

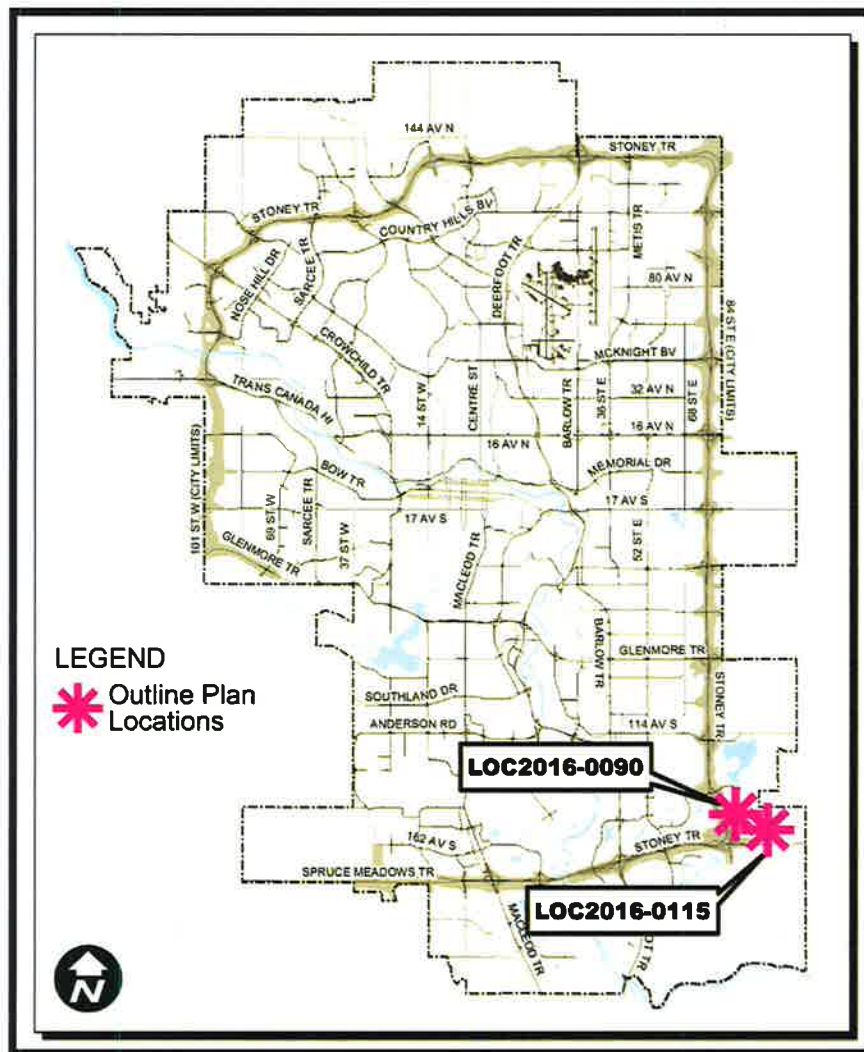
**PFC2017-0445
Strategic Growth and Funding in
the South Shepard Area
Structure Plan**

