Investing in Calgary: Kickstarting Growth and Change in our Established Areas

City of Calgary
Development Industry
Community
..... all partners!
Speakers today:

Moderator:  Chris Ollenberger – QuantumPlace Developments

Panel:

  Sarah Alexander – City of Calgary
  Kathy Davies Murphy – City of Calgary
  Grace Lui – BILD Calgary
  Thom Mahler – City of Calgary
  Kathy O’Berg – B & A Planning Group

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1. Downtown Strategy & Enterprise Area
Downtown Strategy – Enterprise Area Partnership

Calgary’s downtown includes:
- 60% of Calgary’s office inventory
- 25% of Calgary’s jobs
- Contains financial, legal and business services that serve the city and wider region
- has about 50M square feet of office space with a capacity for accommodating about 250,000 employees in total
- important economic recovery asset and opportunity
Downtown Strategy – Enterprise Area Partnership

- Originally adopted in July 2017 to respond to the economic downturn
- Goals include sustain and enhance vibrancy, reduce vacancy rates in Centre City and support start-ups and small businesses
- Encourage improvements to buildings to facilitate and attract tenants
- City has active partnerships with large exempted developments to learn of impacts on development and application process
Developer Feedback – Enterprise Area

- Reduces risk and uncertainty
- Reduces time needed to start construction
- Reduces time to revenue generation
- Improves financial viability of a project
- Supports investor confidence

Between tenancy changes and BPs that didn’t require a DP to proceed, and estimated 3200+ days saved from approval timelines for applicants, and about 225 days of city employee time saved since July 2017!
2. Overall Strategy and Linkages
Established Area Growth & Change Strategy (EAGCS)

This is a critical conversation

- Advance the goals of the Municipal Development Plan
- Enable growth and change, realize development
- Deliver great communities, together
- Support private businesses
- Complement the downtown strategy
- Assist predictability and risk for developers for redevelopment
- And more…
Established Area Growth & Change Strategy (EAGCS)

The Established Area Growth and Change Strategy aims to support communities, local businesses and landowners in parts of Calgary where redevelopment and change are happening.

The Strategy will connect planning, financial and investment recommendations to enable redevelopment that is sustainable and beneficial.
EAGCS Project Principles

1. Collaboration
2. Openness, transparency, mutual respect, and consideration of perspectives
3. Evidence based evaluation, solutions based approach
4. Enabling policy aligned, market supported, financially sustainable growth
5. Redevelopment readiness
6. Application across the Established Area
7. Shared risk
Where does the EAGCS apply?
**City Wide Growth Strategy**
Identify strategic growth areas (i.e., Main Streets, TOD, etc)

**Tools**
Policy, funding, heritage, LUB, guidebook, level of service, etc

**Multi Community Plans, ASPs, Outline Plans**
Local vision, policy, amenities stages and cost estimates

**Implementation**
Prioritization, market factors, redevelopment readiness, funding, budget inclusion

**MDP/CTP**
Great communities, 60 year vision
DRAFT Project Timeline

2019 - 2022

- **2019**
  - March: New Community Recommendation
  - Established Area Phase 1
  - Q4: Monitoring Report
  - TBD: Industrial Area scoping
- **2020**
  - March: New Community Recommendation
  - Established Area Phase 2
  - March: Est Area Phase 1 Recommendation
- **2021**
  - Industrial Area Growth Strategy development
  - Main Streets Implementation
- **2022**
  - March: City-wide Growth Strategy Recommendation
  - 2023-2026 Budget Cycle
- **2023+**
  - November: 2023-2026 service plans

