



New Community Growth Strategy

Report to Priorities & Finance Committee

February 22, 2018

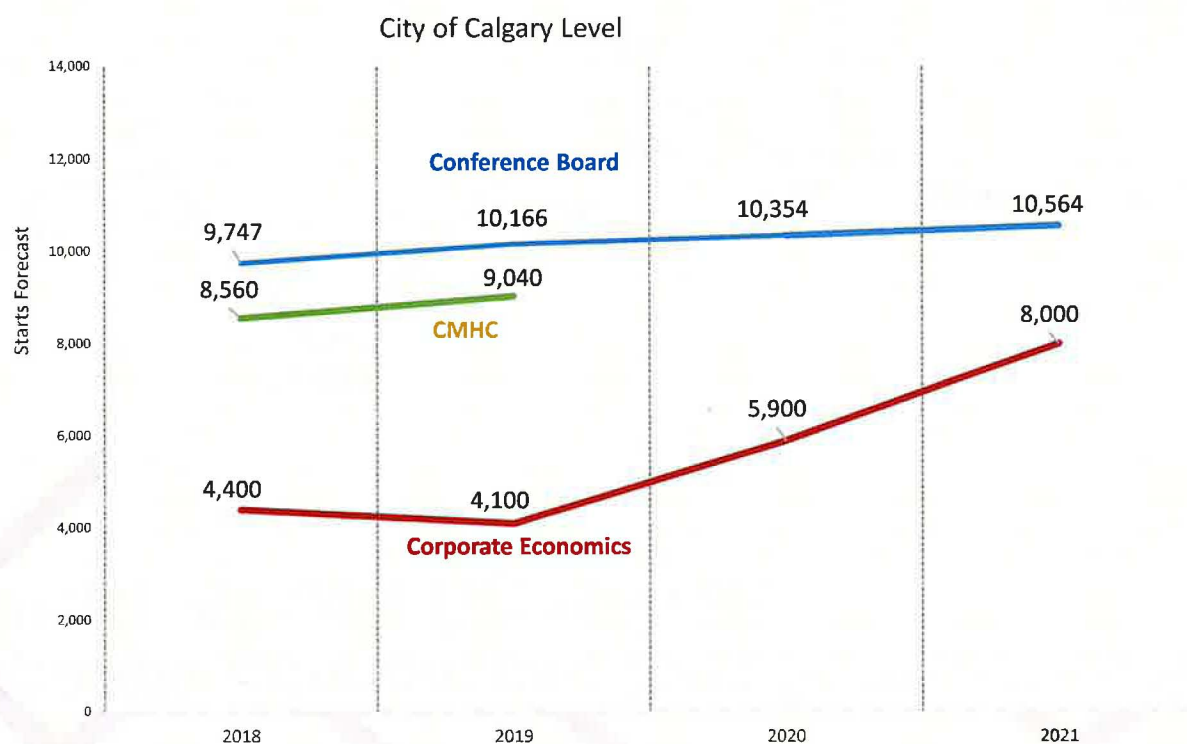
