

Established Area Growth and Change Strategy – Scoping Report

EXECUTIVE SUMMARY

Calgary's existing communities play an important role in the overall balance and sustainability of the city as it grows and changes. The Developed Area of the Municipal Development Plan is comprised of 205 communities at a variety of life-cycle stages and levels of growth and change. A strategy to support existing communities through growth and change is important to help meet Calgary's long term goals of a prosperous economy, shaping a more compact urban form, creating great communities, and connecting the city.

This report presents scoping results for an Established Area Growth and Change Strategy (Strategy), as directed by Council on 2018 March 19. This work will build a comprehensive strategy that will support existing communities through their growth and change. The Strategy will support the coordination of City investment priorities, balanced with The City's financial capacity, and support the development industry (Industry) and citizens in helping to build the city that is envisioned in the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP).

The Strategy will be multi-faceted and complex given the context of growth and change in existing communities. There are many City initiatives that are related to this work. The unique aspect of this Strategy is that it is positioned to recommend planning and financial tools to align and deliver on policy, investment, and strategic outcomes that other projects are working towards. Building from the foundation of the New Community Growth Strategy (NCGS), three fundamental factors will form the basis of the Strategy: Strategic Alignment with the MDP and CTP, Market Demand, and Financial Capacity. The concept of redevelopment readiness will be considered as part of or in addition to these factors to reflect the unique context of Established Area growth and change. Like the New Community Growth Strategy, this work will support growth through investment recommendations for market-supported infrastructure and amenities in the Established Area that further the objectives of the MDP and CTP.

This scoping report identifies a fundamental question for the work: to enable community growth and change in the Established Area, what level and location of investment is required, and how and when should it be funded? To answer this question, Administration will collaborate with external and internal stakeholders in pursuit of eight deliverables. These deliverables are targeted for milestone dates through 2018-2020 (Attachment 1), however, there may be opportunities to pilot financial and planning tools in the interim. External stakeholders include citizens of existing communities, Federation of Calgary Communities, members of business associations, members of Industry, BILD Calgary Region, and NAIOP Commercial Real Estate Development Association Calgary (Attachment 1).

Administration recommends an update report be brought to Committee and Council by 2019 May, with the goal of delivering investment recommendations for Council's consideration in the 2020 November Mid-Cycle budget adjustments for the One Calgary 2019-2022 four year service plan and budget (Attachment 1).

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ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council direct Administration to undertake the Established Area Growth and Change work in accordance with the scope identified in Attachment 1 (PFC2018-0891).

THERE WERE NO RECOMMENDATIONS FROM THE PRIORITIES AND FINANCE COMMITTEE.

Excerpt from the Minutes of the Regular Meeting of the Priorities and Finance Committee, held 2018 September 04:

“Moved by Councillor Woolley

That Committee forward Item 6.5, Report PFC2018-0891 to the 2018 September 24 Combined Meeting of Council without Committee recommendation.

Against: Councillor Farkas

MOTION CARRIED”

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 March 19, through report PFC2018-0200, Council adopted the following recommendation:

5. Direct Administration to bring a report to Council, through the Priorities and Finance Committee, no later than Q3 2018, with findings and recommendations toward the development of an Established Areas Growth Strategy, including funding and timing considerations, that complements the New Community Growth Strategy.

On 2018 January 22, Administration presented report PUD2018-0021, which provided a progress update on the Established Area Initiative of the Industry/City Work Plan, and outlined the actions that are prioritized for 2018 work.

On 2016 March 7, Council approved a Motion Arising, as follows:

With respect to Report CPC2016-045 Council, direct City Administration, in conjunction with further work on the Off-Site Levy Bylaw, to report back to Council on appropriate methods to enable public realm enhancements with respect to the Banff Trail Area Redevelopment Plan and North Hill Area Redevelopment Plan.

Administration combined this work with the Industry/City Work Plan - Established Area Initiative.

On 2016 January 11, through report C-2016-0023 Council adopted the following recommendation:

3. Direct Administration to implement the key deliverables of the 2016 work plan to address issues that arose through this process, as outlined in Attachment 3.

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Attachment 3 included the 2016 Industry/City Work Plan Initiatives, which has since been updated to the 2018 work plan actions.

