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**Chamber of  
Commerce**  
in business together

# **Plan It Calgary Consultation Paper Response**

**July 2008**



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## 1 Introduction

The Calgary Chamber of Commerce represents over 3,200 members and 2,300 Calgary based businesses. The Chamber seeks to raise the consciousness and quality of public discourse on key policy issues confronting its members and stakeholders, through informed discussion grounded in fact and reasoned analysis.

In a 2008 survey, Chamber members identified city expansion and growth management, transportation, fiscal management and the quality of the environment as the top municipal priorities impacting their businesses. Indeed, the affordability, design and quality of life offered in the City impacts our ability to attract and retain the next wave of young talent – which is consistently the number one issue confronting Chamber members.

*Plan It* Calgary, the City of Calgary’s draft land use and mobility plan, predicts that Calgary will grow by another 1.3 million persons and 600,000 jobs over the next 50 to 60 years, and identifies the need to move towards a more compact urban form.<sup>1</sup>

The Calgary Chamber of Commerce puts forth this submission on behalf of more than 3,200 members of the business community, in response to the *Plan It* Calgary consultation paper entitled: *Towards a Sustainable City: Key Directions for Land Use and Mobility*.<sup>2</sup>

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<sup>1</sup> More information on the Plan It Calgary initiative and the consultation paper is available on the City of Calgary’s website: [www.calgary.ca](http://www.calgary.ca)

<sup>2</sup> The majority of the discussion presented in this submission draws from the Chamber’s 2008 report entitled: *Municipal Land Development Policies and Regulations and the Impact on Calgary Housing Affordability*, which is available online at [www.calgarychamber.com](http://www.calgarychamber.com).



## 2 Chamber Support for More Sustainable Development

City expansion and growth management, transportation, fiscal management and the quality of the environment are top municipal priorities for Chamber members. Members recognize that planning choices made today affect transportation mobility, the environment, housing affordability, and the costs required to service and maintain communities in the future.

Members also recognize sustainable, world-leading design and development, as a competitive advantage for businesses seeking to attract and retain employees – the number one issue confronting Chamber members.

In anticipation of the 2007 municipal election, the Chamber solicited input from its membership on key quality of life indicators from 2004 to 2007, the period since the last municipal election. Polling indicated the following results:

- 97 per cent believe commuting times had worsened or not changed.
- 91 per cent believe urban sprawl had worsened or not changed.
- 87 per cent believe public transportation had worsened or not changed.
- 78 per cent believe road transportation had worsened or not changed.
- 99 per cent believe affordability had worsened or not changed.

These concerns were echoed by all Calgarians in the City of Calgary's 2007 *Citizen Satisfaction Survey*, which indicated that infrastructure, traffic, and roads remain a top priority, and that city planning has experienced a notable decrease in satisfaction.<sup>3</sup>

Calgary has experienced significant growth pressure with a population increase of 13.4 per cent over the past five years. This growth has led to a number of challenges including traffic congestion and a deterioration in housing affordability, which is a common experience of high growth cities around the world.

Despite a \$3 billion infusion of provincial infrastructure grants over the next 10 years and Council contemplating double-digit property tax increases, transportation remains a pressing concern. The current discontent over transportation, combined with the City's frequent requests for additional infrastructure funding from the province, and the lack of housing affordability raises questions about 'how' Calgary is growing, rather than just 'by how much'.

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<sup>3</sup> City of Calgary. *2007 Citizen Satisfaction Survey*. Available online: [www.calgary.ca/docgallery/bu/customerservice/2007\\_citizen\\_satisfaction\\_survey.pdf](http://www.calgary.ca/docgallery/bu/customerservice/2007_citizen_satisfaction_survey.pdf)



In response, the Chamber released its Renaissance Calgary vision in October 2007, which recognized the need for new ideas and approaches.<sup>4</sup> Key elements of Renaissance Calgary pertaining to development and transportation planning include:

- Encouraging higher density, mixed use development
- Emphasis on walkability and cycling in communities
- Designing communities around public transit
- Expanding high occupancy vehicle lanes
- Increasing rapid bus lines
- Planning regionally and integrating transportation designs with local communities

*Plan It* Calgary, the City of Calgary's proposed land use and mobility plan, reflects many elements of the Chamber's Renaissance Calgary vision, and represents an opportunity an opportunity to design the City for the future – one that is more sustainable, accessible to services, and less auto dependent. If this opportunity is seized it will result in a significant competitive advantage for Calgary in attracting and retaining talented workers.

