

Planning & Development Report to
SPC on Planning and Urban Development
2019 March 06

ISC: UNRESTRICTED
PUD2019-0128

Chinook Station Area Redevelopment Plan Update

EXECUTIVE SUMMARY

The purpose of this report is to recommend approval of the *Chinook Station Area Redevelopment Plan* (The Plan), which was referred back to Administration at the 2018 November 05 meeting of the Standing Policy Committee (SPC) on Planning and Urban Development (PUD2018-1178, Attachment 1).

Administration has consulted with internal and external stakeholders, including members of Calgary Planning Commission (CPC), to revise the land use concept. The proposed policy aligns with the updated land use concept and will guide redevelopment in the Chinook-Manchester area over time.

Administration is recommending that Council refer the development of a funding strategy for Chinook-Manchester to be considered as part of the Established Areas Growth and Change Strategy in order for The City to strategically prioritize areas for development in Calgary.

Without an approved local area plan, development will continue to occur through development permit and land use amendment applications. Without an approved plan, the strategic vision and policies that The Plan provides in order to facilitate transit-oriented development in Chinook-Manchester would not be available to guide redevelopment decision-making.

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ADMINISTRATION RECOMMENDATION:

That the SPC on Planning and Urban Development:

1. Reconsider Referral Item 2 arising from the SPC on Planning and Urban Development's direction on 05 November 2018 (PUD2018-1178) as it relates to the extension of the 61 Avenue High Street and to not extend the 61 Avenue High Street beyond what is proposed in Attachment 2;
2. Reconsider Referral Item 4 arising from the SPC on Planning and Urban Development's direction on 05 November 2018 (PUD2018-1178) regarding the development of a funding strategy for public realm and deep utility improvements to be considered as part of the comprehensive, citywide growth strategy;
3. Reconsider Referral Item 5 arising from the SPC on Planning and Urban Development's direction on 05 November 2018 (PUD2018-1178) to return to a Regular Meeting of the SPC on Planning and Urban Development no later than Q4 2019 and not return to a Regular Meeting of the SPC on Planning and Urban Development ;
4. Direct this report (PUD2019-0128) to the 2019 April 08 Combined Meeting of Council to the Public Hearing portion of the Agenda; and
5. Recommend that Council hold a Public Hearing; and
 - a) Give **FIRST READING** to the proposed bylaw, the proposed Chinook Station Area Redevelopment Plan;
 - b) **WITHHOLD** second and third readings of the proposed bylaw until the Chinook Station Area Redevelopment Plan has been approved by the Calgary Metropolitan Region Board; and
 - c) Direct Administration to submit the proposed Chinook Station Area Redevelopment Plan to the Calgary Metropolitan Region Board for review.

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PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 November 05 at the SPC on Planning and Urban Development meeting:

That with respect to Report PUD2018-1178, the SPC on Planning and Urban Development refer PUD2018-1178 to Administration for amendments to the Chinook Station Area Redevelopment Plan to:

1. Develop a more real estate sector informed city-supported approach to increasing TOD/Employment-Industrial Flex opportunities directly east of the Chinook LRT Station, including liaising with members of the Calgary Planning Commission;
2. Revise the policy and mapping to allow for TOD/Employment-Industrial Flex opportunities directly east of the Chinook LRT Station, as well as an extension of the 61 Ave High Street;
3. Explore ways to anticipate, as a place-holder, the future development of a 50 Ave SE LRT Station;
4. Develop a funding strategy for public realm and deep utility improvements, leveraging the work on the New Communities Growth Strategy; and
5. Return to a Regular Meeting of the SPC on Planning and Urban Development no later than the Q4 2019. And further, return with an update to PUD on progress with points 1 and 2 by Q1 2019.

On 2008 June 09, at the Combined Meeting of Council, Council adopted CPC Recommendation 5 contained in Report CPC2008-067, which directed Administration to investigate and consult with land owners on the opportunity to extend the plan boundary to 2 Street SE, adjusting the east boundary to 2 Street SE between 58 Avenue SE and Glenmore Trail.

