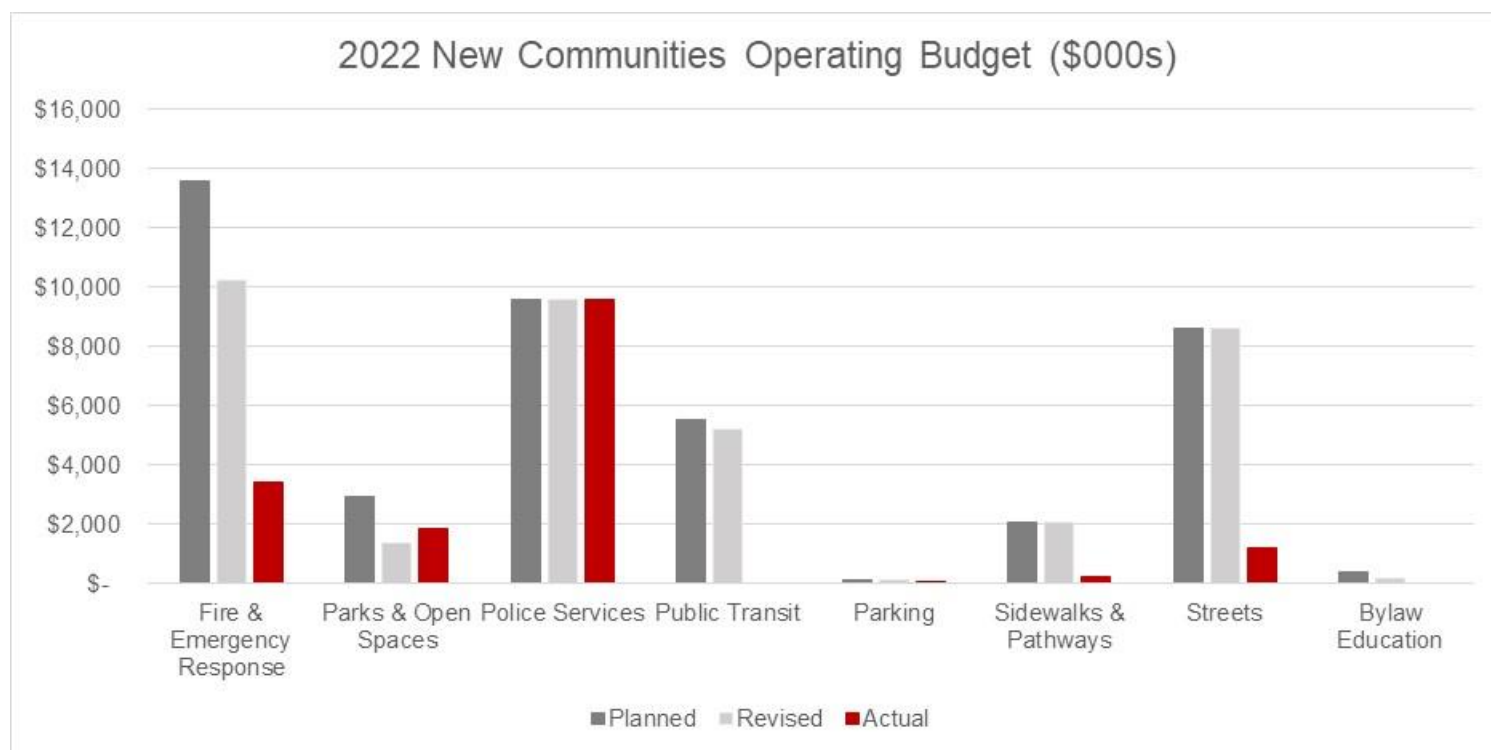


Figure 5: 2022 New Communities Operating Budget (\$000s)

New residents have started to move into 10 of 14 new community areas approved in 2018. As of 2022 December, Rangeview has reported the most occupancies, with 891 residential units. Haskayne (Rockland Park) comes in next, with 459 units. Hotchkiss in South Shepard has accommodated the lowest total absorption, with 11 residential units. Symons Valley Ranch, Southeast Keystone, and Twinhills in Belvedere have not yet had any occupancies. Southeast Keystone has one subdivision submission, with an estimated 92 units currently awaiting approvals. Given the significant City investment in the 11th Street NE interchange, it will be important to see development both east and west of 11th Street NE in Keystone take advantage of this available supply. Additionally in the community of Homestead, The City is working with the developer to ensure the 80th Avenue NE overpass is available and servicing new homes.