**Related Initiatives**

- City-Wide Growth Strategy
- One Calgary
- DRAFT Project Timeline

**Developed Areas Guidebook 2.0 / LUB Review**

**Storm Water Strategy**

**Integrated Civic Facilities Planning Program**

**Green Line City Shaping**

**Downtown Strategy**

**Transit Oriented Development Strategy**

**Multi Community Plans**

**Off-site Levy Bylaw Review**

**November: Annual Budget Adjustment**

**November: 2019-2022 Mid Cycle Adjustments**

**November: Annual Budget Adjustment**

**November: 2023-2026 service plans and budget**

**Next20: MDP/CTP Review**

**2019/11/06 CREF Session C3**
3. City, Industry and Community Collaboration
Overview of Advisory and Working Groups

Advisory and Working Groups Overview

• Deliverables, discussions, and any conclusions for each

Advisory Group

• Defined project principles, governance and deliverables
• Provides advice on approach, receives updates from working groups
• Supported the determination of Phase 1 growth areas
• Helping define the Proposals and Criteria by which actions and recommendations will be considered
• Helping define Phase 2 work plan
• Provides an avenue to communicate to broader stakeholder groups
Public Environment Working Group | Progress & Next Steps

TASK THEME AREAS

Collect and review desired public amenities from existing documents

✓ • Collected a list of community improvements from ARPs, Main Streets and This is My Neighbourhood.

☐ • Currently finalizing list of amenities from existing documents in alignment with the selected priorities communities.

Identify improvements that improve the quality of life

✓ • Identified a high level list of the types of improvements that would increase the quality of life.

Identify partnership opportunities for public realm and amenity improvements

✓ • Identified different kinds of partnership opportunities related to type of improvement and categorized partnerships based on involvement with capital funding, operating and maintenance, and ownership.

☐ • Will need to identify partnerships for the specific improvements identified for the priority areas.

Identify grant programs to fund public realm and amenity improvements

✓ • Looked into some community grant programs to see if they would be applicable.

☐ • Additional research is required in this area.
Public Environment Working Group | Progress & Next Steps

TASK THEME AREAS

Identify specific public realm and amenity improvements for priority areas

- Currently collecting specific infrastructure improvements from business units for the priority areas.

Work with Financial Planning and Investment to develop specific investment options

- Once specific infrastructure improvements are collected from business units, the Public Environment working group will work with the Financial Planning and Investment working group.

Identify future recommended work and monitoring and performance measures that can evaluate success

- Formulate recommendations for March 2020 report.
Identify potential tools

- Completed - determined actions for Phase 1 timeline, based on higher value-lower effort

Calgary context

- in progress - Planning and Policy Tools and their applicability in a Calgary context

Ranking tools

- Completed - determined actions for Phase 1 timeline, based on higher value-lower effort

Analysis and research

- In progress - undertaking analysis and research on Phase 1 work plan items (e.g. review of bonus density programs, transparency of local capital works)

Recommendation for policy and planning implementation

Drafting recommendation for Phase 1 Proposals - next steps

Identifying Phase 2 work plan items

Consideration for continued work in March 2020 and Phase 2 - next steps
Financial Planning & Investment Working Group | Progress & Next Steps

**TASK THEME AREAS**

- **Level Set – Municipal Finance**
  - ✓ Primer on Municipal Finances & Tools
- **Identify – Funding Tools**
  - ✓ Identify Funding Tools Available in Calgary
- **Identify – Financing Tools**
  - ✓ Identify Financing Tools Available in Calgary
- **Categorize – Financial Tools for Infrastructure Components**
  - ✓ Financial Tools Table
- **Evaluate – Tools for Local Sized Mains**
  - ✓ Recommended Funding Tool for Local-Sized Water and Sanitary Mains
- **Analysis – Property Tax Uplift**
  - ✓ Review of Impact of Growth on Property Taxes
- **Evaluate – Tools for Public Realm**
- **Further Work – Phase 2**
- **Further Work – As Identified**
Utility Working Group | Background and Objectives

**PHASE 1 CONFIRM**
*FEB. – MAR.*
- Identified and confirmed challenges with shallow and deep utilities pertaining to redevelopment

**PHASE 2 EVALUATE**
*MAR. – APR.*
- Identified appropriate tools and policy gaps
- Discussed what we know about priority areas

**PHASE 3 TEST**
*MAY – JUL.*
- Applying tools to different scenarios/priority areas
- Creating a strategy for areas without recent planning and/or unknown upgrades
- Case studies, Indemnification Agreements