BACKGROUND

At the 2018 November 05 SPC on Planning and Urban Development, the proposed plan was presented with a recommendation of approval (PUD2018-1178). The SPC on Planning and Urban Development referred PUD2018-1178 to Administration for changes to The Plan, requesting an update on progress by Q1 2019.

On 2018 December 10, Council approved updates to the Developed Areas Guidebook (PUD2018-1022) that included the addition of the Employment – Industrial Flex building block, which will allow for a combination of industrial working spaces and living spaces with commercial uses in a low-impact industrial setting. Opportunities for artisan and small-scale industrial fabrication and manufacturing will support emerging technology and local start-up businesses.

Development within this building block will require a Direct Control District, as there is currently no base district in the Land Use Bylaw (1P2007).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Following the referral, a roundtable engagement session was held to obtain feedback from internal and external stakeholders; the following sections provide an overview of work completed and proposed changes to the land use concept. A summary of feedback received is found in the Stakeholder Engagement, Research and Communication section of the report.

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Referral Items 1 and 2

Referral Item 1 directed Administration to develop a real estate sector informed, city-supported approach to increasing TOD/Employment-Industrial Flex opportunities directly east of the Chinook LRT station. The policy presented in November 2018 allowed for transit-oriented development in the form of office and industrial uses, with ancillary commercial as well as limited residential uses in specific areas. Increasing Employment – Industrial Flex opportunities would mean allowing for a mix of low-impact industrial uses along with commercial and residential throughout the area designated as Employment – Industrial Flex. Low-impact industrial uses refer to small-scale industrial operations that are fully enclosed within a building and produce minimal nuisance for adjacent uses. Ancillary commercial uses refer to commercial that provide services and amenities and are supplemental to the larger development.

Referral Item 2 directed Administration to revise policy and mapping to allow for TOD/Employment –Industrial Flex opportunities directly east of the Chinook LRT Station, as well as an extension of the 61 Avenue SE High Street.

Following the referral, two additional options were investigated for land located in the Manchester Employment Area, to the east of the rail corridor and south of 58 Avenue SE.

The original proposal saw this area as providing opportunities for a variety of industrial and office jobs with supportive commercial and retail uses along Centre Street S with opportunity for limited residential development along 61 Avenue SE and Centre Street S. The area corresponded with the Employment – Intensive building block in the Developed Areas Guidebook.

Additional scenarios were developed to explore referral Item 1, which directed Administration to develop a real estate sector informed approach to increasing Employment – Industrial Flex opportunities close to the LRT.

The two alternatives explored were:

Option 1: to change this area from Employment – Intensive to an area that would allow for both Employment – Intensive and Employment – Industrial Flex, which would allow for a mix of light industrial, office, and low-impact industrial uses along with commercial and residential uses.

Option 2: to convert this area completely to Employment – Industrial Flex, which would allow for low-impact industrial uses along with commercial and residential uses.

See Attachment 3 for the original land use concept and for the alternative land use concept options that were used to gather feedback.

Roundtable discussion

Following initial internal feedback and geodemographic and transportation analysis, Administration hosted a roundtable session with internal and external stakeholders to provide a real estate sector informed approach to the area.

Attendees included representatives from CPC, BILD Calgary, Urban Land Institute Alberta, NAIOP (National Association for Industrial and Office Parks) Calgary, along with City staff from Real Estate and Development Services, Transportation Development Services, Calgary Transit, Calgary Growth Strategies, Geodemographics, Community Planning and Water Resources.

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The roundtable discussion focused on exploring market considerations and examining potential opportunities and risks for each land use concept.

The roundtable discussion provided an opportunity to hear from a variety of perspectives. Reaching a consensus was not the intent of the discussion, however, internal and external feedback predominately indicated that allowing for Employment Industrial-Flex in the entire area to the east of the rail corridor and south of 58 Avenue SE is not desirable for a variety of reasons. Reasons shared for the undesirability include:

- transportation network limitations;
- pushing out existing industrial uses;
- pressuring redevelopment of important industrial lands adjacent to the plan area;
- limited market interest; and
- creating a disjointed community.

There were a few participants that supported providing maximum flexibility in the policy plan to allow the market to develop the area more organically.

A summary of collected feedback is found in the Stakeholder Engagement, Research and Communication section of the report and in Attachment 4.