In the 2023-2026 Service Plans and Budgets, \$370.4M was approved for infrastructure investment to support growth in new communities. This includes:

- \$81.5M for the Trans Canada Sanitary Trunk. This infrastructure will service the West View area, Regional customers, as well as existing City customers.
- \$124.3M for services that will benefit Keystone Hills and Glacier Ridge, with an additional \$28.1M for Glacier Ridge and \$31.4M for Keystone Hills specifically
- \$42.7M for the Nose Creek Sanitary Trunk Upgrade, which will service residential and industrial growth in Northeast Calgary
- \$53.7M to advance utility infrastructure in the Providence area
- \$25.8M for water and sanitary servicing in Belvedere.

Investments noted above do not necessarily reflect total required investments for complete servicing for new communities, or to take the projects noted above to completion.

Next Steps

In 2022, Council approved eight new community business cases to start development in the 2023-2026 timeframe. These eight business cases did not trigger any new City funded capital infrastructure, and their operating cost profiles were overall positive. This allowed additional supply and choice to be introduced into the market that largely leveraged investments required for previously approved new communities.

Also in 2022, Council provided specific direction to change the review process for business cases, and to repeal the Growth Management Overlay as a tool to help manage growth. A new process, build around the submission of Growth Applications, is under development and will be introduced at the 2023 June 7 Infrastructure and Planning Committee meeting.

Established Areas

Introduction

The Citywide Growth Strategy: Established Area enables and supports growth in established area communities by prioritizing and planning investments and reducing barriers to redevelopment. Three programs make up this component: the Main Streets program that focuses on local business districts, the Transit-Oriented Development Strategy that focuses on transit nodes, and the Established Area Growth and Change Strategy that considers the wider community. All three programs work together to consider strategic investment and policy/process improvements to enable redevelopment, encourage continued growth by keeping mature communities desirable, and to support communities experiencing change.

The goal of the program is to support communities, local businesses, transit nodes, and landowners in parts of the city where redevelopment and change are happening or expected to happen in the near term. This will ensure established communities remain desirable places to live and are complete with access to nearby daily needs and employment opportunities.

Climate

Accommodating new population through redevelopment is the least greenhouse gas intensive way to grow and supports the mitigation goals of the Calgary Climate Strategy, as well as the urban expansion targets of the Municipal Development Plan. As well, infill housing tends to be more compact and more efficient than in new communities, resulting in lower emissions from buildings and, with higher densities, improving per capita emissions. Additionally, the established area is much better served by transit and active mode infrastructure, with access to daily needs such as schools and shopping, allowing more people to make low-carbon transportation choices.

The Calgary Climate Strategy contains actions to support better climate-related outcomes in established communities, including the integration of climate policies into local area plans, incentivization and prioritization of energy efficient developments, and development of design guidelines for net-zero and climate resilient established communities. Additionally, amendments to the Land Use Bylaw will soon be considered by Council that will make it easier for Calgarians to improve the climate resiliency of their homes. If the balanced growth targets of the Municipal Development Plan are achieved, the city could avoid

seven megatonnes of emissions by 2050, save \$8 billion in avoided infrastructure costs, and reduce energy bills of Calgarians by \$290M annually²⁰.

Growth and Supply

Calgary’s established area includes approximately 180 communities and are home to about 80% of the city’s population. Within this area there are various ages and types of communities, ranging from those experiencing significant redevelopment and change, and those that have just recently been completed and are likely to be stable for several decades.