The Market





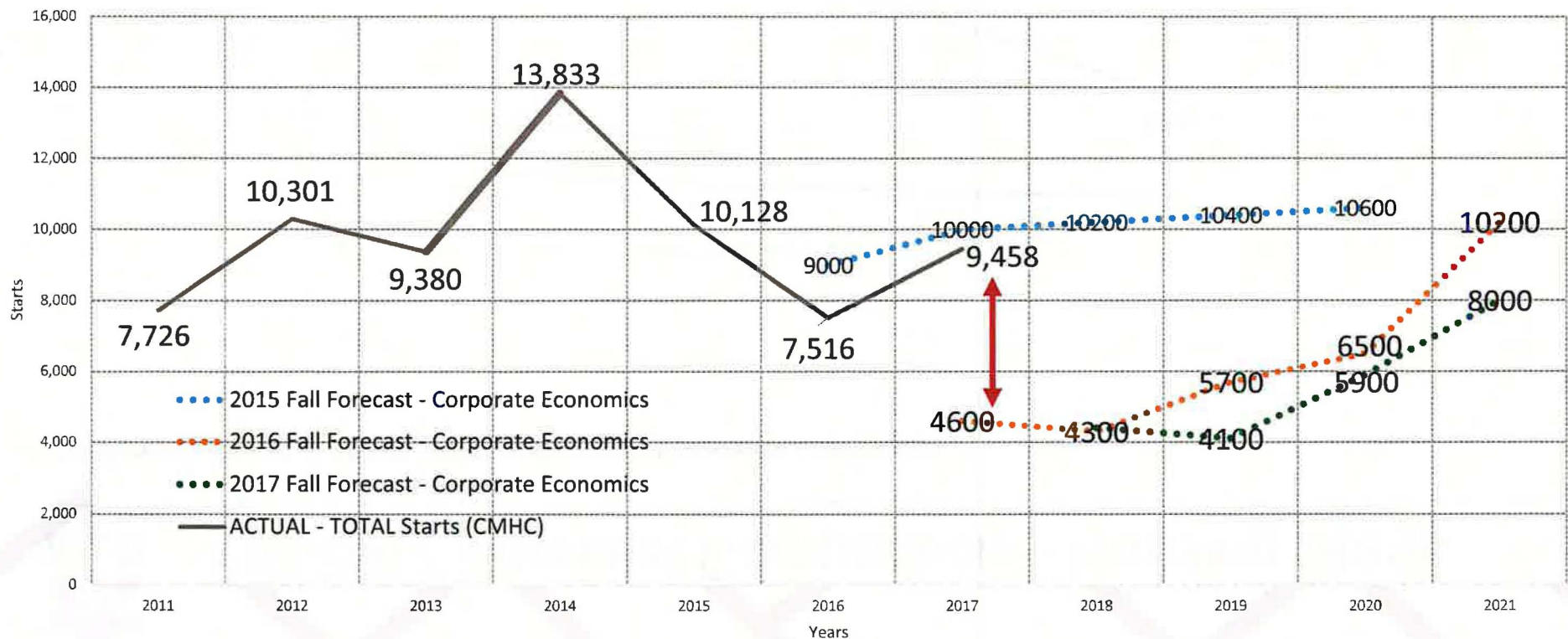
Fall 2017 Forecast Comparison – Housing Starts