BACKGROUND

Calgary's existing communities play an important role in the overall balance and sustainability of the city as it grows and changes. A starting point for defining the geographic scope of this work is the Developed Area of the Municipal Development Plan, which is comprised of 205 communities at a variety of life-cycle stages and levels of growth and change. These communities can be generally categorized by the decade of construction, creating four rings with similar characteristics (Attachment 2). A strategy to support existing communities through growth and change is important to help meet Calgary's long term goals of a prosperous economy, shaping a more compact urban form, creating great communities, and connecting the city. A formal geographic definition for this work will be determined, with stakeholders, early on in the timeline.

Under the Industry/City Work Plan directed by Council in 2016 January, Administration worked with BILD Calgary Region and representatives of Industry to undertake a New Community Growth Strategy (NCGS) that resulted in process changes and investment recommendations for new community growth in Calgary. However, balanced investment between new and existing communities is important to achieve the goals of the Municipal Development Plan and the Calgary Transportation Plan. Correspondingly, on 2018 March 19 Council directed a complementary investment strategy that focuses on supporting growth and change within existing communities in the Established Area. While the MDP/CTP policies support sensitive intensification of existing communities, a strategy is needed to link strategic investment decisions related to community growth and change, using appropriate financial tools and sustainable funding sources.

This report scopes desired deliverables to be achieved through 2018-2020 as a strategy for the Established Area (Attachment 1). This strategy will complement the New Community Growth Strategy using the same three fundamental factors as considerations in investment recommendations. The background analysis that supported the NCGS will also provide the model for a strategy for existing communities, including data on market trends and capacity, analyses of operating costs, capital investment, and ongoing analysis of the financial capacity of The City.

Engagement and Improvement Initiatives Related to the Established Area

There is an active collaborative relationship with Industry and cross-departmental representatives that provides additional background information for this work. This was formalized through the Industry/City Work Plan with the creation of the Established Area Working Group.

Since 2016, the Established Area Working Group has collaborated to reduce financial and technical barriers to redevelopment. The development of this Strategy will leverage the group's expertise, efforts, and background discussions. This group of Industry members has provided candid input about strategic market locations of interest and demand, identified technical challenges to redevelopment and opportunities for improvement, discussed potential funding tools to leverage private investment and developer contributions towards community amenities,

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and has provided important feedback on policy work affecting existing communities. Through this work, the Working Group is supporting a sophisticated understanding of market trends within the Established Area.

There are many City initiatives that have been recently completed or are currently underway that are related to this work (Attachment 3). These initiatives can leverage information and coordinate on engagement, and can align recommendations to advance project outcomes. The unique aspect of the Strategy is that it is positioned to recommend planning and financial tools to deliver on the policy, investment, and strategic outcomes that other projects are working towards.

Investment in the Established Area

Through the 2015-2018 Action Plan budget, a substantial portion of investment was dedicated to infrastructure and amenities that can be described as new/enhanced and that described as life-cycle/maintenance. Attachment 4 provides a breakdown of the approximate amount and types of Action Plan funding dedicated to the Established Area over the past four years, with example projects to highlight the kind of upgrade and growth investments that were prioritized. Established area investment was further reinforced as a priority in 2017 through the Capital Investment Plan (C2016-0863) when Council directed another \$10.2M towards growth-related utility and amenity capital projects in key areas experiencing redevelopment and densification. These infrastructure projects included park and pathway upgrades that leveraged partnerships with communities and local developers, and utility upgrades related to timely higher density node redevelopment. Development of the Strategy will be informed by that prioritization process, which was done in collaboration with stakeholders, and will consider the range of projects where investment can be leveraged with other city-building interests.

One Calgary, The City's 2019-2022 four year service plan and budget is currently under development and will be brought forward for Council's consideration in 2018 November. Administration is currently considering the level and type of investment that supports the Established Area, and will provide information about this as part of Administration's service plan and budget recommendations. This will help demonstrate planned investment while also informing the future investment recommendations of this comprehensive strategy, by recognizing current and additional investment that can support growth and change in the Established Area.