The high volume of issued building permits in the established area offers insight into how quickly growth and change is occurring. In 2022, there were 3,943 building permits issued for new units, of which 3,037 (77%) were for multi-residential. This is an overall decline from 2021, which saw 4,659 building permits issued. The volume in 2022 appears to be a return to normal levels as the effects of the COVID-19 pandemic dissipate. This can be seen in Figure 6 below, showing annual new units from issued building permits in the established area. 2018, 2019 and 2022 are roughly similar, with 2020 being lower than average due to the COVID-19 pandemic, and 2021 higher than average as some of the delayed demand returns.

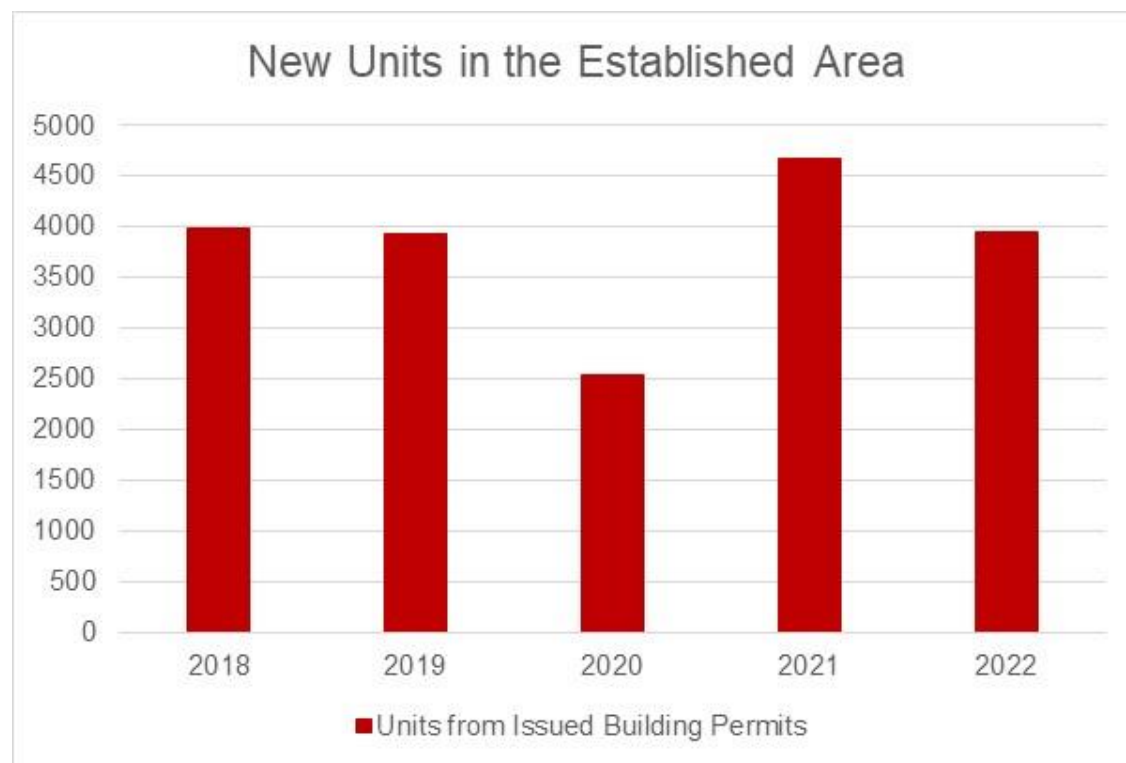


Figure 6: New Units in the Established Area

Figure 7 on the next page shows established area new units broken down by building type. Apartment units dominate the established area but missing middle types (rowhouse/townhouse) are also being built, providing additional choice for Calgarians.

²⁰ Cost and emission savings based on modelling undertaken by The City, the University of Leeds and the University of Calgary.