Conference Board vs CMHC vs City of Calgary Corporate Economics





Corporate Economics Starts Forecast vs Starts (CMHC): All Unit Types - City





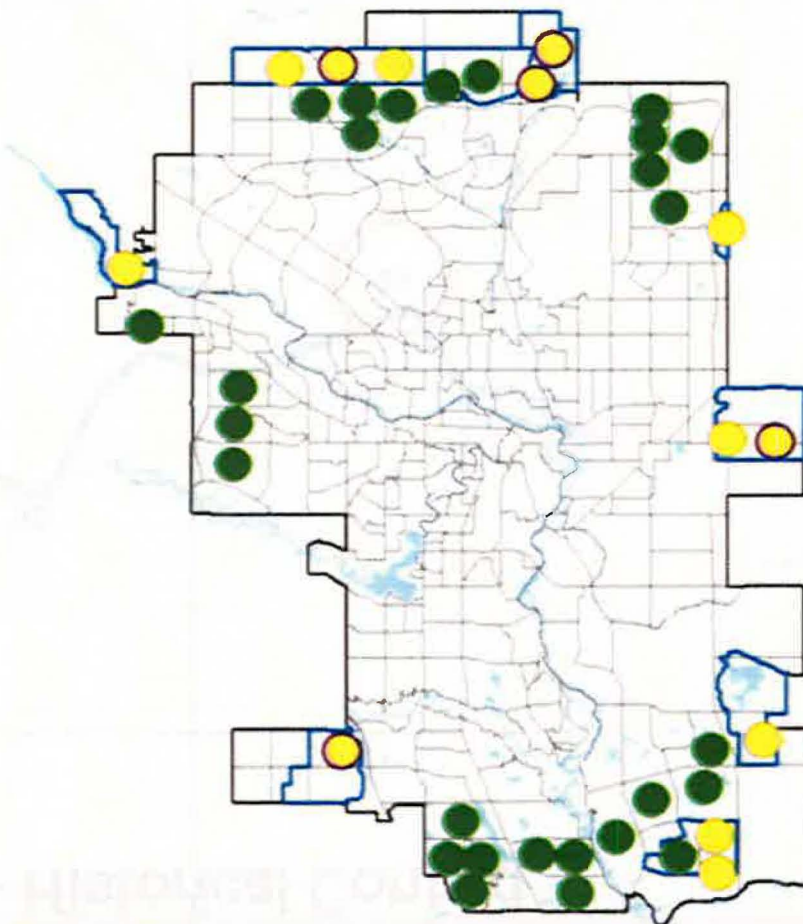
Active Communities – Historical Context



Source: City
Suburban
Residential
Growth Report
2016-2020

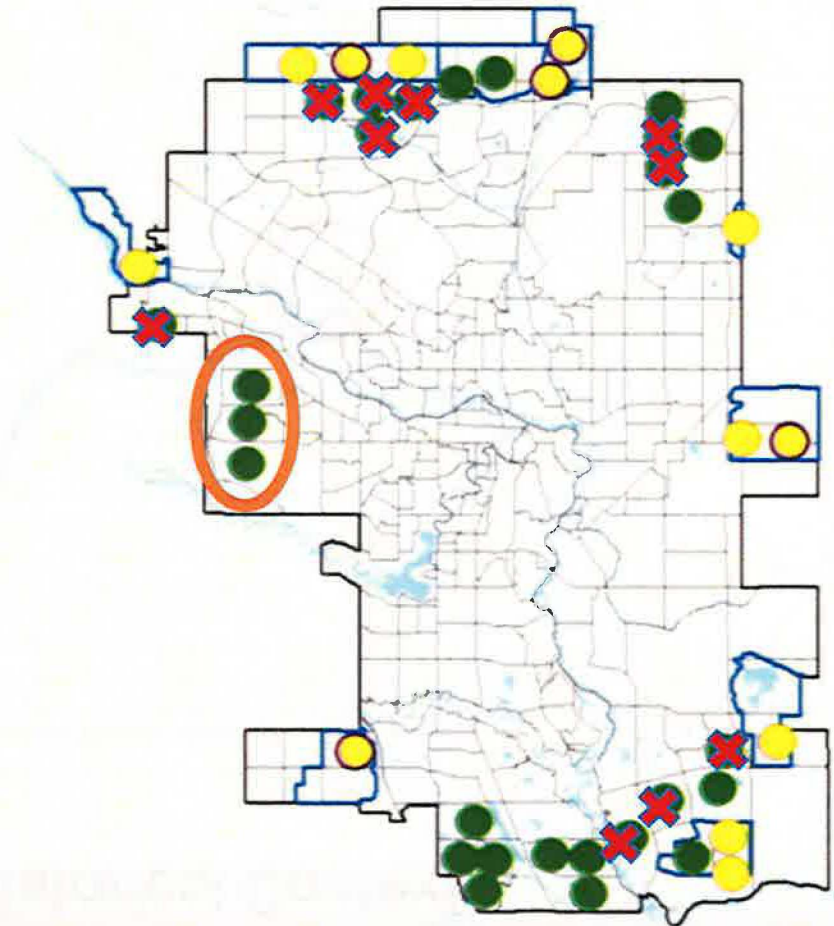
Current and Future New Communities

- **Ongoing Investments**
 - *Mix of funded and unfunded*
 - *27 actively developing new communities with land use*
- **Future Investment Areas**
 - *Unfunded*
 - *9 Area Structure Plans*
 - *13-15 future new communities (11 business cases) at this time*
- **Future new community with significant non-residential component**
- **Area Structure Plan boundary**



