

Citywide Growth Strategy – Analysis on Three New Community Business Cases

RECOMMENDATIONS:

That Infrastructure and Planning Committee recommend that Council:

1. Direct Administration to bring amending bylaws to remove Growth Management Overlays associated with the three business cases (or partials, as applicable) directly to a Combined meeting of Council, following approval of the 2023-2026 Service Plans and Budgets; and
2. Endorse Administration's approach to mitigating the risks noted within this report.

HIGHLIGHTS

- The Citywide Growth Strategy in the 2023-2026 Service Plans and Budgets (IP2022-0545) report identified eight new community growth business cases for consideration in the next four-year budget cycle. The City uses a Growth Management Overlay to indicate where there is a need for City infrastructure and services to be funded before land development can occur. On 2022 July 26, through IP2022-0545, Council directed Administration to bring forward Growth Management Overlay removals for five of the business cases. On the three that Administration identified as could be considered with caution, direction was given to further analyze and report back with a more comprehensive recommendation. This report addresses the second part of this direction.
- What does this mean to Calgarians? The Citywide Growth Strategy delivers balanced growth for Calgarians. This is an opportunity to help realize Council's objectives for economic, climate and social resiliency, which support a sustainable future. Responsible growth in new communities is an important part of citywide growth, and business cases are evaluated on balance with risks.
- Why does this matter? Calgarians should understand how The City makes new community growth decisions – by considering Municipal Development Plan/Calgary Transportation alignment, market demand, financial impacts and capacity. This report demonstrates the evaluation for three new community business cases and includes a path forward to development.
- Following an assessment, Administration's recommendation is that the business cases (or partials, as applicable) be supported, acknowledging the risks and issues, which are mitigated by strategies detailed in this report.
- Strategic Alignment to Council's Citizen Priorities: A prosperous city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

On 2022 July 26, Council directed Administration to undertake further analysis on three new community business cases and to report back with an updated recommendation. These three business cases were reviewed as part of the Citywide Growth Strategy in the 2023-2026 Service Plans and Budgets report (IP2022-0545). Further background and details on the new community growth component of the Strategy can be found in Attachments 2, 5, and 6 of that report.

Citywide Growth Strategy - Analysis on Three New Community Business Cases

The three business cases are: Rangeview Trafford WestCreek within the Rangeview Area Structure Plan, and the Glacier Ridge C Qualico and Glacier Ridge D Cabana Brookfield in the Glacier Ridge Area Structure Plan (a map can be found in Attachment 2).

Opportunities, Issues, and Risks

In IP2022-0545, Administration identified opportunities associated with enabling these areas to start growth in 2023-2026, including:

- Increasing supply in two of Calgary’s fastest growing new community market sectors;
- Increasing competition and choice, potentially supporting affordability;
- Leveraging existing infrastructure capacity;
- Realizing development along key streets; and
- Attracting new people to support local private and public amenities.

IP2022-0545 also identified that these three business cases “may be supportable if risks around servicing, operating cost efficiency and absorption can be mitigated”. To this end, Administration identified two issues and two risks, and has identified mitigation strategies for each.

#	Issue	Mitigation Strategy
11	Status of supporting infrastructure and operating investments in the 2023-2026 budget	Hold growth approvals until certainty is achieved when the 2023-2026 operating and capital budgets are finalized
12	Operating costs in the business cases exceed revenue collection at different points in time as services are introduced	Explore potential flexibility in how City services are introduced into new communities, particularly transit service

For Issue 1, the three business cases do not trigger any new infrastructure investments; however, they do depend on two investments that have already been triggered by growth in the vicinity. Administration considers these investments necessary for development in the two Glacier Ridge business cases to proceed (Glacier Ridge C Qualico and Glacier Ridge D Cabana Brookfield):

- i. **144 Ave NW Extension between Symons Valley Road and Panorama Road / 24 St NW, including the West Nose Creek crossing** (remaining requirement \$48M)
- ii. **Mountain View Pump Station Upgrades** (\$5M)

It is recommended to wait to remove associated Growth Management Overlays until after the 2023-2026 Service Plans and Budgets are approved by Council in 2022 November to confirm that funds for those projects are available. This also gives time to discuss and finalize overlay removal areas with proponents, conduct circulations with regional municipalities, and complete required public hearing advertising. A definitive decision on the removal of Growth Management Overlays could then occur quickly following budget decisions.

For Issue 2, Administration found in the financial impact analysis that operating costs may exceed revenue collection in later years, primarily attributed to public transit operating costs. Approving new community business cases carry risk with respect to the pace of growth and the

Citywide Growth Strategy - Analysis on Three New Community Business Cases

related servicing costs to The City, particularly services with higher and less flexible costs. The City endeavours to introduce partial transit service in year five and full service in year eight from the start of development. If growth is slower than anticipated, population (and ridership revenue) may not align with City-funded servicing costs at those points in time. In terms of the three business cases, strategies were identified to help mitigate this risk, however they carry implications for The City, proponents and transit riders.