Change could become imperative as fuel costs continue to rise, rendering extensive auto travel prohibitive. With Calgary's housing affordability and cost of living advantage now gone, quality of life is more important than ever.

The Calgary Chamber of Commerce is supportive of the need to move to a more sustainable urban form. In a 2008 Leger Marketing survey, Chamber members indicated a preference for higher density (76 per cent support), mixed use of residential, commercial, and retail properties (67 per cent support), and an orientation towards public transit use, cycling, and walking (77 per cent support). Consequently, the Chamber generally supports the key directions outlined in the *Plan It* Calgary consultation paper, and is pleased to provide additional feedback.

### **3 Greater Focus on Housing Affordability**

In January 2007, City Council approved 11 Sustainability Principles for Land Use & Mobility to guide the future growth and development of the city. These principles, listed below, were adopted as a framework to the *Plan It* Calgary's terms of reference, and are intended to direct the *Plan It* project and shape a review and future amendments to the Calgary Municipal Development Plan in 2009 (City of Calgary 2007a:97):

1. Create a range of housing opportunities and choices
2. Create walkable environments
3. Foster distinctive, attractive communities with a strong sense of place
4. Provide a variety of transportation options

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<sup>4</sup> The Chamber's Renaissance Calgary vision is available at: [www.calgarychamber.com](http://www.calgarychamber.com)



5. Preserve open space, agricultural land, natural beauty and critical environmental areas
6. Mix land uses
7. Strategically direct and manage redevelopment opportunities within existing areas
8. Support compact development
9. Connect people, goods and services locally, regionally and globally.
10. Provide transportation services in a safe, effective, affordable and efficient manner that ensures reasonable accessibility to all areas of the city for all citizens.
11. Utilize green infrastructure and buildings

In addition to these principles, the City should also focus on encouraging affordable homeownership. Recent growth pressures have strained Calgary's residential real estate market. Between 2005 and 2006 the median price of housing increased 41 per cent, while the Consumer Price Index (CPI) increased by a relatively stable rate of 4.6 per cent. Median household incomes have not kept up with housing price appreciation, growing five per cent.

The disproportionate rise in housing prices, relative to income and inflation, boosted the housing costs for all Calgarians and threatens Alberta's position as a low cost jurisdiction in which to do business. Indeed, current housing market conditions pose particular challenges for Calgary businesses seeking to attract and retain employees – the number one issue confronting Chamber members.

High density, mixed-use, transit oriented developments have the potential to improve housing affordability through lower per unit construction costs, and increased access to transit services and amenities which, in turn, reduce automobile dependence and transportation costs, increasing household discretionary income.

*Plan It* Calgary must ensure that any actions result in improvement in housing and transportation affordability.

**It is recommended that:**

- 1. The principle of affordability be added to the 11 sustainability principles to guide amendments to the Municipal Development Plan.**



## 4 Policy Certainty for Building and Development Industry

In an attempt to further understand the limitations and barriers of Calgary's planning, land use and development approval processes and their impact on housing affordability, the Chamber undertook 15 in-depth personal interviews with industry and municipal stakeholders in Calgary, Halifax and Toronto.

The interview findings suggest that the most significant costs associated with municipal planning, land use and development processes relate to a lack of certainty and consistency in the application processes and evaluation criteria.

Interview subjects indicated that the City's adoption of the 11 sustainability principles has created a lack of certainty and inconsistency in the development application and review process. Multiple reports exist that reference these sustainability principles, however, no overarching published document is in place indicating how these principles influence development and land use applications, and how the principles are to be defined or operationalized. Consequently, proposals that are consistent with existing published policies are being delayed, amended or refused due to their inability to adhere to the 11 sustainability principles, which have yet to be incorporated into the *Municipal Development Plan*.

