

Consideration of a Municipal Development Plan Amendment to add a Strategic Growth Location

RECOMMENDATION:

That the Standing Policy Committee on Planning and Urban Development recommends that Council direct Administration not to add a strategic growth centre and to abandon considerations for adding an additional Major Activity Centre identified on Map 1: Urban Structure, of the Municipal Development Plan.

HIGHLIGHTS

- Administration is currently reviewing a land use/outline plan application, referred to as “Midtown Station”, located at the SE corner of Glenmore Trail and Macleod Trail SE (see Attachment 1, Figure 1: Area Context). The application requires an amendment to the Municipal Development Plan (MDP) to add a Major Activity Centre (MAC) in Fisher Park.
- *What does this mean to Calgarians?* The City is ensuring previous public and private sector investments made in other activity centres are supported so the city continues to grow as envisioned in the MDP.
- *Why does this matter?* Changes to the MDP can impact citizens, business owners, and other stakeholders.
- Council recently confirmed strategic growth areas through the 2020 February 08 approval of the updated MDP (Bylaw 49P2020, PUD2020-1106). Committing to strategic growth decisions and enabling the build-out of existing areas leads to complete community development.
- While development at this location would contribute to growth in the established area, the proposed MAC is not likely to increase new multi-residential, commercial, or retail demand beyond the City’s forecasted growth and may shift demand from existing strategic growth areas presently well-served by transit and amenities.
- The proposed scale and intensity of the application is greater than the Downtown or East Village. Council has recently committed \$200M to the revitalization of the Downtown Core and adding a MAC with the proposed intensity is likely to make it more difficult to reinvigorate the Downtown.
- This report does not preclude future development. Redevelopment of the greater area which includes the subject site in alignment with the MDP is encouraged. This objective is being considered through the ongoing Heritage Communities Local Area Plan (LAP) process.
- Strategic Alignment to Council’s Citizen Priorities: A city of safe and inspiring neighbourhoods.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

On 2020 January 9, Administration received the complete application for the Midtown Station proposal. The application proposes the development of a high-density, mixed-use transit-oriented node on a 12.78 hectare site in the Fisher Park Business Park area that is currently under single ownership. The development proposes a developer-funded and developer-constructed infill Light Rail Transit (LRT) station between the existing Chinook and Heritage LRT stations, to support the proposed intensity of 1,300 people and jobs per hectare (based on the developer’s Business Case). For context, this proposed intensity is higher than the estimated

Consideration of a Municipal Development Plan Amendment to add a Strategic Growth Location

867 people and jobs per hectare of the downtown commercial core. Attachments 1 and 3 offer additional details on the application and intensity.

The purpose of this report is to present Administration's evaluation and recommendation on the strategic growth decision with respect to the MDP Amendment required to enable the proposed development. Attachment 4 outlines the pros and cons that Administration considered.

Due to the complexity and scale of the application, additional studies and evaluations are required concurrent to Administration's review of the application. This includes:

- (1) an LRT Functional Planning Study to assess the proposed developer-funded and developer-constructed infill LRT station (completed);
- (2) a growth-based City investment business case (not completed); and
- (3) a Special Development Agreement (SDA) to outline the developer's responsibilities associated with funding and construction of the LRT station (not completed).

These aspects of Administration's evaluation of the application are not subjects of this Report and will be continued through the land use/outline plan application process.

Overview of the MDP and Strategic Growth

Due to the design, scale and intensity of the proposal, an amendment to the MDP is required for the application to align with City policy. While the MDP promotes intensification of population and jobs, it intentionally focuses this intensification in strategic growth locations – as illustrated in Map 1: Urban Structure. The MDP identifies the nearby Chinook MAC as high intensity. The subject area is not currently identified for this level of intensification.

