

Background

This report provides a bi-annual opportunity for Council to evaluate new community growth business cases as part of the Citywide Growth Strategy. The evaluation completed by Administration facilitates Council's strategic decision making process in the context of other City growth and budget priorities.

Context

In 2016 October, Administration extended an invitation to new community development proponents to submit business cases in support of new community development in areas of the city that had a Growth Management Overlay (Overlay) in place in an Area Structure Plan. Twelve business cases proposing to initiate development in 16 new communities were subsequently received and reviewed. Proponents were asked to include information responding to criteria that outlined how their lands and development plans advanced the objectives of the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP), met market demand, and contributed to economic development in Calgary through property tax generation, private capital investment and job creation.

In early 2018, Council provided direction for a New Community Growth Strategy (NCGS) through a Strategic Session of Council in January (verbal report C2018-0122), through report PFC2018-0200, and with the setting of indicative rates in report C2018-0489. Foundational to the New Community Growth Strategy, Administration and industry representatives agreed on six principles that were developed together in the fall of 2017 to guide this work, they are; 1) Collaborate, 2) Incorporate a market oriented perspective, 3) Advancing new development, 4) Establishing accountable processes, 5) Cumulative impact considerations on capital and operating costs, and 6) Shared risk.

Administration undertook a review of the twelve business cases received, and on 2018 June 30 brought forward a recommendation of new communities for investment in the One Calgary (2019-2022) service plan and budget. Also, through the One Calgary process and subsequent to the setting of indicative rates, Administration identified recommended investments for the 27 actively developing communities which were not subject to Growth Management Overlays, but did have outstanding infrastructure needs.

To fund the investments required to service the 14 new communities approved through report C2018-0900 plus the 27 actively developing communities identified in report PFC2018-0200, dedicated funding sources were identified through the One Calgary (2019-2022) service plan and budget that included utility rates, off-site levies and dedicating a specific portion of the property tax rate increase for 2019-2022 for the 14 new communities and the 27 actively developing communities. The dedicated property tax rate is intended to fund The City's portion of capital and the direct incremental operating costs to serve these communities. Council approved a property tax rate increase of 0.75 per cent in 2019 for new communities and a tax rate increase of 1.4 per cent in 2019 and 0.4 per cent per year in 2020-2022 for actively developing communities. The Off-Site Levy Bylaw was updated to include necessary capital infrastructure to serve these new communities through report PFC2018-0973 on 2018 November 12. The identification of the investments and updates to these tax and non-tax supported funding sources resulted in a total cost and revenue package of \$488 million for the 2019-2022 period.

In 2018 July, Council directed Administration to bring the next recommendations for new

community growth and development approvals by no later than 2020 March, and in coordination with the One Calgary (2019-2022) service plan and budget Mid Cycle Adjustment process. The rationale behind this direction at the time was that the review of new community growth opportunities every two years would provide the following benefits:

1. Allows for ongoing and predictable decision-making timing for Council and the development industry;
2. Aligns with the City budget cycle timing in order that growth opportunities be considered cumulatively at the same time, and also alongside other City budget priorities; and
3. Allows a biannual check of market demand conditions, and an opportunity for action should additional investment be necessary to create capacity in the market.

Current New Community Naming and Number References

At the time of Council's approval of the 14 new communities in 2018 July, a community was defined generally by the community boundaries approved within Area Structure Plans. Many of the approved business cases represented a portion of a new community, with additional development within the community expected to be brought forward later. Since that time, many of the business cases have moved forward in the land development process and have received Council approval of new community boundaries and names. These new community boundaries and names no longer add up to 14. For consistency, Administration continues to reference the 14 new communities as they were approved in 2018 July. To avoid this from occurring in the New Community Growth Strategy 2020 process, Administration only refers to the 11 business cases as business cases and not communities.

In the fall of 2019, Administration brought forward report PFC2019-1062 seeking direction from Council on how to proceed with the New Community Growth Strategy (NCGS) 2020 review. Since the direction in 2018, the Calgary Region housing market had slowed and The City's financial position had become more constrained. Council had also prioritized completing the other two components of the Citywide Growth Strategy, Established Area Growth and Change Strategy and Industrial Area Growth Strategy, directing resources accordingly. Due to the change in context, a modified NCGS 2020 process was devised whereby an initial screen would be performed on interested business case proponents and any recommended business cases have to 1) comply with no operating costs prior to 2027 and 2) have no City-funded capital costs required to support the initiation of development.