**PHASE 4 FINALIZE**
*AUG. – OCT.*
- Finalizing utility working group’s recommendations for preparation of March 2020 Council
- Consideration for continued work in Phase 2
<table>
<thead>
<tr>
<th>TASK THEME AREAS</th>
<th>Water + sanitary scale of cost for local pipes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defining “What” – Unknown Upgrades</td>
<td>✓</td>
</tr>
<tr>
<td>Defining “What” – Known Upgrades</td>
<td></td>
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<tr>
<td>Analysis – Upgrade Urgency</td>
<td>✓</td>
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<tr>
<td>Analysis – Probabilistic Forecasting</td>
<td>✓</td>
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<tr>
<td>Utility Input in Location Short-list</td>
<td>✓</td>
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<tr>
<td>Further Work - Policy</td>
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<tr>
<td>Further Work - Analysis</td>
<td></td>
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<tr>
<td>Process Recommendations <em>(Shallow + Deep Utilities)</em></td>
<td>✓</td>
</tr>
<tr>
<td>Project Plan to Revisit Developer/Capital Threshold</td>
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<tr>
<td>Utility Proposal Content</td>
<td></td>
</tr>
<tr>
<td>North Hills M.C.P. – focus on dense areas</td>
<td>✓</td>
</tr>
<tr>
<td>Identified areas with recent analysis/study</td>
<td>✓</td>
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</tbody>
</table>
4. Funding and Other Supporting Tools
The need for a funding Tool:

1. Lack of Predictability

   *Industry is seeking tools to improve the predictability of the cost of development in the Established Areas.*

2. Financial Risk

   *Industry is seeking tools to reduce the financial risks related to utility servicing in the Established Areas.*
1. We can’t predict where, when or in what built form re-development will occur

2. Water Upgrades | **Mainly due to Fire Flow:**
   - Water Resources has good information on the theoretical fire flow available in the system
   - Required fire flow for each development site can vary significantly, dependent upon the proposed built form -- use, height, construction materials, etc.

3. Sanitary Upgrades:
   - City Sanitary Model only assesses pipes 375mm and larger
   - More detail on density, use and a servicing study is required from the developer to assess the local-size system. This information is usually not available during due diligence
Upgrades required for local-sized water and sanitary mains be included as part of the Established Area levy program.

NOTE: Stormwater is future workscope given complexity, as are shallow utilities relocations/upgrades (Enmax is largest discussion)
How Do We Decide? Decision Criteria

GOAL: Choose the best funding tool for local-sized water and sanitary mains

Financial Certainty
- Certainty for Developers
- Rate Known In Advance
- Predictable Cost

Who Benefits is Who Pays
- Certainty for The City
- Predictable Collection Timing

Area To Pay Can Be Defined
- Growth pays for Growth
- City pays for Service Level Changes

Ease of Administration
- Required information is already collected
- Model is easy to explain
- If not collected, required information is easy to collect

- Existing Residents Pay for Lifecycle / Maintenance
- Certainty that Collection Timing Matches Cost Outlay

For all tools: a process for monitoring and reporting on collections and use of funds
## Funding Matrix

### Components of Infrastructure Upgrades

<table>
<thead>
<tr>
<th>Who Pays</th>
<th>Operations, Maintenance, and Lifecycle</th>
<th>Growth</th>
<th>Enhancements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City (All Existing Residents)</strong></td>
<td>• Property Tax</td>
<td>• Property Tax</td>
<td>• Property Tax</td>
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<tr>
<td></td>
<td>• Utility Rates</td>
<td>• Utility Rates</td>
<td>• Utility Rates</td>
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<tr>
<td></td>
<td>• Other User Fees (e.g. Recreation Fees)</td>
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<tr>
<td></td>
<td>• P3s*</td>
<td>• Cash to Capital</td>
<td>• Cash to Capital</td>
</tr>
<tr>
<td><strong>Community (Specific Areas)</strong></td>
<td></td>
<td>• First-in/ Endevours to Assist</td>
<td>• Development Conditions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Construction Financing Agreements*</td>
<td>• Land Use Bonusing</td>
</tr>
<tr>
<td><strong>Developers (New Residents)</strong></td>
<td>• Levies</td>
<td>• Development Conditions</td>
<td>• First-in/ Endevours to Assist</td>
</tr>
<tr>
<td></td>
<td>• Development Conditions</td>
<td>• Land Use Bonusing</td>
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<tr>
<td></td>
<td>• Land Use Bonusing</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>• Other Gov’s</td>
<td>• Other Gov’s</td>
<td>• Other Gov’s</td>
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<tr>
<td></td>
<td>• Sponsorship</td>
<td>• Sponsorship</td>
<td>• Sponsorship</td>
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<td></td>
<td>• Debt*</td>
<td>• Debt*</td>
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<td></td>
<td>• Cash to Capital</td>
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</tr>
</tbody>
</table>