Based on the stakeholder interviews, certainty in the process depends largely on the individual assigned to the application. The same department may approve one proposal for the same reason it rejects another. One developer-builder described a scenario in which they contacted the municipality to identify whether the City would update an Area Structure Plan (ASP) if the developer submitted a multi-family application that was consistent with the Plan It Calgary principles. The City responded that they would not update the ASP, which would ensure the application would proceed more quickly. Based on this information the developer submitted an application proposing a high-density multi-family project in an area identified by Plan It Calgary as an intensive growth area. The City has since indicated that it will update the ASP before approving the project, thus extending the timelines.

This inconsistent approach poses a particular challenge for developers who finance their land, rather than own it outright, as they end up losing their deposit or paying high interest rates on properties for which they do not get approvals before the closing date. Unanticipated delays and interest charges can add as much as \$10,000 to \$20,000 annually to the price of each unit, depending on the type and size of the development. In situations where the application process is unclear and uncertain, developers will hire planning consultants to help shepherd them through the process, adding further costs to the project without necessarily resulting in improved efficiencies.

These costs cannot necessarily be passed onto the consumer. Prices more often depend on the elasticity of demand and the availability of substitutes. Incorporating these costs into

the price of the house raises the price without a corresponding increase in value-added, efficiency, or profitability, placing the builder at risk of being priced out of the market and eroding the business climate.

The developer for the project outlined above speculated that, in hindsight, it would have been more profitable to submit an application for a strip mall and a single family housing development, as this would have been a permitted use offering far more certainty in the evaluation criteria and outcome, but not necessarily a better outcome for the city or the neighbourhood affected.

Both City and industry representatives interviewed identified the need for Council set a clear policy direction for growth and development. The City's discretionary approach to most types of development, combined with its multiple sustainable growth policy reports (such as ImagineCALGARY and Plan It), but no over-arching enforceable objectives delineated in the City's statutory *Municipal Development Plan*, has led to a situation of significant uncertainty. The tremendous growth pressures confronting Calgary and the associated labour and workload challenges further complicate this situation.

**To correct this situation and improve certainty and predictability in the application process, it is recommended that:**

- 2. City Council incorporate the 11 sustainability principles into the statutory *Municipal Development Plan*, and consistently and predictably apply these principles to all applications going forward.**
- 3. The City publish criteria for evaluating development proposals in the context of the 11 sustainability principles and circulate these criteria both internally and to the development industry.**

## **5 Need for Interim Development Strategy**

As noted earlier, the Plan It Calgary initiative, which contains the 11 sustainability principles that will inform amendments to the *Municipal Development Plan*, will continue through its consultation phase into 2009. This lengthy interim period has created uncertainty for both staff and the industry in evaluating applications, and suggests a need for an interim development strategy.

The adoption of the sustainability principles will have a significant impact on the building and development industries. Landowners in areas identified for intensive growth will automatically see demand and the values for their properties appreciate, whereas owners outside these growth areas will be competitively disadvantaged. Additionally, speculative development may occur in anticipation of these new principles coming into force that would be counter to the intent of the sustainability principles.



The Regional Municipality of Halifax, during the development of its 25-year Regional Plan containing similar objectives as the Plan It Calgary initiative, imposed interim growth management policies in areas which were likely to be outside the City's serviced boundaries, to reduce the risk of speculative development that would be counter to the goals of the plan. This approach was termed by the development community as a "moratorium", and was criticized for potentially decreasing the supply and subsequently increasing the price of building lots. Since the adoption of the growth management policies, however, city staff have found no evidence of this impact. Such an approach, if applied in Calgary, would likely also not have these effects, given the City's current 7 to 8 year supply of serviceable land.

**Consequently, it is recommended that:**

- 4. The City develop interim growth management policies for all areas of the city, and publish and broadly disseminate criteria for evaluating applications under the interim policies, for the period between Council adopting the Plan It principles in 2007, and updating the *Municipal Development Plan*, expected in 2009.**

## **6 Address Community Concerns Over Redevelopment**

As one of the key directions, *Plan It* Calgary intends to achieve a balance of growth between established and greenfield communities. Engaging local community organizations in the development of their communities is an integral component of the planning process.