When amendments to the MDP Urban Structure are proposed, consideration must be given to the financial uncertainties, impacts to local, city-wide and regional relationships, and site constraints. Administration reviewed the proposal based on these considerations to assess its merits as an additional location for growth. The review concluded that while the proposal promotes growth within the developed area and helps to achieve the MDP growth targets, amending the MDP to create a new MAC at the Midtown Station location could impact revitalization efforts for the Greater Downtown, impact the return-on-investment of public and private investments made in existing growth areas; and may have long-term financial implications for The City. Additionally, the application does not meet the connectivity requirements of a MAC as outlined in the MDP. Details of the MDP analysis and pros and cons analysis can be found in Attachments 2 and 4 respectively, with a summary provided below.

Contributing to Growth in the Established Area

Section 5 of the MDP outlines the strategic framework for growth and change and is intended to guide the location of new jobs and homes and the integration of transportation system, among other things. Promoting a more compact urban form is a part of this principle. The proposal contributes to the City's population growth targets by prioritizing redevelopment in the developed area and directing capital investment towards intensification of the developed area.

Impact to the Greater Downtown Activity Centre

The MDP identifies the Greater Downtown as the city's principal Activity Centre and the primary hub for business, employment, living, culture, recreation and entertainment. The City's plan for the Greater Downtown Area is to accommodate at least 232,000 jobs and 70,000 residents over

Consideration of a Municipal Development Plan Amendment to add a Strategic Growth Location

the next 60 years; supported by Council's recent commitment of \$200M into reinvigorating the Downtown as well as investments into East Village, the Rivers District, the BMO and Event Centres and associated transportation infrastructure.

Increasing the supply of land area with a MAC typology between the third and fourth LRT station from Greater Downtown is not likely to increase demand and could negatively impact Downtown's ability to prosper. The proposed new MAC's density is approximately 33 per cent higher than the downtown commercial core. The future 16,600 additional people and jobs in the new MAC is approximately six and-a-half (6.5) times the minimum intensity requirement of a MAC, as outlined in the MDP.

Impacts on Growth Area Investments

The addition of a new MAC to the MDP increases the number of intensive growth areas. This can spread forecasted tax revenue across a higher number of areas, which weakens The City's ability to fund the required capital and servicing for targeted strategic growth areas. Additionally, a new MAC will potentially redistribute demand in approved growth areas that have both private and public investment such as the Greater Downtown, University District, Currie Barracks, Westbrook and Anderson Stations and the East Village; potentially extending the build-out of these areas and the timeframe for the City see a return on the investments made.

Financial Implications

Section 5.2.5 of the MDP supports development patterns that help The City achieve a well-run and fiscally sustainable city. As identified in Attachment 4, there would be financial implications to the City's operating and capital budgets as growth in this area will require infrastructure upgrades, expanded local library services, water servicing trunk upgrades and operations of the new LRT station. A full analysis of capital and operating costs has not been completed; however, an initial analysis indicates that there would be a shortfall in property taxes collected compared to operating costs incurred. The City recognizes the risk that the development may slow or stall before a critical mass is reached. These unknown costs are identified at a time when there is increasing competition for capital and operating funds within the City's budget, and when Council has prioritized investments in support of redevelopment underway in other growth areas. The proposal's high level of intensity risks impacting the build-out horizon of existing Activity Centres, where public investments, such as the reconstruction of the Chinook LRT station and improvements to 61 Avenue SW, have recently been made, potentially delaying the return on investment.

Challenges with creating a complete community

This location presents many physical challenges to accommodate significant intensification. Many site constraints contribute to the isolated nature of the subject parcel, challenging its future functionality as a complete community. Because the subject parcel is bound by major skeletal roads, LRT tracks and Canadian Pacific Railway right-of-way, there are significant challenges to providing pedestrian connections to adjacent communities, where many City services (e.g. library, open space, schools, recreation facilities, etc.) are currently located.

Administration Resources, Planning's 2021 Work Plan, and Public Engagement

Due to the complexity of the application, significant Administrative and consulting resources have been thus far allocated for its review. In addition to the growth-based City investment

Consideration of a Municipal Development Plan Amendment to add a Strategic Growth Location

business case and LRT Functional Planning Study, Administration is currently working on a third-party evaluation of the multi-residential redevelopment market analysis.