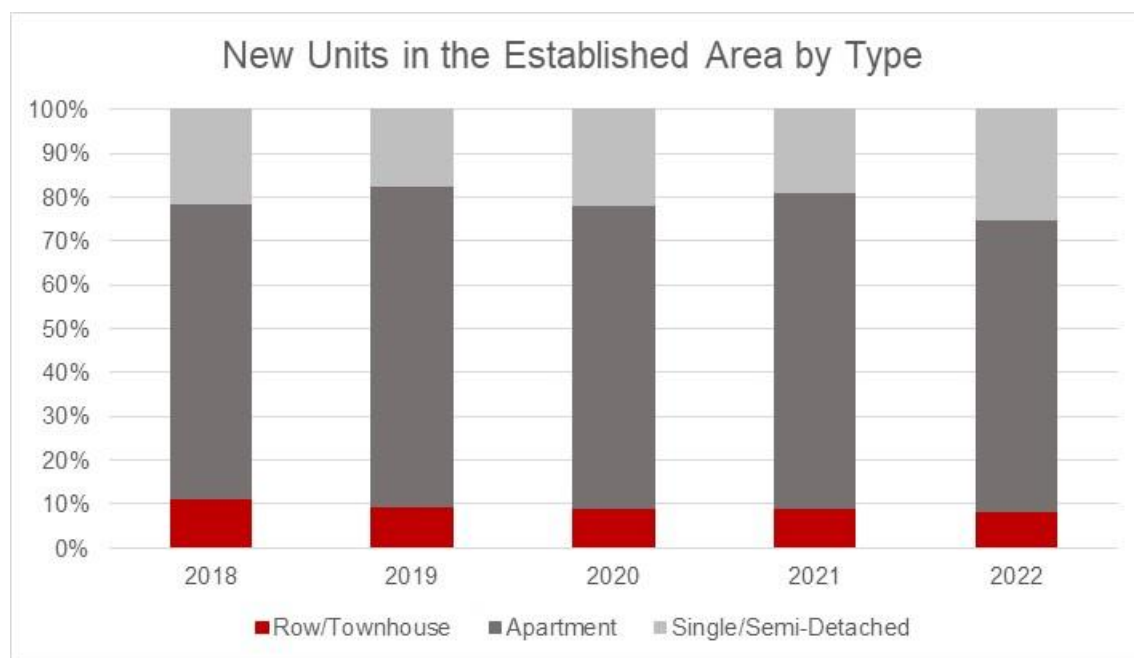


Figure 7: New Units in the Established Area

New single and semi-detached units are primarily occurring in the older communities built in the 1950s or earlier as those communities continue to redevelop. New multi-residential units are also occurring in those same older communities as well as in the Greater Downtown but are also dispersed across the established area as communities such as University District and Currie Barracks continue multi-residential development.

An analysis was completed on how the market values locations near existing amenities in established areas. From 2020-2022, the established areas saw 11,143 new units through issued building permits (31% of the 35,565 citywide total). The majority (7,312 units, 66%) were accommodated in areas close to four of six key amenities, primarily in the older parts of the established area. For the purposes of this analysis, the six key amenities are transit service, primary schools, grocery stores, leisure/recreation centres, libraries, and public parks. (These are publicly and privately provided amenities and are not the same as the public space investments contemplated through the Established Areas Growth and Change Strategy.) Being close to one of these amenities is considered being within a 20-minute walk, with the exception of transit which is within a 10-minute walk. As of 2021, only 37% of the population in the established areas live close to at least four out of six. Given that the proportion of building permits for new units near amenities is almost double that of the population itself, this indicates that there is a market demand to live in amenity-rich neighbourhoods and locations. In 2021, only 10% of the population in new communities live close to at least four out of six key amenities. The map below shows that the established areas have a strong concentration of amenity access, providing many locations with market demand for redevelopment.

Additionally, in Figure 8 below, the Established Areas Phase 1 focus areas are noted. 10% of all units with issued building permits in the established area were in the Established Areas Phase 1 focus areas. While established areas as a whole saw population loss from 2016 to 2021, based on the Federal Census, the areas targeted by the Phase 1 investments saw population growth (an additional 1,275 people).



