

Background and Previous Council Direction

This attachment provides background to the historical context of the Growth Management Overlay and New Community Growth Strategy Business Case evaluation process, and gives an overview of the Council direction to which this report responds. This broader report outlines an approach to undertake near-term refinements to the Business Case review process ahead of the 2022 Business Case evaluation, in order to ensure an effective and efficient path forward for Industry and Administration ahead of the development of the 2023-2026 service plan and budget. These near-term refinements are complemented by a longer-term commitment to rethink the Growth Management Overlay mechanism, with a view to improving its business-friendliness while ensuring a link between development approvals and infrastructure investment decisions and continued consideration of Municipal Development Plan/Calgary Transportation Plan Alignment, Financial Impact, and Market Demand.

Background

History

The Growth Management Overlay policy tool emerged from a period of changing approaches to decision making around local area planning, land use approvals, and City servicing for new community development.

In the 2000s, Area Structure Plans were the key mechanism for Council to decide on where to invest in growth, in the context of an overall Municipal Development Plan target of 5 years supply of serviced land that has infrastructure in place (sanitary, water, storm water, transportation, and emergency services), and a 15 year supply of planned land that is within a Council approved Area Structure Plan but may not yet be serviced by infrastructure and may not yet be ready for subdivision and development (the 15 year planned land supply was inclusive of the 5 year serviced land supply). Both targets have been included in Municipal Development Plans since at least the Calgary Plan (1998); the serviced land supply target was amended to 3-5 years as part of the 2009 plan approval. By initiating and then approving an Area Structure Plan, City departments would respond by programming required capital and operating investments into service plans and budgets, blend funding needs into tax, utility and off-site levy rates, and action implementation activities to deliver the infrastructure and services.

By 2012, the situation had evolved such that more Area Structure Plans had been adopted than could be serviced using existing funding capacity. The City subsequently entered into a number of infrastructure front-ending agreements, which temporarily deferred City payments, however The City was unable to sustain the costs of such agreements as they accumulated and required repayment, as well these agreements counted as debt on The City's balance sheet. The result was ultimately that having an approved Area Structure Plan could no longer serve as a guarantee of the required land servicing in the short term, and a new regulatory mechanism was needed.

In this context, Administration introduced the Growth Management Overlay as a means to signal to Council and new community developers which lands were serviced or funded for servicing within an Area Structure Plan. Lands that were not serviced or funded for servicing had a Growth Management Overlay applied, via a map inside the plan. This was first introduced in 2012 in three Area Structure Plans (Keystone, South Shepard, and Belvedere). With this policy

mechanism, approval of Outline Plan/Land Use applications was not permitted as The City did not have the funding to deliver the capital and operating investments necessary to support development.

Following the approval of the three aforementioned Area Structure Plans, Administration and Industry collaborated on a series of eight developer-funded Area Structure Plans covering over 4,000 hectares of land, confirming that the Area Structure Plan approval could no longer regulate the ability to move further into the planning continuum. The “New Area Structure Plan Process” report (C2013-0057) detailed the parameters for the developer-funded plans and also articulated the function of the Growth Management Overlay, which was then adopted into the New Community Planning Guidebook within the Municipal Development Plan.

As the inventory of planned land supply grew with approved Area Structure Plans, this led to the need for a strategic and transparent process by which to identify where to proceed with servicing. Alignment with City policy and objectives, facilitating a competitive housing market related to demand, and sound stewardship of limited financial resources were identified as critical components.

The first process attempt was the prioritization and sequencing process in the Framework for Growth and Change, circa 2013. This process led to infrastructure and operating approvals captured in the 2015-2018 service plan and budget.

A new evaluation was introduced in 2018 with the Business Case review process (PFC2018-0200), which resulted in recommendations to Council in 2018 and again in 2020. These reviews considered Municipal Development Plan/Calgary Transportation Plan Alignment, Market Demand, and Financial Impact as the three key factors in the evaluation. The next round of Business Case reviews will take place in 2022. In this coming round, the Business Case reviews will be further aligned with citywide comprehensive strategic growth decisions, by balancing investment in new communities with that of established and industrial areas – a true Citywide Growth Strategy.

Current Application

Presently, the Growth Management Overlay is a neutral tool to flag the existence of infrastructure servicing (or lack thereof) within a statutory Area Structure Plan, with the Business Case review process as the transparent intake route to inform Council's strategic decision making at service plan and budget time. This ensures a holistic consideration of the big picture of proponent proposals for land development, allows for consideration of City policy and informs investment of limited resources in a strategic way.

In this sense, the Growth Management Overlay is a mechanism to ensure that new community development approvals work within the constraints of available funding, as established by Council. The Business Case review is the process to help ensure that those service plan and budget and funding decisions are informed by market factors and growth readiness through collaboration with Industry.

Looking Forward

The *Refine and Rethink* approach put forward in this report endeavours to improve the Business Case review process in the near term to ensure a successful 2022 round to inform the 2023-2026 service plan and budget, and to continue ongoing work to rethink this system more fundamentally beyond this point.

In a future scenario where the Growth Management Overlay has been phased out, the need will remain for an instrument to indicate where lands have been serviced (or not) through budget decisions. The Rethink component of the approach outlined in this report will address this need while focusing on strategies to ensure that evaluation of alignment between investment decisions and land use approvals is done in a simplified and streamlined way that recognizes the need to maintain a competitive and attractive investment environment.

Project Alignment with Next Generation Planning and the Municipal Development Plan/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 result is enabling growth and investment in Calgary's communities.

The Citywide Growth Strategy: New Communities leverages/implements the NEXT20 MDP project and provides the foundation for and enables partnerships and investment. This Strategy aims to:

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

The *Refine and Rethink* approach outlined in this report represents continued collaboration within the Citywide Growth Strategy: New Communities framework and continuous improvement of the mechanisms and processes used to support investment and land use decision making.

Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2020 November 02	PFC2020-0962	New Community Growth Strategy 2020 Business Case 2020 New Community Growth Strategy adopted; 11 Business Case proponents invited to resubmit these applications during the next review process.
2020 June 15	C2020-0698	Defer 2020 Q3 and Q4 Reports to Later Date in 2021 Deferral to 2021 Q2.
2020 March 16	PUD2020-0016	City Planning and Policy 2020 Work Plan Deferral to 2020 Q4.
2019 November 18	PFC2019-1062	Growth Strategy Monitoring Report Council direction received to 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.
2018 July 30	C2018-0900	New Community Growth Strategy 2018 – Further Review and Analysis Directed through PFC2018-0678 Approval of funding and direction to pursue Growth Management Overlay removal for 14 new communities.
2018 March 19	PFC2018-0200	New Community Growth Strategy Introduction of the Business Case review process.
2013 March 14	C2013-0057	New Community Growth Strategy Introduction of the Growth Management Overlay mechanism.