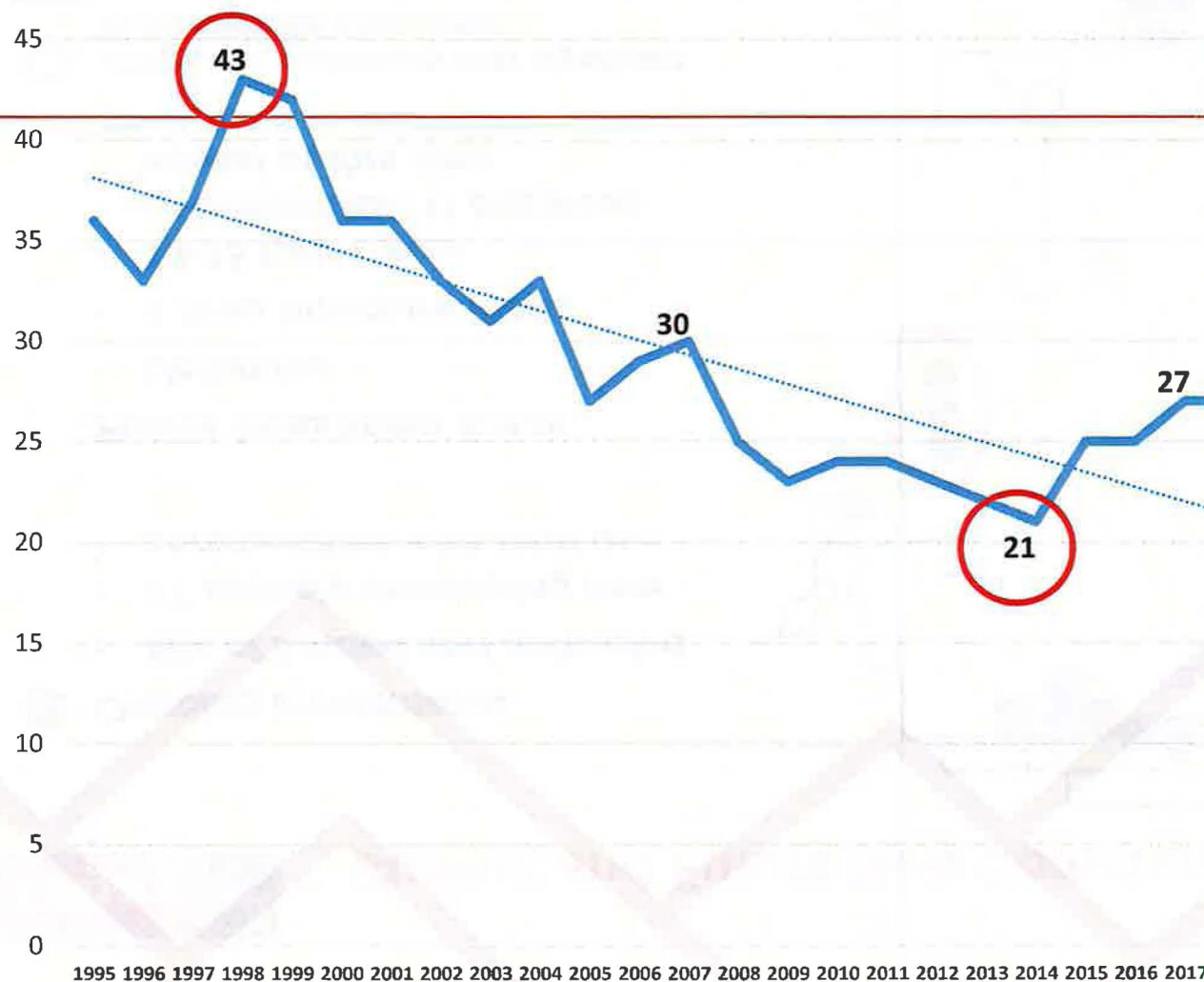
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Active Communities – Historical Context



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How many communities?