Combined Meeting of
Council
2017 July 31

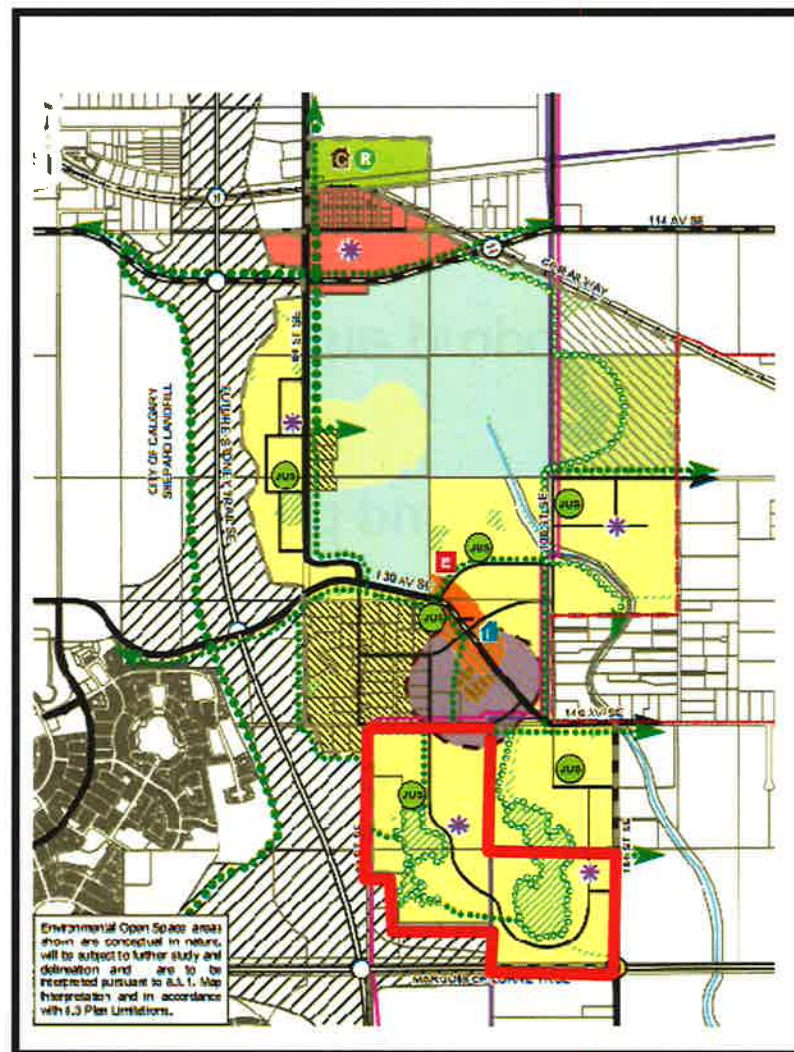


- PFC reviewed the decision to remove the Growth Management Overlay. Two key factors were discussed in relation to strategic growth:
 - How strategic growth decisions are made
 - Budget/service implications
- PFC removed Administration's recommendation to refuse to remove the Growth Management Overlay

South Shepard Area Structure Plan



Location within City



Overlay Removal Area in ASP

That the Priorities and Finance Committee recommend:

1. That this report (PFC2017-0445) be directed to the July 31 Combined Meeting of Council to the Public Hearing portion of the Agenda;
2. The proposed bylaw set out in Attachment 5 be advertised in accordance with standard public hearing requirements;
3. That Council hold a public hearing on the proposed bylaw.
- ~~4. That Council refuse to remove the Growth Management Overlay and file and abandon the bylaw.~~

- In response to the PFC discussion, Administration is bringing forward additional information today to provide a broader rationale for the Administrative recommendation, and to support Council in its decision making
- This focuses on:
 1. Council strategic growth guidance
 2. Understanding of market forces
 3. City investment capacity

1. Strategic Growth Guidance

- The Municipal Development Plan calls for a compact city with great communities, interconnected with multiple modes
- “The City has an obligation to provide essential infrastructure when it grants land use approvals for new developments, including ... fire services” (MDP, Part 5.2.5)
- “Create better connectivity in future communities ... for walking, cycling and street networks, while also increasing access and reducing response times for emergency services” (CTP, Part 3.8)
- Planning and capital investment decisions should be made “within a strategic framework that achieves the best possible social, environmental and economic outcomes while operating with The City’s financial capacity” (MDP, Part 5)

1. Strategic Growth Guidance

- The Municipal Development Plan calls for an Overlay to be removed once issues regarding the coordination of funding and financing of municipal infrastructure and services with the rate of growth have been resolved
- This includes, “The City’s ability to provide emergency service to City and Provincial standards, considering both capital and operating costs.” (MDP, Volume 2, 4.3)
- South Shepard falls outside of the Calgary Fire Department’s Service Level Response Time Target of seven minutes
- Calgary Fire Department’s Service Level Response Time Target includes both Fire and Medical response services.