In the Chamber's research, both City and industry interview subjects indicated that there needs to be more defined parameters around the community engagement process. While some level of community engagement is necessary and beneficial, there are examples of community organizations whose mandate is to resist development rather than collaborate. Indeed, one project had its approval timelines expanded from two to four years as a result of community organization resistance – despite extensive consultation, a land use report, two transportation studies and a twelve to one land use approval vote by City Council. Approval delays of two years jeopardize the viability of proposed developments and increase the timelines at which projects are at risk.

One interview subject indicated the challenge with the current approach is that small local groups have been viewed as the most relevant stakeholders in planning and development decisions, however, such is not always the case. Planning and development decisions can affect all citizens, and broad citizen participation is critical to the creation of sense of place and community in a City. Consequently, while local community groups



should continue to have their say in local land use and zoning applications, their input should be considered in the context of citywide consultation.

**It is recommended that:**

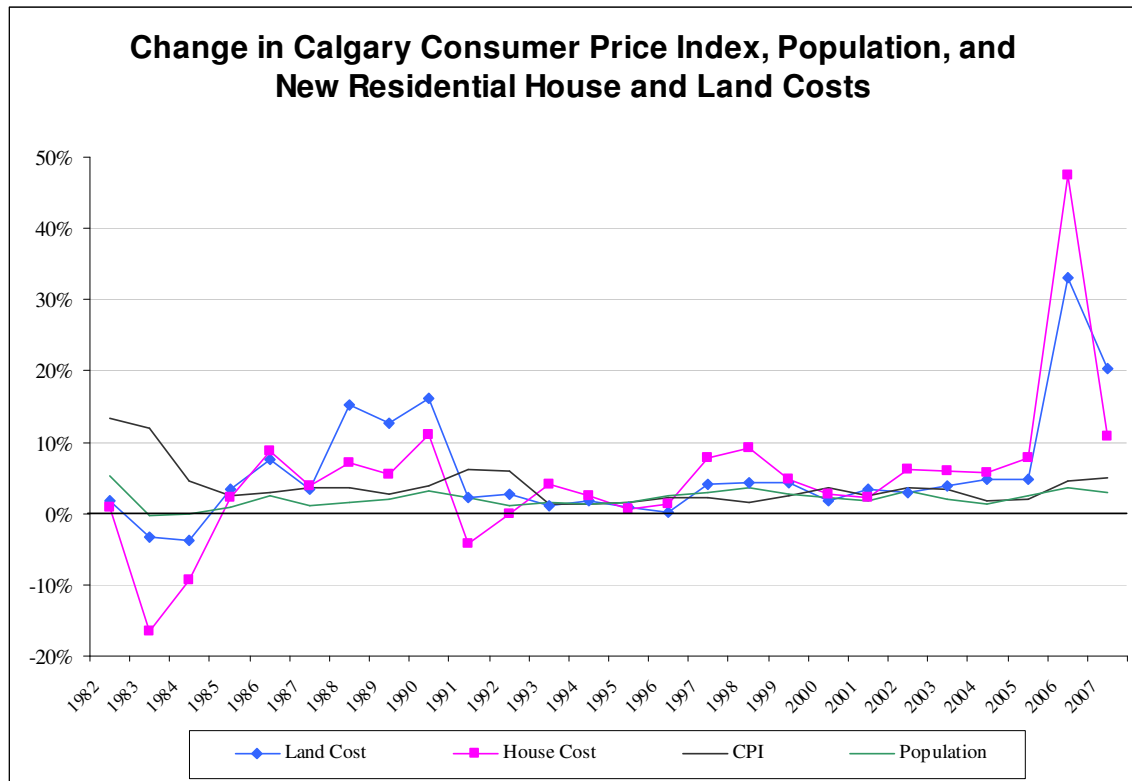
- 5. Council develop city-wide consultation protocols for all major land use applications, and that local community group input be considered as part of broader citywide consultation and context.**

## **7 Maintain Adequate Land Supply**

Land supply policies can have a significant impact on the cost of land. Conceptually, local governments that limit land supply create scarcity and risk driving up the price of land in the face of high demand. Land supply can be limited by geographic barriers such as oceans and mountains, or by artificially imposed growth boundaries to encourage higher density development and limit sprawl.