Total demand

Average absorption
per community

= Approximate Active Communities

6500 units (greenfield)

250-300 (single/multi)

= ~22-26 Active Communities



An exercise of balance

*This is an exercise of **balancing** supply and demand as well as private and public risk*

*"Is more growth is needed?" - It is evident that answer is a clear **yes***

*The number suggested recently by Growth Strategies for the need **between 6-12 new communities** in this budget cycle, is warranted.*

*Capital and operating **risk is diminishing**, not increasing.*

Economic Benefits and Risks

City Focus on Cost Obligations

Calgary



City Cost Obligations

- Total capital and operating cost obligations in Calgary's current and future new communities
- Capital costs identified through business plans and budgets, developer business cases and business unit assumptions
- Operating costs identified through modeling of business unit assumptions

	Capital	Operating		
	Capital (One-time)	Total remaining annual operating cost	2019-2022	2023+
27 Developing Communities	\$700M	\$72M	\$28M	\$44M
13-15 Future Communities	\$950M	\$66M	\$10M	\$56M
Total	\$1,650M	\$138M	\$38M	\$100M



Economic benefits of 27 Developing Communities

● 27 Developing Communities

Capital	Operating		
Capital (One-time)	Total remaining annual operating cost	2019-2022	2023+
\$700M	\$72M	\$28M	\$44M

House 	Infrastructure Contribution (levies) 	Economic Benefit \$	Property Taxes per year (residential & municipal only) 
475,000+ people	Over \$3 Billion	\$93.5 Billion	\$327 Million / year



Economic benefits of 13 - 15 New Communities

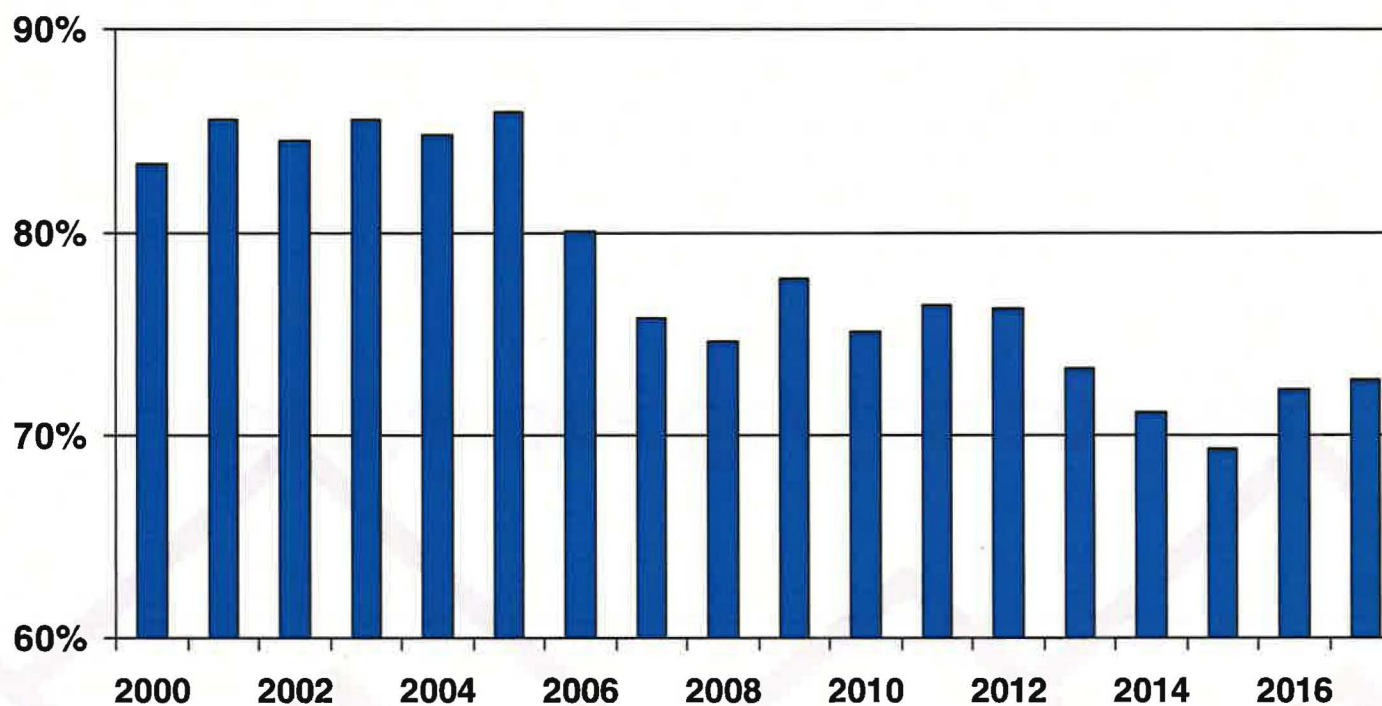
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House 	Infrastructure Contribution (levies) 	Economic Benefit \$	Property Taxes per year (residential & municipal only) 
34,000+ people	\$907 Million	\$18.7 Billion	\$79 Million / year