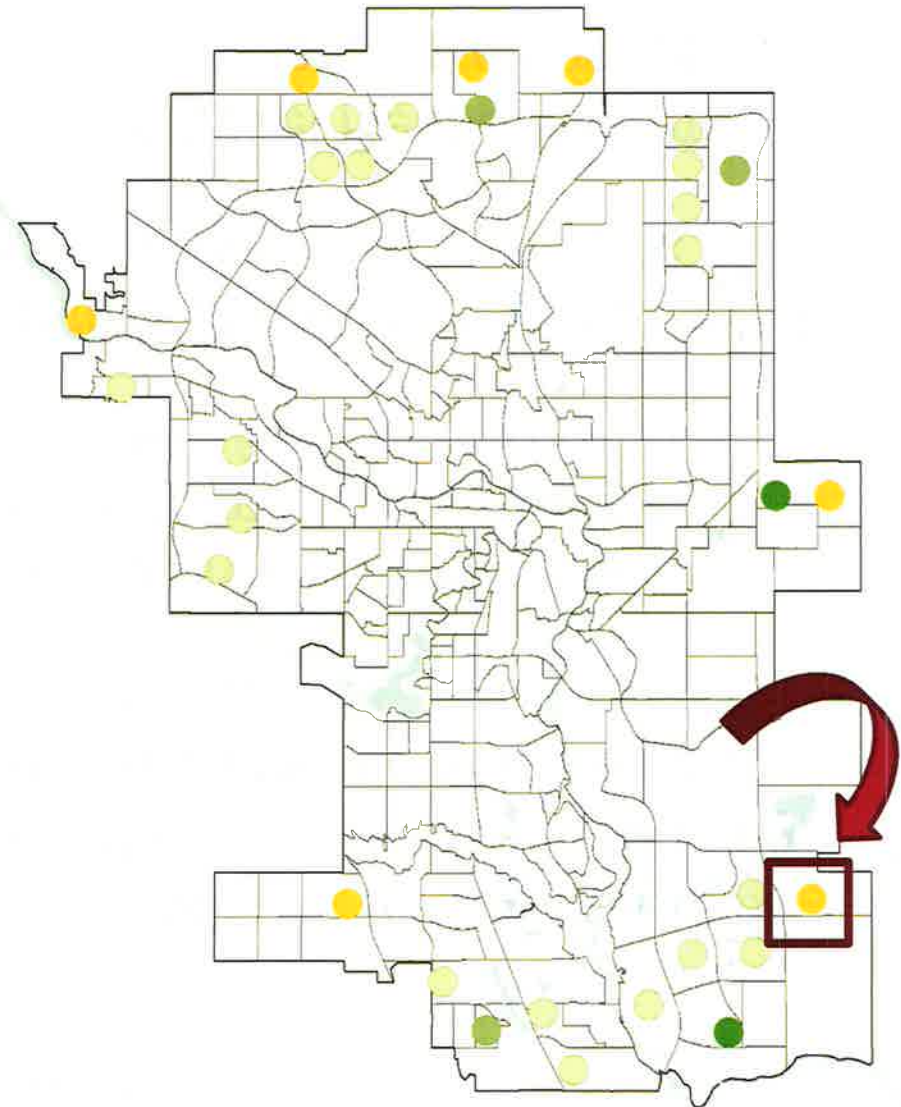
1. Strategic Growth Areas

Ongoing Investment

- Currently Developing Greenfield Areas
- Action Plan / CFA Greenfield Area

Future Investment Areas

- Greenfield Areas



1. Strategic Growth Guidance

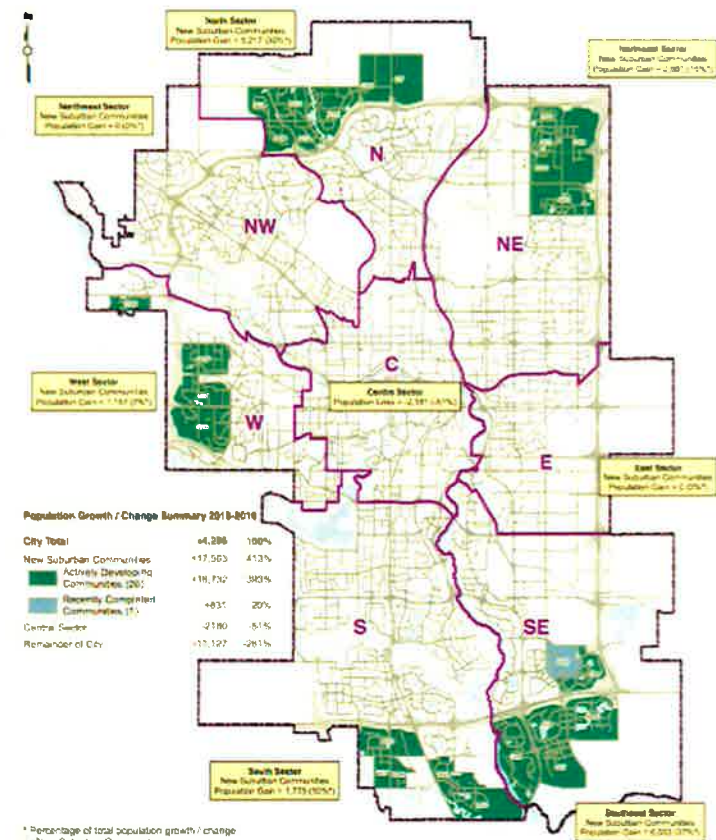
- At completion, new communities in South Shepard will be small relative to average new suburban communities
 - Raises questions about efficiency of City services and viability of mixed uses (commercial/retail)
 - Location is isolated, with an unknown timeframe for greater adjacent development and connectivity
- Funding for community infrastructure is not currently in City budgets
- Location lacks active mode and transit connections to other parts of the city

