Calgary Planning Commission Member Comments

For CPC2024-0288 / LOC2019-0082
heard at Calgary Planning Commission
Meeting 2024 March 21

Member	Reasons for Decision or Comments
Commissioner Hawryluk	Reasons for Approval • The Applicant has proposed to build a new LRT station along the Red Line ($54M for construction and $25M for 5 Light Rail Vehicle cars) and make 10% of the homes be “non-market housing units that are owned and operated by The City of Calgary or a bona fide non-market housing provider recognized by The City of Calgary” (Attachment 4, page 3) in exchange for permission to build 7,035 homes over five sites with heights ranging from 91m (26 storeys) to 160m (45 storeys). Without the LRT station and 10% non-market homes, the Applicant can build 6 storey buildings (FAR of 2.0 and max height of 20m). The Direct Control (DC) District is well-written to capture this agreement. If the Applicant does not build the LRT station, the street network will continue to function as it does but future residents will not have the bridge over the LRT and CPR track to get to and from the East without a vehicle. This application carries a high level of risk for the City of Calgary. Please read the risk sections in the Cover Report, Attachment 17, and Attachment 18 carefully. This project has financial risks: The Applicant expects to build this project in 25-40 years. Administration is being more cautious and suggesting it might take as long at 80 years (see Attachment 17, page 1-2). According to Administration, “the calculated incremental property taxes more than exceed the anticipated incremental operating costs for the proposed infill LRT station at full buildout” (Cover Report, page 5). However, depending on the rate of completion, it will take 4-13 years for local taxes to reach the point that they cover the operating costs of the proposed Midtown LRT Station. Until that point, Calgarians will pay for this station’s operations at the price of $3.3M/year. Depending on the pace of construction, this will cost a total of $4-15M. The Applicant’s proposal would build homes for about 10,875 people (Cover Report, page 2). In 2023, according to Administration’s report about the Housing for Rezoning,

Calgary's population increased by 42,000 people. In other words, this proposal would build homes for about 3 months' worth of growth. If higher estimates of Calgary's 2023 growth are correct, it might be 1.5-2 months' worth of growth. If comparisons with 2023 are unfair, we can turn to the growth that was reported in our latest Municipal Census (2019), in which our population grew by 18,367 people; 10,875 people would be 7 months' worth of the growth in 2019.

To summarize: Calgarians would subsidize the operation of an infill LRT station for 4-13 years, at the cost of $4-15M, so an Applicant can take 25-40 years (maybe up to 80 years) to build homes for 10,875 people, which is about 1.5-7 months of recent growth. If Calgary continues to grow at the same rate as Administration estimated it grew in 2023 (42,000 people/year), Calgary would need to approve and build 100-300 Transit-Oriented Development (TOD) projects like this in the time that it takes to complete this project. We do not have that many current and future stations (including LRT, MAX BRT, and future rapid transit projects) and the City lists 24 emerging, prospective, and potential station areas with the highest opportunity for TOD [1]. This should encourage some humility about the limitations of betting all growth on TOD. With a limited number of TOD sites, the City should have more TOD tools and at some exceptionally good TOD planners on staff so there those few TOD sites can become great places.

Administration also highlighted this projects' planning risks: The Municipal Development Plan and Calgary Transportation Plan support growth where infrastructure exists, including existing nodes and corridors. This industrial area, though near an LRT line, is not one of the places that those Plans prioritize. Planners have concerns that allowing more people to live in this area may mean fewer people move to areas where growth is already expected. Yet, as one Commissioner observed, "we don't regulate competition." People may want to live near Calgary's largest mall and 5 LRT stops away from one of the largest urban parks in Canada (Fish Creek Provincial Park) instead of in other TOD areas.

So why did I vote in favour of this recommendation?

The DC is well-crafted to link the station, non-market housing, and the substantial increase in density. This sets up Council and Administration to properly manage those risks.

During Commission's review, I asked the Applicant about the project's private-to-public investment ratio to get a sense of future residents' ability in an area to cover the area's infrastructure replacement costs. The Applicant reported that

	they think they will build about \$3.5B in private property and hand over about \$80-110M in infrastructure to the City. I suspect those infrastructure estimates might be low: The LRT Station and Light Rail Vehicle cars alone will cost at least \$79M and that the report notes that the Applicant will need to upgrade the sanitary line farther downstream around 2034. The dollar value is not a reason to approve or refuse an application. However, the ratio between those two values is helpful for considering long-term liabilities. \$3.5B in private property and \$80-110M in infrastructure produces a private-to-public investment ratio of 32:1 to 44:1 (higher is better). Even if the Applicant ends up building half as much private property and needs to build twice as much infrastructure, the private-to-public ratio would be 8:1 to 11:1. This project appears to have better long-term financial implications than most of Calgary. In 2017, Calgary's private-to-public investment ration was 3.6:1; in 2020, 3.2:1 [2]. In theory, the project could improve Calgary's private-to-public investment ratio; in practice adding \$3.5B to the \$299B of private investment that existed in 2020 and \$110M to the \$93.9B in public infrastructure, would barely move the private-to-public investment ratio from 3.18:1 to 3.22:1. Fiscally-conservative Council members may find this logic helpful. Councillors spend more time looking at budgets than I do and have a better sense of whether those are acceptable costs and benefits. If this carries unacceptable risks, Councillors should know that. This project's risks are real. I think the DC will let Council and Administration manage those risks. This is not a small bet and it isn't a silver bullet for housing supply or for improving Calgary's private-to-public investment ratio, but I think it is an appropriate option for this location. [1] https://www.calgary.ca/content/dam/www/transportation/documents/tod-station-area-info-sheets.pdf [2] https://www.strongtowns.org/journal/2021/2/20/how-to-dothemath-for-non-math-majors