While the literature is unclear as to whether urban growth boundaries cause housing prices to rise, it is important to note that the price of land rarely decreases (Figure 1) and, as Mayer and Somerville (2000b:86) point out, “a one time increase in demand that results in a larger city, and more construction to accommodate these additional households causes a permanent increase in land prices.” Consequently, government should be cautious of policies that could increase land price, as any upward movement would be irreversible.

**FIGURE 1**



Sources: CANSIM Tables 3260021, 3270005 and 2007 Calgary City Census

Calgary’s *Municipal Development Plan* (MDP) is the City’s overarching plan that delineates the City’s broad development and growth management policies. Rather than restricting growth through geographic growth barriers, the plan builds upon Calgary’s unique position as a “UniCity” where, unlike other urban municipalities, Calgary is not geographically constrained by neighbouring urban municipalities.

As a consequence, the Plan specifies a policy of maintaining a 30-year supply of all-purpose developable land within its boundaries, including a 15-year supply of planned land (i.e. with area structure plans in place), and a three to five year supply of serviced land (i.e. zoned and ready for development).

The Corporate Economics & Geodemographics division of the City’s Land Use Planning & Policy business unit monitors the “fit” between land supply and projected demand in newly developing areas. Annual short-term population and employment forecasts are generated and long-term forecasts are produced regularly. These forecasts are distributed spatially and the maps generated provide a current indication and allocation of forecasted growth given current assumptions for new development.<sup>5</sup> This information can then be

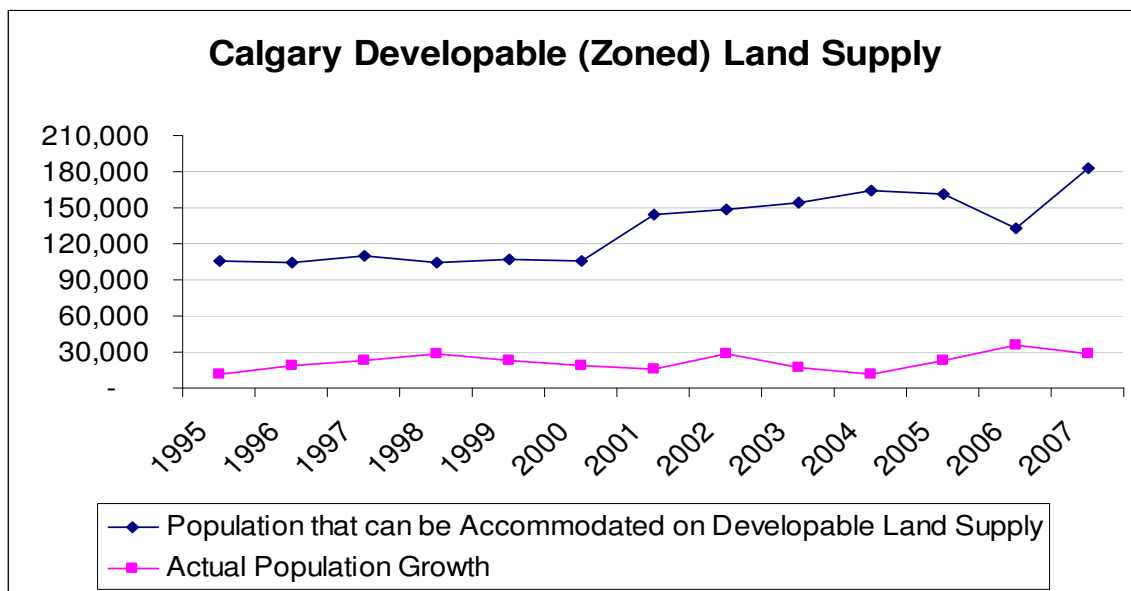
<sup>5</sup> As with any forecast this is considered as one possible growth direction. Actual locations may and do vary and is reviewed annually as new information is available.



used to help align and coordinate municipal capital projects required to service the new development.