2. Understanding Market Forces

- Capital and operating investments are aligned to support the MDP/CTP, and are made with attention to growth factors, including geographic choice, housing starts, vacancy rates, and population growth
- Opening new communities increases choice. But it also distributes suburban growth over more areas, leading to increased servicing costs and slower build-out rates
- Population growth in Calgary has been flat in 2016/2017. Net migration was +974 in 2017, after being -6,527 in 2016.
- Suburban growth has been steady at +16,000 people in each of 2016 and 2017

2. Understanding Market Forces

- 26 developing suburban communities
- Existing development capacity for +100,000 people (15,000 single and 32,000 multi units) on serviced subdivided/ unsubdivided lands
- Vacant units have risen to 23,553 (4.76%), a 30 year high
- First new homes starting in Carrington, Livingston, Cornerstone, Yorkville and Belmont in 2017/18
- Demand: 2018-2021 suburban forecast is for 45,000 people (11,000 single and 5,700 multi)



2. Understanding Market Forces

- In the SE sector, existing development capacity for +25,000 people
 - 10,500 units (4,500 single and 6,000 multi units) on serviced subdivided/ unsubdivided lands in Mahogany, Cranston, Auburn Bay, Copperfield, and Seton
- Vacancy rates in the SE sector is 2.2% (542 units)
- South Shepard plan proposes to add 3,277 units and would increase the available supply (35% single residential and 65% multi units)
- Demand: 2018-2021 SE Sector forecast is for 11,900 people or 3,100 single residential and 1,700 multi units

3. Investment Capacity - Capital

- The City supports a healthy, competitive suburban housing market through capital and operating investments
- This is balanced by The City's capacity to finance growth, which is a priority consideration in growth and change decisions
- The City is actively investing in currently developing communities

	Already Spent	Still to Spend	Total
Currently Developing Communities and Action Plan/ CFA Areas	\$2.7B	\$1.3B	\$4.0B

3. Investment Capacity – Capital

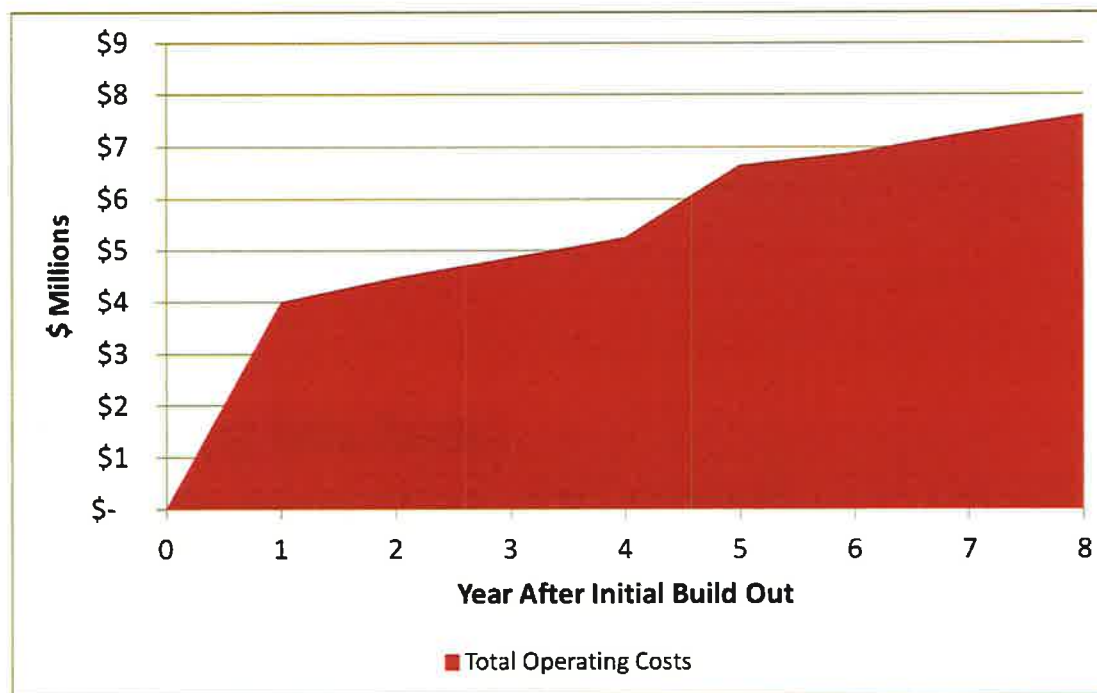
- For development in South Shepard, initial City capital investment of \$1.5M for a temporary emergency response station is required
- Expanded development in the remainder of the ASP requires the following, which are not part of the \$4B:

Infrastructure Type	Capital Costs for ASP Remainder
Transportation	\$140.0M
Water	\$17.1M
Sanitary	\$32.1M
Storm	\$5.4M
Emergency Response	\$18.5M
Other	Library, Recreational Amenity, Operational Workplace Centre

**all amounts 2017 dollars*

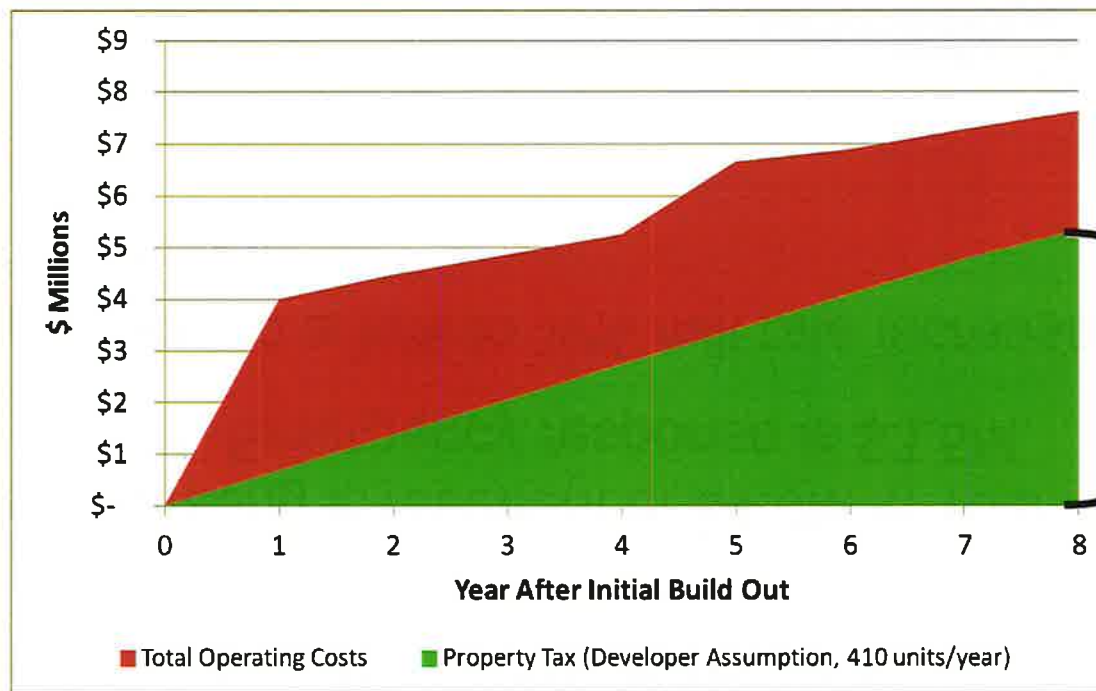
3. Investment Capacity

- City operating investment of \$4.0M in Year 1, rising to \$7.5M by Year 8. Emergency response is \$3.5M.
- Equivalent to a $\frac{1}{4}\%$ to $\frac{1}{2}\%$ mill rate increase by time services are provided.



3. Investment Capacity

- Developer estimates 3,277 units in Overlay removal area by Year 8 (410 per year)



This revenue depends on market strength and amount of growth displaced elsewhere

3. Investment Capacity

- South Shepard capital requirements are not included in 10 year capital plans, and operating cost projections are not included in the next business cycle
- Given the current financial situation there is little capacity to absorb new costs
- As South Shepard costs would be new, revenue from new housing may be redistributed from other communities in Calgary, causing them to slow down
- If the overlay is lifted, priority areas that will be reviewed include Keystone Hills, West Macleod, Rangeview, West Belvedere
- Future Investment Areas like Providence, Glacier Ridge and Haskayne could potentially be impacted as well



Removing the Overlay was not supported in Administration's June 06 recommendation to PFC for these reasons:

- 1. Strategic Growth Guidance** An isolated and relatively small area, leading to concerns about multi modal transportation and efficiency/viability of complete community amenities
- 2. Understanding Market Forces** The City is investing in a number of suburban growth areas sufficient to meet projected demand and provide location and housing choice to Calgarians
- 3. Investment Capacity** Based on strategic growth and current market forces, South Shepard is not a current priority growth area. Therefore, capital and operating costs not included in city plans and projections.

That the Priorities and Finance Committee recommend:

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Thank you