Proposed land use concept

As a result of technical analysis and stakeholder feedback, The Plan has been updated with a revised land use concept that clearly indicates the potential for residential development to the east of the rail corridor. While policy 3.6.7 in The Plan currently provides the mechanism for residential development in mixed-use buildings within the Employment – Industrial building block for development along 61 Avenue SW, west of Centre Street S or along Centre Street S, south of 61 Avenue SW, it is not clearly indicated on the land use map.

The proposed land use concept clearly indicates this area as Employment – Industrial Flex and will allow for the broad range of uses included in this building block (residential, commercial, low-impact industrial). Policy has been updated throughout the Plan, as required, particularly in Section 3.6 Manchester Employment Area.

In order to provide additional flexibility for redevelopment to occur with or without commercial uses at-grade to the area east of the rail corridor, Administration is recommending that the SPC on Planning and Urban Development reconsider the portion of Referral Item 2 related to the extension of the High Street along 61 Avenue and to not extend the High Street at this time. As indicated on Map 7: Frontages in The Plan, active frontages are encouraged, but not required for development fronting onto 61 Avenue SW located to the east of the rail corridor and west of Centre Street S, and for development fronting onto Centre Street S, south of 61 Avenue S. In order to address the portion of Referral Item 2 related to the High Street, changes to the proposed plan before Council that would be required to extend the High Street to Centre Street S are included in Attachment 5.

While the SPC on Planning and Urban Development directed this request, feedback from industry stakeholders indicated that this flexibility is preferred as the area continues to develop, rather than requiring active frontages at-grade to the east of the rail corridor which could result in hindering redevelopment.

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The land use concept and related policy have been updated as indicated to incorporate additional TOD/Employment-Industrial Flex directly east of the Chinook LRT.

Referral Item 3

During the development of The Plan, the future potential 50 Avenue SW LRT station was taken into consideration when developing the land use concept, specifically in the policy area to the west of the rail corridor and north of 58 Avenue SW. The current land use concept allows for significant redevelopment in the area while still ensuring the existing street network can support traffic volumes associated with the level of intensification.

If a station is approved, funded and incorporated into the *Calgary Transportation Plan* and *Municipal Development Plan*, additional policy planning can occur through an amendment to The Plan to realize the full potential of the new station. Until the station is approved and funded, Administration must ensure that the existing transportation network can sufficiently handle proposed development. If a new LRT station is funded and constructed, a larger proportion of the modal split will be allocated to transit, which may allow for further intensification than what can be supported by the proposed land use concept.

The Plan provides the ability to accommodate intensification within proximity of the LRT station. Should the 50 Avenue SW LRT be funded in the future, Policy 3.5.2 directs that opportunities for additional intensification be evaluated. An amendment to The Plan at that time would incorporate the LRT station on the land use concept and explore further opportunities for intensification around the station including necessary policy changes or additions.

Referral Items 4 and 5

Public Investments in Chinook-Manchester

Recent City investment in Chinook-Manchester is concentrated along 61 Avenue SW, which is identified as the High Street in The Plan. City investments along the High Street support redevelopment of this key pedestrian corridor.

In 2013, the Chinook LRT was upgraded, at a cost of approximately \$14 million.

As part of a development permit at CF Chinook Centre, a pedestrian bridge across Macleod Trail SW on the south side of 61 Avenue SW was constructed and opened in 2017 December. The \$13 million pedestrian bridge was jointly funded by The City of Calgary and Cadillac Fairview.

Streetscape improvements along 61 Avenue SW from Macleod Trail SW to the rail corridor were completed in 2017. The \$9 million project started construction in 2016 May and incorporated utility upgrades with a streetscape design that included wider sidewalks, enhanced pedestrian crossings, street furniture, a median with landscaping and updated vehicle lane geometry.

Public Art for the 61 Avenue SW streetscape improvements was funded in the amount of \$146,000 in 2016 and was completed in 2017. The project which included banners, utility box wraps, bicycle racks and a mural, supported streetscape improvements to make the corridor attractive and walkable to enhance the connection between CF Chinook Centre and the Chinook LRT station.

Affordable housing investments in the area between 1981 and 2009 have provided 407 units in four buildings. One building provided 88 affordable units supported by a \$24 million investment.