The Purpose of a Comprehensive Strategy

Through a comprehensive investment strategy for growth and change for the Established Area, The City can better coordinate corporate investment priorities balanced with financial capacity, support existing communities through their lifecycle growth and change, link existing policy and current policy efforts, and support developers in helping build the city that is envisioned in the MDP/CTP. The strategy will help align The City's efforts to meet the goals of the MDP/CTP, and reflect the important role that the Established Area plays in the dynamic growth and change of the whole city. Recommendations for investment will recognize the value of investing and reinvesting in the Established Area, infrastructure lifecycle and asset management, critical community amenities, financial tools to disperse investment, and reduce financial barriers for developers. This type of investment prepares Calgary for future growth by supporting housing supply, choice, and affordability.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration has proposed a fundamental question that can focus this work, which is: to enable community growth and change in the Established Area, what level and location of investment is required, and how and when should it be funded? A data-based understanding of growth patterns, community change, and market trends for the area will be important in answering this question. Understanding where growth is occurring and how it aligns with existing housing stock will help inform strategic investment recommendations and identify appropriate planning and financial tools to support community growth and change. To support this scoping report, Administration completed a preliminary analysis of population and housing trends in the Established Area (Attachment 2).

Over the past 10-15 years, population has declined in the Established Area, particularly in communities built between 1950 and 1980 (defined as the Middle Ring category in Attachment 2). Generally speaking, the population in this area is aging, except for the Centre City which is trending younger. Apartment units have made up the vast majority of new building permits leading to an overall increase in dwelling unit density across the Established Area. Despite an increase in dwelling units, lower person-per-unit rates means that the population growth has not kept pace with unit growth in the Established Area. By community category as shown on Attachment 2, Inner City and Middle Ring communities have the most diverse mix of housing types. Centre City and Third Ring communities are more homogeneous in their housing types, with apartment units being predominant in the Centre City and single detached units being predominant in the Third Ring communities. The Developing Area is expected to have a greater diversity of housing units based on existing land use.

The area considered as 'established' for the purposes of this report will need to be carefully defined. The area identified on the MDP maps as "Developed Area" will be Administration's starting point (Attachment 5), including the Centre City, but excluding Industrial Areas. Administration will analyze community similarities and how to best distinguish infrastructure and amenity needs related to growth and change that are typical of each community type. In these communities, the original infrastructure and amenities exist in most cases, but are aging. Communities are changing through their life cycle: demographics, socio-economic factors, and lifestyles are changing, and the desire for amenities within communities is evolving. These changes form the context around which this work will build community investment recommendations. Attachment 2 provides a map showing a preliminary categorization of communities within the Developed Area, based primarily on the decade in which they were built.

Three Factors of the Strategy

To complement the New Communities Growth Strategy, the three following factors will form the basis for this strategic work. In the context of the Established Area, these factors will have distinct differences that will be important to understand. Market drivers, existing context, demographics, employment trends, housing mix and affordability, services, existing investment, and policy are important drivers in the Established Area in different ways than in new communities.

The concept of redevelopment readiness is a unique consideration in existing communities. It can be described as an evaluation that reflects the readiness of an area to receive growth and change, and includes land use capacity of existing land use districts, a high occurrence of under density developments, existing Council approved policy, market attractiveness, community

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readiness, and knowledge of local infrastructure conditions. As the development of this strategy progresses, it is important to define how this fits within or in addition to these three factors.

- **MDP/CTP Strategic Alignment**
 - Enabling a growth pattern that aligns with the Municipal Development Plan and the Calgary Transportation Plan, including a prosperous economy, shaping a more compact urban form, creating great communities, urban design, connecting the city, and greening the city.
- **Market Demand**
 - In the Established Area, this factor has complexity related to community life-cycle, existing residents and changing demographics. To comprehensively understand market trends, factors such as market interest, market demand, and the history of redevelopment all need to be included in the development of this guiding factor.
- **The City of Calgary's Financial Capacity**
 - Enabling a growth pattern that is financially sustainable and minimizes identified financial impacts, including but not limited to capital costs, operating costs, funding sources, debt management, and additional revenue through property tax uplift. This factor will also explore the changes to operating costs related to investment in existing communities.

Eight Project Deliverables

The ultimate deliverable of this work is anticipated to be a set of investment recommendations that can be considered as part of the Mid-Cycle budget adjustments in 2020, and this has been identified as Deliverable 8. To achieve this, an engagement plan including representatives of communities, Business Improvement Associations, and the development industry will be coordinated to work through seven deliverables that ultimately support the Deliverable 8. Deliverables 1-4 below will create critical supporting information by November 2018. Deliverables 5-7 capture the strategic work that would form a project update to Committee and Council anticipated for 2019 May.