Should Council decide not to support Administration's recommendation, further resources will be required to undertake an MDP amendment, including:

- Adding an item to Planning & Development's 2021 work plan to initiate a review and amendment to the MDP, including public engagement and subsequent review by the Calgary Metropolitan Region Board;
- Identifying work currently on the 2021 work plan that should be paused or delayed in order to provide the necessary resources for this new project; and
- Preparing agreements and studies necessary for the evaluation of the application, including the creation of a Special Development Agreement (SDA) that will outline the developer's responsibilities regarding funding and construction of the infill LRT station.

Conclusion

Based on Administration's consideration of MDP alignment, the risks of adding additional MAC land supply, and the potential for public capital and operating costs, Administration recommends not adding an additional MAC to the existing urban structure and continuing to support identified strategic growth areas where private and public investments are already in place or planned.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☐ Public Communication or Engagement was not required
- ☐ Public/Stakeholders were informed
- ☒ Stakeholder dialogue/relations were undertaken

Administration has met with the applicant multiple times before and throughout the application process and identified policy concerns through two Detailed Team Reviews.

Applicant-Led Outreach

Administration considers the engagement to date insufficient to support an MDP Amendment and recommends a variety of communication and public engagement methods to engage a city-wide audience on its implications. As part of the review of the proposed application, the applicant was encouraged to use the Applicant Outreach Toolkit to assess the level of outreach with public stakeholders and respective community associations. In response, the applicant engaged with neighbouring communities. The Applicant Outreach Summary can be found in Attachment 5.

IMPLICATIONS

Social

The recommendation supports a continued focus on developing a citywide development pattern (urban structure) which strategically considers and enables sufficient growth capacity to help meet policy goals. Strategic growth of complete communities in functional locations promotes redevelopment and revitalization throughout the city to support liveable, people friendly environments.

Consideration of a Municipal Development Plan Amendment to add a Strategic Growth Location

Environmental

Support of existing strategic growth nodes, as recommended, increases the efficiency of City service delivery, related costs, and reduces the need for additional built infrastructure. This approach respects the Climate Resilience Strategy by supporting the reduction of Green House Gas (GHG) emissions.

Economic

Administration has identified that there is currently an undetermined capital and operations risk of adding another growth node in this location. Increasing the number of areas for strategic growth is not required to support MDP outcomes. While growth in this area may lead to private investment, it is not likely to be new growth, and will lessen investment in other key areas, including the Greater Downtown.

Service and Financial Implications

Administration's recommendation has no impacts to services or budgets. Should Administration's recommendation not be accepted, and if Committee recommends that Council direct Administration to pursue an MDP amendment, operating and capital cost impacts will need to be determined. In addition, this work may impact other projects on Planning & Development's 2021 work plan, including implementation projects in existing priority growth areas.

RISKS

There are risks associated with adding a new strategic growth area in the established area during a period of slower economic growth. Risks include:

- **Infrastructure and Servicing Investment:** in terms of the need for a Special Development Agreement to protect against financial risk related to delivery of the proposed LRT station. There are also public funding needs to realize infrastructure and services in this area.
- **Public and Private Investment:** the proposal's high level of intensity risks impacting the buildout horizon of existing Activity Centres where both public and private investments have recently been made, potentially delaying the return on investment.
- **Market Demand:** in terms of uncertainty around the pace of development in a slow market, absorption rates of new units, competition with existing strategic growth areas, and consequent timing of operating cost recovery of the proposed infill LRT station through property tax, utility rates, and ridership revenue.
- **Policy Alignment:** in terms of ensuring that appropriate development guidance is in place to support MDP-aligned planning, urban design, public realm, social, economic, and resilience outcomes.

ATTACHMENTS

1. Background and Previous Council Direction
2. Municipal Development Plan Evaluation
3. Strategic Growth Areas and Supply
4. Pros and Cons Summary
5. Applicant Outreach Summary

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Page 6 of 6**

**Consideration of a Municipal Development Plan Amendment to add a Strategic
Growth Location**

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