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Investment in affordable housing from multiple levels of government continues today with the Federal Government investing \$31 million in affordable and accessible rental housing in the area.

Public Investment Funding Strategy

An integrated, citywide growth strategy is under development to establish investment recommendations for strategic growth in new communities, established areas, and industrial areas. As part of this integrated strategy, Administration is anticipated to make capital and operating budget recommendations to Council, every two years, through the four-year budget and mid-cycle process.

The complexity of realizing growth and redevelopment in developed areas requires a comprehensive funding strategy throughout Calgary's existing communities. This strategy will provide direction for strategic City infrastructure investments. As part of this strategy, Administration is considering a variety of funding and financing tools available to support investment, including those that have previously been used to fund investment in Chinook-Manchester (e.g. property tax allocation, developer contributions through development conditions, and utility rate allocation). The funding strategy will include recommendations on the appropriate tools to manage risk and support the investments identified through The Plan.

Chinook-Manchester straddles the established and industrial areas of the city, given its current and future land use and existing community boundaries. Prioritization of investment in Chinook-Manchester will be considered as part of the current Established Area Growth and Change Strategy (EAGCS), and/or a future industrial growth strategy which is anticipated to be scoped in late 2019. An update report is anticipated to be brought to Committee in 2019 May, in conjunction with an update to the Main Streets Investment Program.

A report is being prepared for the 2019 March 05 Priorities and Finance Committee meeting that recommends the referral of the Established Areas Growth and Change Strategy update report to be brought to the May SPC on Planning and Urban Development, on 2019 May 01. This allows the alignment with the update on the Main Streets Investment Program, supports a strategic policy discussion, and facilitates any public comments on the topic.

As funding for all areas in Calgary is not feasible, a strategic, citywide approach to growth-related infrastructure and public realm funding will support areas of the city that would benefit most from investment are prioritized.

Approving The Plan will provide a vision and land use concept for the area that can be used to inform additional infrastructure and public realm investments in the future. The Plan also includes a density bonus system and identifies community enhancement priorities through a Community Enhancement Fund.

As such, Administration is recommending that the SPC on Planning and Urban Development reconsider Referral Items 4 and 5 and to consider funding for Chinook-Manchester as part of the citywide strategy and that Administration not return to the SPC on Planning and Urban Development in Q4 2019.

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Stakeholder Engagement, Research and Communication

As directed by the SPC on Planning and Urban Development, members of industry and CPC members were engaged to provide their feedback through a real estate sector lens, exploring options for land located in the Manchester Employment Area, to the east of the rail corridor and south of 58 Avenue SE.

Members of CPC were invited to the roundtable discussion or, if they were not available for the session, were invited to speak with the project team over the phone to discuss their thoughts. Two members of CPC attended the session; no members of CPC followed-up on the offer to share their feedback outside of the planned session.

Members of the development industry were also approached through Partnership Services in Calgary Approvals Coordination, the Established Areas Working Group, and the Industrial Strategy Group to invite them to participate in the session.

In addition to the roundtable discussion, a phone interview was conducted with two workshop invitees that were not able to attend the in-person session.

Generally, feedback obtained supported the original land use concept. Broad concerns with allowing Employment – Industrial Flex throughout the area to the east of the rail corridor and south of 58 Avenue SE shared during the session are as follows:

- Limited demand in a city the size of Calgary for Employment – Industrial Flex; need to concentrate Employment – Industrial Flex in specific areas to pilot first and allow for a clustering of development similar to what has happened with micro-breweries in the surrounding Manchester area
- Employment – Industrial Flex could price out other small industrial development through an increase to land values and resulting increases in property taxes
- Concerns around goods movement, significant congestion can negatively impact industrial development viability
- Without amenities, sidewalks, green spaces, and in isolated locations, residential would not be profitable
- Over-intensification when other locations such as downtown and other LRT sites are vying for development or leases
- Lack of policy guidance may not be attractive to businesses
- Concern with allowing for Employment – Industrial Flex development in large area without an existing land use district in 1P2007
- The importance to Calgary's economy of protecting inner-city industrial land

A small number of attendees wanted to see the area allow for a mix of industrial, commercial and residential uses, and allow the market to determine how redevelopment occurs. Feedback supportive of allowing Employment – Industrial Flex throughout the area is summarized as follows:

- The market is the appropriate tool to determine what is possible in the area
- Provide flexibility to allow for creativity and more opportunities

A verbal update was provided to CPC on 21 February 2019, which received positive feedback.