Amenity Accessibility in Calgary

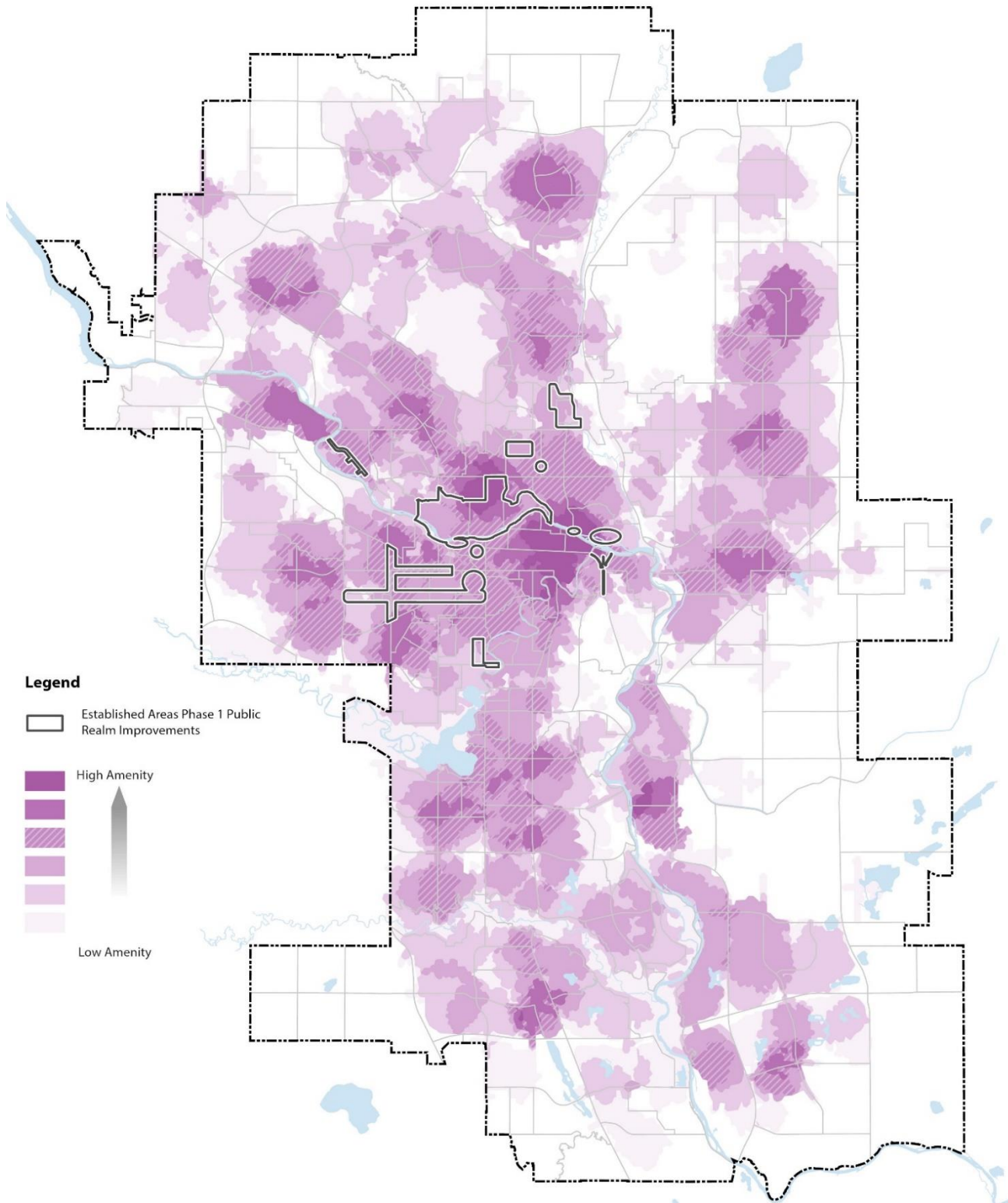


Figure 8: Amenity Accessibility in Calgary (source: The City of Calgary)