* Tool is accounted for as City debt for the purposes of debt limits and servicing.

*italics* Tool may not be a reliable funding source, as it is a voluntary choice of third parties to utilize.

*U-line* Tool may not be a reliable funding source, as it is reliant on the choice of third parties to submit a development application.

These infrastructure components may benefit these funding sources depending on timing and service level standard applied. Future work is required to determine what scenarios may utilize tools in these categories.
Creating a Financial “Tool”

Complete Recommendation

- Funding Tool
- Financing Tool
- Incentive (If Applicable)
The Financial Planning & Investment Working Group recommends that:

1) The 2021 Off-site Levy Bylaw team:
   a) add “local-sized water and sanitary mains” located in the Established Area to the list of infrastructure funded by Established Area levies;
   b) identify the following as Guiding Principles in developing an Established Area Levy for this infrastructure:
      i. Fairness & Equity
      ii. Efficiency
      iii. Certainty
   c) Consider the total cost impact to parties, including non-levy costs, when developing the levy program, and consider whether incentives should be applied to achieve other City objectives (e.g. economic recover, Established Area development goals).
5. Phase 1 Growth Areas
Phase 1 Growth Area Rationale

Project is being undertaken in 2 phases:

Phase 1 can be considered a pilot for building a future system that would more predictably support investments in redeveloping communities. Phase 1 is related to communities currently experiencing redevelopment to the greatest degree, and where market activity is expected to continue in the short term (1-3 years).
Phase 1 Growth Area Rationale

Decision factors include:

- alignment with Municipal Development Plan/Calgary Transportation Plan
- market demand
- financial impact
- and redevelopment readiness of communities involved.
Phase 1 EAGCS Focus Growth Areas
and Leading Redevelopment Market Analysis
July 22, 2019

DRAFT

Market Index

1. Short Term Market Potential
2. 
3. 
4. Long Term Market Potential

Communities outside the EAGCS study area

LRT Stations
MAX BRT Route
Main Streets
Multi Community Planning Areas

Notes

1. Through a review that included the EAGCS Advisory Group and Administration’s Growth Committee, the highlighted areas in the inset map were identified for Phase 1.

2. Analysis included short term market potential, recent/planned investment, policy status, and existing financial tools.

3. Multi-Community Plan 1, the Centre City, is not selected. This is because of the considerable current work focused on its unique opportunities and challenges. The EAGCS will stay aligned and be complementary to this work.

Inset Map: Phase 1 EAGCS Focus Growth Areas

This Redevelopment Market Analysis used market indicators developed with stakeholders to create an index representing current market potential for residential redevelopment. This provides important information to help narrow the focus of the Established Area Growth and Change Strategy down from 179 communities. The number of communities in each category are approximately equal. This is the first step in identifying the most strategic areas in the Established Area.

For any questions, please contact Matthew Sheidrake at (403) 268-5929.
EAGCS Phase 1 Growth Areas

Inset Map: Phase 1 EAGCS Focus Growth Areas

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For any questions, please contact Matthew Shellbrake at (403) 268-5929
Two Phase Approach – Phase 2

Phase 2 | 2020+

1. Create a systematic approach to city-wide growth investment
2. Further develop and implement financial and planning tools to support redevelopment
3. Develop annual monitoring of growth portfolio
4. Identify timelines for delivering 2023-2026 growth investment recommendations
Thank you!