Project Alignment with Next Generation Planning and the Municipal Development Plan and Calgary Transportation Plan

Next Generation Planning is a new way of planning that ensures our citizens, and the people who move to and invest in Calgary, can make a great life and a great living in our city. It's a better way to plan our future. We're enabling development and investment through clear, accessible plans, strategies and tools that strategically guide and support growth. This program of nine initiatives provides a coordinated and clear planning system for the whole city, modernizes our planning and development approach, updates and simplifies policy to implement the MDP/CTP, and creates a better toolbox to allow for development and investment in Calgary (see Attachment 2 for more information).

This approach to planning supports and grows our communities so they continue to thrive and are prosperous for years to come. When our communities thrive, so does Calgary.

These nine Next Generation Planning initiatives allows professionals from different backgrounds, to collaborate, align and close gaps between our MDP/CTP, local planning and development activity. The results is enabling growth and investment in Calgary's communities. The NCGS leverages/implements the NEXT20 MDP project and provides the foundation for/enables partnerships and investment. The NCGS aims to:

- Communicate capital and operating costs of new growth to all stakeholders;
- Ensure City infrastructure is delivered during the budget cycle in alignment with development; and
- Work towards the growth and change framework of the Municipal Development Plan.

Previous Council Direction

Below is complete list of recommendations from report PFC2019-1062. Item 7 is included on the 2020 October 13 Priorities and Finance Committee agenda as report PFC2020-0962.

That Council direct Administration to:

1. As a modification to the established process of regularly receiving business cases for new communities that recognizes the City of Calgary's current economic constraints, Administration may recommend a limited number of growth opportunities to Council, that must meet the following criteria:
 - a. no required capital from the City of Calgary to initiate development;
 - b. no required operating costs in the current One Calgary (2019-2022) budget or the next (2023-2026) budget cycle, without a proposed mitigating solution, that does not include tax and utility rate increases using the existing model and any improvements made by the date of review;
 - c. completing areas of previously approved communities and leveraging capital investments already made in 2018 and prior years;
 - d. property tax generation potential; and
 - e. levy generation potential that funds new and established areas.
2. Invite landowners to submit a one-page proposal (with a template to be provided) by December 31, 2019 to demonstrate how their proposed business case meets the criteria noted above.
3. In consultation with Calgary Economic Development's real estate pillar experts, Administration will determine which growth opportunity areas will continue to full business case review, and will then invite business cases from related landowners by January 31, 2020 with a submission deadline of March 13, 2020.
4. Review business cases by May 29, 2020, with subsequent dialogue with proponents and a summary of approved and rejected cases to be forwarded to October 13 2020 Priorities and Finance Committee for review, discussion and recommendation. Recommendations will be forwarded to the following Council meeting for decision.
5. Evolve the practice of looking at a direct incremental operating cost model to a full operating cost model, in conjunction with other stakeholders. A briefing on progress toward the new model will be presented at 2020 June 9 Priorities and Finance Committee meeting, with a targeted timeline for completion of no later than Q3 2021.
6. Explore the phasing out of the growth management overlay, and report back to Priorities and Finance Committee no later than Q2 2020 with options to better align to our current economic situation and that creates policy that encourages a business-friendly environment and further development investment and retention in Calgary.
7. Bring a 2020 Growth Strategy Monitoring Report to Council through Priorities and Finance Committee by no later than 2020 October;

8. Remain committed to the following 4 guiding principles outlined in Attachment 3 through this modified process for business cases for growth:
 - a. Recognize the principle of shared risk that Industry and Administration agreed to as part of the New Community Growth Strategy 2018 work;
 - b. Address City financial constraints related to capital and operating funding availability;
 - c. Address City resourcing constraints related to work plan priorities; and
 - d. Continue to drive toward a Comprehensive Citywide Growth Strategy that includes new communities, established areas and industrial areas for 2022 March.

Following Council it was determined through discussions with Calgary Economic Development and Councillors that Calgary Economic Development's real estate pillar experts would not be involved in the process due to a conflict of interest.

Items five and six have been postponed to 2021 and Q2 2021 respectively.

New Community Growth Strategy