Developing Supporting Information:

1. Set the context for the work through definition of the area, data analysis, and influencing factors;
2. Complete best practice research on area redevelopment and investment programs from other cities;
3. Identify what infrastructure, amenities, and planning and strategic outcomes are critical to enabling community growth and change in the Established Area;
4. Develop options for sustainable financial tools to enable development that supports MDP/CTP goals and delivers on community identified needs.

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Developing a Strategic Approach:

5. Develop an evidence-based consideration and evaluation process that supports MDP/CTP aligned growth and responds to market demand;
6. Outline a strategy that supports Established Area growth and change, and that aligns with the 2019-2022 Mid-Cycle adjustment process (subject to financial considerations), and that is integrated with the New Community Growth Strategy for the 2023-2026 business cycle;
7. Identify opportunities to leverage other public and private opportunities to support growth and change in communities to achieve strategic goals.

Developing Established Area Growth and Change Recommendations:

8. By Q2 2020 – Recommend strategic actions across the Established Area that meaningfully supports community growth, change and quality of life.

Prior to investment recommendations in 2020 (Deliverable 8) there may be opportunity to amend policy to allow for exploring and piloting some programs and financial tools including potential value capture from local redevelopment for reinvestment, an enhanced program for heritage conservation in communities experiencing redevelopment, a flexible city-wide tool to facilitate bonus density financial contributions to support local capital projects, and city-initiated land use changes to more growth-enabling land use districts. Connecting with stakeholders on the potential for pilot opportunities will be part of exploring their feasibility and application.

As this work progresses there will be many additional considerations that will inform recommendations for One Calgary mid-cycle budget adjustments in 2020. Previous and current capital budgets, sustainability of funding sources, financial tools and changing legislation, and the process by which investment decisions will be arrived at are important aspects that will influence recommendations.

Stakeholder Engagement, Research and Communication

Input from Established Area community associations, citizens, and businesses, The Federation of Calgary Communities, the broader development industry, and members of Council will be sought as the strategy develops, and engagement opportunities with existing projects will be leveraged. In addition to collaborating with local stakeholders, research on investment strategies and financial tools from other municipalities will form an important component to this work. The Established Area Working Group has reviewed the deliverables identified in this report, and previous discussions with the group will be leveraged to develop the Strategy. A letter from BILD – Calgary Region is included as Attachment 6. Internally, strong connections with cross-department stakeholders identified in Attachment 1 will be important for alignment of outcomes of related projects. This work will also be guided internally by the Directors Integrated Growth Committee (DIGC), and the General Managers Strategic Growth Committee (GMSGC).

Strategic Alignment

This work supports moving Calgary towards outcomes identified in Sections 2.2, 3.5, and 5.2.4 of the Municipal Development Plan. Section 2.2 guides a city-wide approach to shaping a more compact urban form; Section 3.5 contains policies specifically about the Developed Residential Areas; and Section 5.2.4 and Volume 2, Part 3: The Developed Areas Guidebook supports the intensification of the Developed Areas. The Calgary Transportation Plan supports the delivery of

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the MDP through policies that encourage transportation investment in response to intensification of areas and the creation of transportation choice.

In 2016, Council endorsed the Industry/City Work Plan, creating a collaborative working group with Industry that is working to reduce barriers to redevelopment. There is close alignment between this work and several other current projects that support existing communities (Attachment 3). This includes the This is My Neighbourhood program, which partners with community residents to improve neighbourhoods for life, working, and play.

Social, Environmental, Economic (External)

Social

Facilitating growth in the Established Area supports the vibrancy and diversity of existing communities by sustaining public infrastructure and amenities to support a changing demographic and a range of housing density that includes mid-density options. Investment in infrastructure supports housing variety and affordability that increases the opportunities for populations that are diverse both demographically and economically.

Environmental

This work supports the goals of Calgary's Municipal Development Plan to foster a compact urban form. This limits the environmental footprint of the city by creating a more efficient use of land and infrastructure services. A more compact population supports infrastructure that provides mobility choices and the policies supporting modal split within the Calgary Transportation Plan. Investment in amenities such as open space helps sustain healthy spaces for citizens to connect to the environment.

