

**CITY WIDE DEVELOPMENT COMMENCEMENT EXTENSIONS
BYLAW 29P2017**

EXECUTIVE SUMMARY

This report is seeking approval to amend the Land Use Bylaw, Bylaw 1P2007, as indicated in Attachment 1 to allow more flexibility in the date by which certain developments must commence under an approved development permit as per Council's direction. This change will extend the commencement deadline from a maximum of four or five years to a maximum of six or seven years by providing the potential for two year extensions instead of one year extensions currently allowed for.

ADMINISTRATION RECOMMENDATION(S)

That Council hold a Public Hearing on Bylaw 29D2017; and

1. **ADOPT** the proposed amendment to Land Use Bylaw 1P2007; and
2. Give three readings to the proposed Bylaw 29P2017.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2017 April 24 Regular Meeting of Council, through PUD2017-0325, Council directed administration to bring forward directly to the 2017 June 12 Combined Public Hearing, without going through Calgary Planning Commission, the necessary amendments to Land Use Bylaw 1P2007 to implement the changes to development commencement extensions as identified in this report.

BACKGROUND

On 2017 April 12, PUD2017-0325 was presented to the SPC on Planning and Urban Development. This report was a detailed analysis of the history of development commencement extensions as well as how the proposed bylaw amendments would affect existing and future approved Development Permits. A representative from BILD Calgary Region spoke in favour of the bylaw amendments and presented a letter which represented support from BILD Calgary Region, NAIOP Calgary and BOMA Calgary (Attachment 2).

The PUD2017-0325 report was forwarded to the 2017 April 24 Regular Meeting of Council and Administration received direction to proceed with the proposed bylaw amendment.

For construction related Development Permits, the development must commence within two or three years, depending on the land use district. The current development commencement extension provisions allow for a maximum of two one-year extension periods, after which the development permit lapses and is no longer valid.

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Applications for development commencement extensions are made by the development permit holder. There is no fee for this service and the delegate of the General Manager of Planning and Development has the discretion to either grant or not grant a commencement extension. If an extension is supported, there are no changes to the approved plans or conditions of approval and there is no opportunity for an appeal to the Subdivision and Development Appeal Board.

Administration has received enquiries to allow additional extensions beyond the two one-year extensions currently allowed. Reasons provided include that there is a soft market for their particular development, construction financing is challenging, or lack of pre-leases. Additionally, there are anecdotal observations that some customers are purposefully delaying development permit approval so that the construction commencement timeline is not started. This causes an increase in backlog applications and introduces inefficiencies in the approvals system. Furthermore, the looming expiry can lead to a token effort at construction commencement to keep their permit from expiring. With no intention to complete the construction at the current time, this can lead to concerns about derelict sites and neighbour complaints.

The amendments to the Land Use Bylaw shown in Attachment 1, replace the one-year extension periods with two-year extension periods which would allow for an extension to the development commencement date of up to four years beyond the standard two or three year period. When an extension is requested by a customer, an administrative review determines if there have been any tangible changes to:

- Land use district of the property;
- Adjacent land use districts;
- Applicable policies;
- Applicable levies;
- Adjacent developments or changes in context; and
- Impacts of uses with separation distances (competitive interests).

If an extension is not granted, the customer may commence development within the original commencement date or make an application for a new development permit when the permit lapses.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

After Administration received direction from Council to move forward with the proposed bylaw amendment, the amendment was prepared as presented to Council on 2017 April 24 (see Attachment 3) and advertised for the public hearing.

Stakeholder Engagement, Research and Communication

In February and March 2017, meetings were held with the Building Industry Land Development (BILD) Industrial/Commercial, Condo/Multifamily Committees. The BILD Committee

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stakeholders were in support of the proposed changes as they are looking for more certainty and stability of their DP approvals.

On 2017 March 15 this concept was presented to the Continuous Process Improvement Advisory Committee that included a broad cross section of industry representatives and was met with widespread support.