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Strategic Alignment

The Plan area is identified as a Major Activity Centre on Map 1: Urban Structure in the *Municipal Development Plan*. The proposed land use concept and policy will continue to achieve the minimum intensity threshold of 200 jobs and people per gross developable hectare of a Major Activity Centre, and support the provision of land for industrial purposes, including the retention of industrial uses in a variety of parcel sizes.

Calgary Metropolitan Region Board

The Calgary Metropolitan Region Board (the Board) is a provincially legislated entity comprised of elected officials representing The City of Calgary and nine surrounding municipalities. The Board has prepared the *Interim Growth Plan* and the Interim Regional Evaluation Framework; these documents were approved by Ministerial Order on 2018 December 13. The *Interim Growth Plan* provides planning direction and guidance on certain areas of regional significance related to population and employment growth, land use, infrastructure and services.

The recommendation aligns with the policy direction of the *Interim Growth Plan*. The Plan builds on the principles of the *Interim Growth Plan* by means of promoting efficient use of land, regional infrastructure, and establishing strong, sustainable communities.

The *Interim Regional Evaluation Framework* provides member municipalities with criteria to determine when new municipal statutory plans and amendments to existing statutory plans shall be submitted to the Board for approval.

As a new statutory policy plan, the Plan must be circulated to the Board for approval following first reading from Council.

Social, Environmental, Economic (External)

The proposed land use concept refinements would strategically locate residential development in a manner that could develop into a neighbourhood over time, limiting isolation of residential development that would only have access to minimal amenities.

The expansion of Employment – Industrial Flex provides additional flexibility to the east of the rail corridor within the scope of the Calgary market while still allowing for inner city industrial close to the Chinook LRT.

Financial Capacity

Current and Future Operating Budget:

Operating Budget implications will be considered as part of a citywide growth strategy.

Current and Future Capital Budget:

Capital Budget implications will be considered as part of a citywide growth strategy.

Risk Assessment

Providing further opportunities for additional intensity above the proposed plan has the potential to cause significant congestion and strain to the street network in the area. Additionally, there is a risk that expanding the opportunity for Employment – Industrial Flex further may dilute the

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market for this type of development in the area. No Employment – Industrial Flex development has been built in Calgary, and while it is an exciting and emerging form of development, there are limited examples of its success in North America to-date.

Awaiting a funding strategy prior to approving The Plan limits Administration's ability to direct interim development in the Chinook-Manchester area in a manner that would achieve the vision of The Plan. There is also the potential that opportunities to capture money through the Community Enhancement Fund may be lost for sites located in the expanded area.

An approved plan will support thoughtful and strategic growth-related infrastructure and public realm investments by providing a level of certainty for the vision of the area and how redevelopment is proposed to occur over time. Without an approved plan, the level of certainty as to how redevelopment will occur, and when redevelopment thresholds to trigger investment are anticipated to be met is reduced.

As funding for all areas is not feasible, a strategic, citywide approach to growth-related infrastructure and public realm funding will support areas of the city that would benefit most from investment are prioritized, rather than focusing on Chinook-Manchester because a new policy plan is being proposed now.

REASON(S) FOR RECOMMENDATION(S):

The Chinook Station Area Redevelopment Plan has been developed and refined based on technical analysis and stakeholder feedback, provides opportunities for Employment – Industrial Flex within strategic areas while still allowing for inner city industrial to remain viable. Additionally, the proposed intensities can be accommodated within the existing established street network.

The consideration of Chinook-Manchester as part of a strategic citywide strategy will ensure that areas in Calgary that would benefit most from investment are prioritized.

ATTACHMENT(S)

1. PUD Report (PUD2018-1178)
2. Proposed Chinook Station Area Redevelopment Plan
3. Original and alternative land use concept options
4. Summary of roundtable feedback
5. 61 Avenue High Street extension policy changes