Market Share of New Single-Family Homes *City of Calgary's proportion of CMA starts*

per cent



Source: CMHC

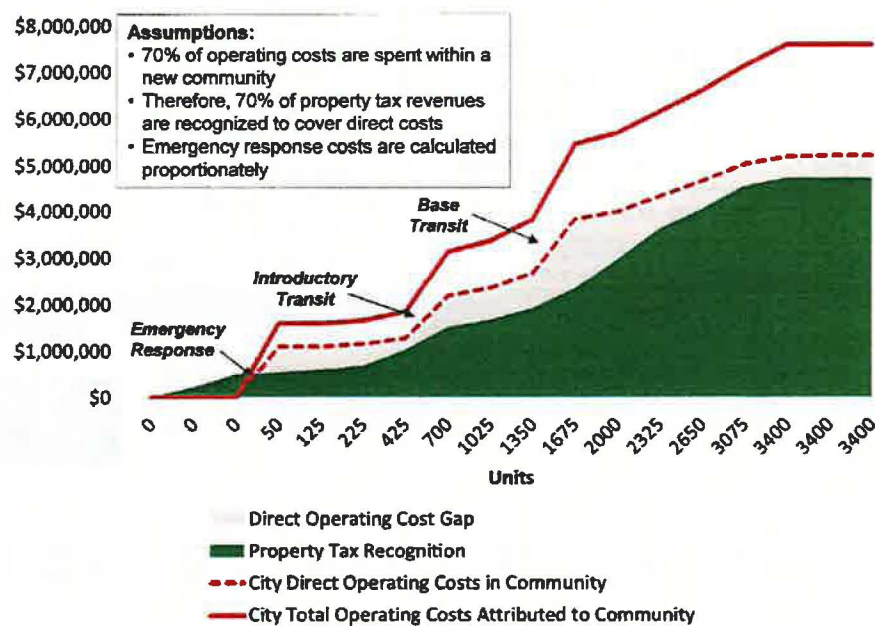
Understanding City Cost and Risk

City of Calgary's Cost Graph

Calgary



Direct Operating Costs during build-out



City of Calgary's Cost Chart – Assumptions*



Direct Operating Costs in Developing Communities

Direct Operating Cost	Amount Per Year	Cost Driver	Per Unit
Emergency Response	\$3,400,000	Flat rate, operating costs of fire hall for 10,000 units	\$340
Transit	\$750,000 (introductory service)	Flat rate, introduced at ~675 units	\$varies
	\$1,750,000 (base service)	Flat rate, introduced at ~1650 units	\$varies
Police	\$160,000	One officer per 500 units	\$320
Roads	\$3,000	Per lane KM (year 1 of City responsibility)	\$99
	\$9,500	Per lane KM (after year 1 of City responsibility)	\$313
Parks	\$17,500	Per hectare (assumption of 10% of developable hectares)	\$88
Black cart	\$58	Per unit	\$58
Green cart	\$30	Per unit	\$30
Community Standards	\$120,000	Flat rate, introduced at 3500 units	\$34
Neighbourhoods	\$25,000	Flat rate, introduced at community completion	\$7

* See Attachment 4 in Report

BILD Summary & Questions