A project description and information was provided to the Federation of Calgary Communities on the proposed amendments. They posted information on their blog with links to the draft bylaw and project information seeking comments from community members. No comments have been received.

A letter of support was received which represents support from BILD Calgary Region, NAIOP Calgary and BOMA Calgary (see Attachment 2).

Since direction was received from Council on 2017 April 24, no additional public feedback has been received.

Strategic Alignment

Administration is focused on three key result areas – Advancing the Municipal Development Plan (MDP) and the Calgary Transportation Plan (CTP), Realizing Development and Safe Buildings.

The proposed amendments advance the MDP and CTP by continuing the administrative review on approved developments that have not been constructed to ensure that they still meet the policies and standards of the day. The proposed amendments also increase the likelihood of realizing development since cancelled approvals are a disincentive for the customer to continue to pursue construction.

One of the key principles of the Continuous Process Improvements initiative is to make Calgary a more attractive place for real estate development and redevelopment. The proposed amendment aligns with this principle by taking a pragmatic approach on development approvals.

It is anticipated that the proposal will further the City's Economic Resiliency Strategy, specifically Result #5 (Prepare for Future Growth) and Result #6 (Retain Investment Projects) by allowing industry to quickly respond to improvements in market conditions and accelerate a recovering economy. This impact was observed after the 2008 downturn.

Social, Environmental, Economic (External)

There are no social or environmental impacts as a result of the amendments.

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The proposed amendments support development in Calgary by allowing a balance of certainty for customers and stakeholders while providing more flexibility in the amount of time between the development permit approval and the commencement of construction. This flexibility helps to ensure that Calgary remains an attractive place to do business without compromising future policy goals.

Financial Capacity

Current and Future Operating Budget:

There will be timing differences with respect to monies received and revenue recognized for development and building permits. There will also be timing differences in collecting the Established Area Offsite Levies (EAOL). EAOL are collected at the time of occupancy and a development completion permit. Granting a development commencement extension only delays the time of the levy payment. Longer extension periods will not impact the levy amount a developer owes. It should be noted EAOL hit the operating budget first and are then used to pay the debt financing funding the capital infrastructure.

Current and Future Capital Budget:

There would be minor (if any) implications to the capital budget if development commencement extensions are granted.

Risk Assessment

The proposal would reduce the frequency of 'check ins' with administration from once per year to every other year. Administration feels that this is an acceptable trade-off to reduce the red-tape of reapplying and reviewing annual extension requests. If significant changes to policy, levies, context etc. are anticipated, a shorter extension period can be granted. Changes to a number of factors that influence the appropriateness of an approval extension need to be considered carefully when considering a request. The risk associated with these changes are mitigated through conducting an administrative review. A development commencement extension may not be granted if there have been tangible changes to:

- land use districts;
- applicable policy;
- levies;
- adjacent developments;
- impacts of uses with separation distances (competitive interests); or
- context relative to other developments in the area.

As the current downturn continues, the additional two years of extensions may not be enough to realize all development proposals where builders would aim to take advantage of the extensions. Administration will monitor the data and consult with Industry on the effects of this change.

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If this proposal is not adopted it is anticipated, though current and historical observations, that customers may delay getting their development approvals introducing inefficiencies into the approval process. Additionally projects that are approaching expiry may in some cases make a token effort to commence construction such as stripping and excavation – which may result in inconvenience and complaints by neighbours.

REASON(S) FOR RECOMMENDATION(S):

The City continues to support quality developments during an economic downturn. The amendment improves stability for industry stakeholders by facilitating longer extension time periods without compromising the potential for changes in policy and standards. Support for increasing the length of extension as defined in the Land Use Bylaw has been driven by discussions with members of Council and from customer feedback. Any risks will be managed comprehensively through existing business processes in collaboration with other departments.

ATTACHMENTS

1. Proposed wording to amend Land Use Bylaw 1P2007
2. Letter of support from BILD, NAIOP and BOMA
3. Proposed Bylaw 29P2017