- i. **Link service to number of existing homes rather than community age:** This could better balance cost with population, property tax, and fare revenue. This is a transit operational decision that would balance efficiency with expectations and service goals.
- ii. **Phase development to enhance transit efficiency:** Phasing development near existing or pending transit service can enable access for new residents. However, other factors related to land development (e.g., drainage catchments) may outweigh transit service efficiency for phasing decisions; it may not be possible in all cases.
- iii. **On-demand transit service:** Calgary Transit is currently piloting on-demand service in both new and developed communities (see C2022-0831 Calgary Transit On Demand Update for more information). Like option (i) this would be a transit operational decision made separately from Growth Management Overlay removal or development approvals.

#	Risk	Mitigation Strategy
R1	Growth approvals and available existing infrastructure capacity are unaligned	<u>In Glacier Ridge:</u> Align Growth Management Overlay removal areas to the existing total remaining water service capacity through the use of partial approvals
R2	Increased pressure to fund infrastructure investments for new community growth when needed given overall capital budget constraints	Monitor and report on growth progress and costs related to approvals, and the commitments made by The City, outlined annually through the Citywide Growth Strategy

For Risk 1, water infrastructure network capacity limits further growth for both Glacier Ridge C Qualico and Glacier Ridge D Cabana Brookfield to a total population of 4,000, or ~1,350 homes – or approximately one third of the proposed development in the business cases. This led Administration to recommend that this capacity be split between the two business cases and that only a portion of the proposed growth be approved at this time. Further growth can be considered once the North Water Servicing Option (\$460M in infrastructure investment, anticipated by 2029) provides more capacity. This would help realize the vision for growth along 144 Avenue NW between 14 Street NW and West Nose Creek, help increase market access in the sector, and provide greater choice for home buyers.

Administration worked with the Glacier Ridge C proponent (Qualico) to identify the areas where partial Growth Management Overlay removal could enable development given the existing capacity constraint. Administration also worked with the Glacier Ridge D proponent (Brookfield) to discuss options. These conversations are ongoing.

Citywide Growth Strategy - Analysis on Three New Community Business Cases

For Risk 2, the infrastructure required to support new community growth citywide beyond 2027 are estimated to be \$4.4B. This important context demonstrates how new community areas will require significant infrastructure investment as they grow and change. When revenue is insufficient to match costs, shortfalls occur and timelines are impacted. Administration will continue to monitor infrastructure requirements and report to Council as necessary.

Conclusion and Next Steps

Administration supports approval of the business cases (or partials, as applicable) under these circumstances based on a commitment to monitoring and mitigating these risks. Support from Council on the report recommendations would indicate an endorsement of these mitigation strategies. The success of mitigation is dependent on the pace of growth through 2023-2026 and beyond and accepting flexibility in the introduction of leading services such as transit.

As per the issue regarding infrastructure approvals in the 2023-2026 Service Plans and Budgets, Administration is recommending that Growth Management Overlay removals be considered following the approval of budget when there is certainty of infrastructure funding. The time between can be used to address other unresolved or incomplete items, including setting Growth Management Overlay removal areas, information sharing with proponents, regional circulations, and public hearing advertising.

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

Discussions were held with proponents in 2022 July and August to discuss Growth Management Overlay removal areas and explore mitigation strategies.

IMPLICATIONS

Social

This work supports a balanced, citywide growth strategy through evaluating new growth opportunities using a holistic set of evaluation factors. Any business cases approved for new growth are expected to offer housing choices that facilitate a diversity of lifestyle options, while helping support affordability for Calgarians.

Environmental

Future growth in these business case areas would increase citywide GHG emissions, increasing climate risk through exposure of developed lands and assets to climate hazards, and remove a wide range of natural assets and ecosystem services. Specific measures to support the Calgary Climate Strategy Pathways to 2050 will be considered at future stages of development, in collaboration with stakeholders. These may include the protection of remaining natural assets, deployment of climate risk reduction measures to future built and natural assets, transit-supportive community design, or green building technology.

Citywide Growth Strategy - Analysis on Three New Community Business Cases

Economic

Investments in growth and development are an important economic driver for Calgary. Regulatory certainty for these three business case areas helps initiate private investment and drive job creation in alignment with the Municipal Development Plan goal of a creating a prosperous and diverse economy [Part 2.1], while providing places to live, work and play for Calgarians.

Service and Financial Implications

Other:

[\\$225K](#)

All growth requires funding and investment. The 2023-2026 operating budget requirements for these three business cases is estimated to be \$225K. However, total operating funding may not be required if growth is slower than anticipated. There will be increasing operating cost requirements beyond the 2023-2026 budget cycle.

Analysis on these lands as part of IP2022-0545 concluded that no capital infrastructure investments are triggered by these business cases in order to initiate development. They will, however, benefit from previous, current, and future City infrastructure investments.

RISK

There is one other notable risk associated with this report beyond the risks identified above:

Climate: Removal of Growth Management Overlays in these and other business case areas is not well aligned with the Climate Strategy and will make it more difficult to achieve mitigation and adaptation goals. Development of the business case areas will increase greenhouse gas emissions and increase climate risk by removing natural assets that enhance resilience and increasing the exposure of infrastructure assets to climate hazards.

ATTACHMENT(S)

1. Attachment 1 - Background and Previous Council Direction
2. Attachment 2 - Business Case Location Map
3. Attachment 3 - Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning & Development Services	Approve
Michael Thompson	Infrastructure Services	Consult
Les Tochor	Corporate Planning & Financial Services	Consult
Doug Morgan	Operational Services	Consult