Economic (External)

Investment in existing communities supports the development industry's ability to identify development opportunities that cater to market needs and provide a return on City investment through tax uplift and other benefits like job creation. Investing in existing infrastructure supports prudent asset management and may create operating cost efficiencies for The City. Housing affordability can increase with the provision of greater housing options and supply. Certain financial tools may be able to reduce financial risks in redevelopment projects.

Financial Capacity

An analysis of the reliability of tax-supported investment in the Established Area will form a component of the work through to budget recommendations for the Mid-Cycle budget adjustments in November 2020. There is no immediate impact to the City's financial capacity associated with this scoping report; however, the 2020 Mid-Cycle budget recommendations will have impacts that will require sustained funding sources for potentially both capital and operating investments to be identified within future reporting.

Current and Future Operating Budget:

At this time, there are no recommendations in this report that affect the current operating budget. To properly resource this work, and in conjunction with other Corporate growth strategy

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work, an operating budget increase will be made in the One Calgary 2019-2022 service plan and budget in 2018 November.

Further, it is anticipated that the first Established Area Growth and Change Strategy budget-related recommendations towards implementation will be prepared for the One Calgary Mid-Cycle adjustment in 2020. As this Strategy will consider investment in both new and existing infrastructure, these recommendations are expected to impact operating budgets and need sustained funding sources. For example, recommendations for policy changes may be required for the allocation of property tax uplift for localized investment.

Current and Future Capital Budget:

At this time, there are no recommendations in this report that affect the current capital budget or the anticipated One Calgary 2019-2022 four year service plan and budget. However, it is anticipated that the first Established Area Growth and Change Strategy budget-related recommendations towards implementation will be prepared for the One Calgary Mid-Cycle budget adjustment in 2020. As this Strategy will consider investment in both new and existing infrastructure, these recommendations are expected to impact capital budgets.

Risk Assessment

This project includes a number of risks. There exists a possible mandate confusion risk between ongoing related projects or corporate programs and trying to address a wide range of outstanding issues simultaneously. Administration may be asking for the same corporate resources to support this work that are supporting other similar projects. Additional resources may be required. The project timelines outlined in Attachment 1 are aggressive for work that is required, and there is a risk of project delay.

Further, collaboration with stakeholders may take greater time and effort than anticipated in Attachment 1, as it will depend on volunteer availability, and the suggested strategic approach to engagement may be found insufficient to gain agreement on the process of prioritizing investment opportunities. There is a risk in achieving agreement on city-wide prioritization for future capital funding, given the focus of this strategy on an area consisting of approximately 200 existing communities, and an agreed upon evaluation process for investment recommendations.

Supporting existing communities through investment is something that will take time for project selection and delivery, and there is a longer-term risk of unknown economic change. The economic and financial context for requesting investment funds at the Mid-Cycle budget adjustment in 2020 is unknown.

REASON(S) FOR RECOMMENDATION(S):

This work will complement the New Community Growth Strategy 2018 and The City's overall strategic growth planning by helping to support growth and change in the Established Area. Striking a balance between long term investments in areas all areas of the city is critical to helping Calgary meet the goals of the MDP/CTP and build great communities.

This report aims to initiate work for the Established Area that will identify funding tools and sources, and ultimately identify strategic investments that align with the three key factors

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(MDP/CTP alignment, Market Demand, and Financial Capacity). Filling this gap will help to realize the vision for the city articulated in the MDP/CTP.

This scoping report outlines the work that will be undertaken in a collaborative way with stakeholders through 2018 and 2019 to form a strategy and budget recommendations for One Calgary 2019-2022 Mid-Cycle review. In the interim, investment in the Established Area continues to be a priority in supporting community growth and change.

ATTACHMENT(S)

- Attachment 1 – Proposed Project Deliverables, Timelines, and Stakeholders
- Attachment 2 – Preliminary Trend Analysis for the Established Area
- Attachment 3 – Policy and Financial Initiatives with Impact for the Established Area
- Attachment 4 – Action Plan 2015-2018 Investment in the Established Area
- Attachment 5 – Established Area Growth and Change Strategy Preliminary Boundary
- Attachment 6 – Letter from BILD – Calgary Region