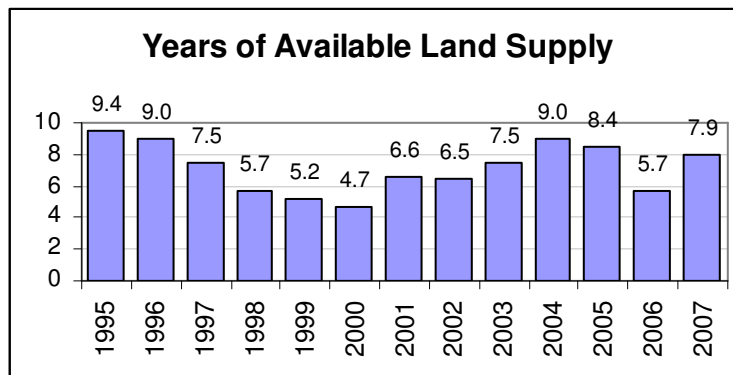
Based on information provided by the City's Corporate Economics & Geodemographics division, land supply over the last decade has generally been quite generous (Figure 2). As the population has increased, the supply of developable land (i.e. property with approved zoning in place) has been more than sufficient to accommodate growth. Indeed, Calgary maintained a 5 to 6 year supply of serviceable land in 2006, which has increased to nearly 8 years in 2007 (Figure 3).

**FIGURE 2**



Source: City of Calgary Land Use Policy and Planning

**Figure 3**



Source: City of Calgary Land Use Policy and Planning. Based on five year moving average population growth rates



These findings suggest that the City’s policy of maintaining a 30-year supply of land has ensured that a sufficient land supply was in place to accommodate the recent increase in demand. In the absence of this policy, it is likely that housing price increases would have been far higher.

**Consequently, it is recommended that**

- 6. The City continue its policy of maintaining a 30-year supply of land within its boundaries.**

## **8 Coordination with the Calgary Regional Land Use Plan**

The Calgary Regional Partnership (CRP), which includes eighteen municipalities and one first nation in the Calgary area, is currently developing a Regional Land Use Plan with completion expect by June 2009.<sup>6</sup> Project activities include the development of a long-term Vision, Mission and Goals for the Region, research on global best practices in Sustainable Regional Planning, the development of a regional growth modeling tool, an inventory of regional ecological infrastructure, developing an Agreement for Working Together on regional growth management and land use issues and Terms of Agreement for Working Together.

In order to fulfill the Plan It Calgary’s objectives, it is critical to coordinate with the Regional Land Use Plan. If the two plans do not align, there is potential for lower density development to occur just outside Calgary’s limits, straining city infrastructure, and creating auto dependent sprawl, the exact opposite objective to the Plan It Calgary initiative.

Coordination also creates the potential for more choice in commuting options for those living in adjacent communities such as Okotoks, Airdrie, Cochrane, and Priddis. This includes the possibility of regional commuter trains or buses as feasible.

**It is recommended that:**

- 7. *Plan It Calgary* coordinate with the CRP Regional Land Use Plan to ensure shared land use and mobility objectives, and to develop a regional transportation approach.**

<sup>6</sup> More information on the Calgary Regional Partnership and the Regional Land Use Plan is available at: [www.calgaryregion.ca/crp/](http://www.calgaryregion.ca/crp/)



## 9 Summary of Recommendations

1. City Council add the principle of affordability to the Municipal Development Plan, alongside the 11 sustainability principles.
2. City Council incorporate the 11 sustainability principles into the statutory *Municipal Development Plan*, and consistently and predictably apply these principles to all applications going forward.
3. The City publish criteria for evaluating development proposals in the context of the 11 sustainability principles and circulate these criteria both internally and to the development industry.
4. The City develop interim growth management policies for all areas of the city, and publish and broadly disseminate criteria for evaluating applications under the interim policies, for the period between Council adopting the Plan It principles in 2007, and updating the *Municipal Development Plan*, expected in 2009.
5. Council develop city-wide consultation protocols for all major land use applications, and that local community group input be considered as part of broader citywide consultation and context.
6. The City continue its policy of maintaining a 30-year supply of land within its boundaries.
7. *Plan It* Calgary coordinate with the CRP Regional Land Use Plan to ensure shared land use and mobility objectives, and to develop a regional transportation approach.



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