Financial Investment

In 2020, the Established Area component of the Citywide Growth Strategy used a collaborative and data driven approach to identify which areas were experiencing growth and redevelopment to the greatest extent and which areas were anticipated to draw the most growth over the short term, and allocated funding towards improving the public realm in these areas. The Established Area Investment Fund was initialized with \$30M in one-time money from City investment income to fund Phase 1 upgrades in the public realm to help offset the pressures of growth and improve quality of life (PFC2020-0381). An additional \$21.6M in one-time funding was added in 2021, also from favourable investment income, to support ongoing investments, while an ongoing funding source was identified as a minimum of 1% of the favourable budget variance from investment income within Corporate Programs annually until 2026 (PFC2020-0131).

Main Streets was allocated \$60M in the 2019-2022 Service Plans and Budgets for public realm improvements in three out of the twenty-four Main Street Areas: Bowness Road in Montgomery, 17th Ave SW, and 37th Street SW. Key indicators suggest increased population growth (4%), more people walking in the area (+65%) and more time spent by pedestrians in the shopping areas (+20%) from 2017-2021. This funding has also been important in the sense that delivering public realm improvements builds trust with communities about the benefits of receiving density and supports the highest and best use of properties along Main Street areas.

In the 2023-2026 Service Plans and Budgets, the Main Streets team received \$50M to support active construction projects in Bridgeland (1st Avenue NE) and Marda Loop (33rd/34th Avenue SW), \$9.2M for masterplans following land use and policy approvals, and \$0.8M for the sustainment of a metrics program and partnership opportunities with development. As an outcome of these investments, targeted Main Streets will continue to see more trees planted, more or improved pedestrian crossings, improved or new sidewalks built, and the extension of the multi-use pathways.

Considering the larger Established Area Strategy, two investment plans have been developed that support communities in adapting to growth and change, and to encourage private investment. The first type of investment is the Phase 2 Public Space Investments (\$33M), which is a 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. There is an additional \$21M from the Phase 1 reserve that will be applied to Phase 2 focus areas. The second type of investment is Transit-Oriented Development Investments (\$16M), which is an investment to support streetscape improvements at the Ramsay-Inglewood Station area.

Next Steps

Following Council's investments in established area growth for 2023-2026, Administration will begin spending and delivering public realm projects to help achieve the goals of the Strategy and support the work of the Local Area Plans. Council's investments in established areas were just a part of an enhanced package of established area investment, which also included capital investments of \$20M for the 5A network and \$20M to help realize the goals of the Local Area Planning program.

Furthermore, Phase 3 of the established areas component has recently started, with working groups being formed to address a number of growth considerations in these communities.

Conclusion

Calgary is a vibrant, growing city, and it is this growth that provides for greater choice in employment and housing, while also ensuring moving around the city to access daily needs is easy, convenient, and sustainable for residents. Calgary is well positioned coming out of the COVID-19 pandemic, with economic activity returning to pre-pandemic levels and population and housing growth increasing at a strong pace. Accommodating this growth in a way that meets city building goals, such as climate resilience, social equity, equal opportunity, and improved mobility, is at the core of the Citywide Growth Strategy.

Affordability is a key concern for Calgarians, and supporting affordability is one of the goals of the Citywide Growth Strategy. Healthy supply in new communities, combined with new and expanded housing opportunities in established areas, support efforts to keep demand and supply in balance, which supports affordability and choice. Supply is just one way The City can support affordability, and non-market housing in particular requires initiatives (including those proposed by the Housing and Affordability Task Force) beyond supply to be effective for all Calgarians, not just home buyers.

New community growth continues to be the choice of many Calgarians. Approval of new communities and infrastructure spending over the last five years have positioned Calgary to be able to accommodate a significant amount of growth, while also working to support affordability and choice. Industrial absorption was very strong in 2022 and this demand is expected to continue. Established areas also provide good development opportunities, with access to daily needs available for growth areas in established communities. Balancing growth in both new and established areas will be important to work towards The City's Municipal Development Plan goals and continue to make Calgary a great place to make a living, and a great place to make a life.