

Citywide Growth Strategy: New Approach to Growth Applications

RECOMMENDATION(S):

That the Infrastructure and Planning Committee recommend that Council:

1. Give three readings to the proposed amendments to the Municipal Development Plan (Attachment 2);
2. Give three readings to the proposed amendments for each of the 12 Area Structure Plans (Attachment 3); and
3. Adopt, by resolution, the updated Fee Schedule in Attachment 4.

HIGHLIGHTS

- This report introduces changes and improvements to the approach for strategically evaluating new community growth, while maintaining the connection between The City's Service Plans and Budgets process and the development approval process. This system implements Council's direction from 2022 September 20 regarding how The City makes these growth investment decisions.
- The redesigned approach adopts a more responsive application model, driven by improved growth information awareness and more empirical evaluation criteria. An applicant can apply at any time, but final decisions will be made through the annual Service Plans and Budgets process.
- The goal of the process is identifying when and where The City should invest in enabling new community growth. Ensuring that growth is realized in complete communities that advance The City's goals and Council's priorities in terms of climate, equity, and quality will be accomplished through different tools and policies across the broader Development Approvals Continuum, from Area Structure Plan through to Building Permit.
- **What does this mean to Calgarians?** New communities continue to play an important role in Calgary's growth. An effective approach to evaluating and enabling growth opportunities as part of the Citywide Growth Strategy is important for housing supply, choice, and affordability. It is also critical for The City's financial sustainability and resilience. The articulation of an evaluation system that communicates the opportunities and challenges of growth before and during Council decisions is also important for transparency, customer service, and accountability.
- **Why does this matter?** Ensuring that investments to enable this growth are aligned with the Municipal Development Plan and Calgary Transportation Plan, respond to market demand, and balance financial impacts is important for ensuring growth occurs in the right places, at the right times. Leveraging the best aspects of the planning application process and the Corporate Service Investment Process will lead to greater flexibility for applicants while addressing Council priorities and policy objectives related to sustainable growth.
- Background and Previous Council Direction is included as Attachment 1.

Citywide Growth Strategy: New Approach to Growth Applications

DISCUSSION

Introduction

On 2022 September 20, Council articulated clear and specific direction for a new system for evaluating (and ultimately investing in) new community growth opportunities. This redesigned system introduces a number of new features, while maintaining the foundation of the previous system in aligning to the Municipal Development Plan and Calgary Transportation Plan, responding to market demand, and balancing financial impacts.

Following nine months of development, this report serves as a summary of how the redesigned system will function, while also introducing the necessary policy amendments to support the approach to new community growth (i.e., removal and replacement of the Growth Management Overlay statutory tool with policy that defines the new system). As such, Administration is also shifting away from the term “business case” to a new term, “Growth Application”, to describe these submissions for City investment that are required prior to the initiation of new community development.

Proposed Approach to Evaluating Growth Applications

There are several highlights of the proposed redesigned system that reflect Council’s direction and also highlight Administration-initiated improvements; these are noted below. A process map that illustrates this new approach can be found in Attachment 5.

- Enhanced contextual information available up front so that servicing, land supply, and capital infrastructure information can be known before or at the time of submission (Attachment 8);
- Shift to a continuously open, fee-supported application approach that is more consistent with the Development Applications Review Team (DART) model, with the opportunity for greater collaboration from pre-application through to finalization of Administration’s recommendations to Infrastructure and Planning Committee and Council;
- Evaluation criteria (Attachment 6) that are more empirical, transparent, and focused on determining whether a proposed area represents the ‘right place at the right time’ for growth. Other steps of the Development Approvals Continuum and Corporate Service Investment Process, from Area Structure Plan to Building Permit, provide the policy and regulatory tools to ensure that future investment and development reflects Municipal Development Plan objectives and Council priorities relating to climate, equity, affordability, and quality. Administration will explore opportunities to continue collecting valuable background information on energy and emissions, climate risk, and natural assets to inform the Development Approvals Continuum.
- Council’s role in making the final decision to fund or not fund the operating and capital investments, and ultimately to approve a Growth Application or not, is maintained and embedded in the Service Plans and Budgets process.
- Continued evaluation of applications in a way that brings decisions to Council in connection with the Service Plans and Budgets process, to ensure require related capital and operating commitments are made before land use amendments are contemplated.

Citywide Growth Strategy: New Approach to Growth Applications

Policy Amendments

The new approach is enabled by the amendments to the Municipal Development Plan proposed in the report's first recommendation (Attachment 2):

- Policies which outline the framework and considerations for evaluating Growth Applications, in alignment with Council direction to continue considering financial, environmental, and social implications of growth decisions; and
- Articulation of the requirement to have capital infrastructure and operating funding approved in Service Plans and Budgets before growth can proceed.

The proposed amendments to the corresponding Area Structure Plans (Attachment 3) in this report's second recommendation serve to repeal the previous Growth Management Overlay mechanism. Since there are limited circumstances under which combined public hearings may be held, separate public hearings must be held for each of the Area Structure Plan bylaw amendments. The policy foundation for the new system will reside entirely within the Municipal Development Plan and will not be referenced in the individual Area Structure Plans. Information on the specifics of the new system will be communicated via The City's website at www.calgary.ca/newcommunity.

Next Steps

Should this new system be supported by Council and the necessary policy amendments approved through Public Hearing, Administration would be ready as of 2023 August 1 to begin to accept Growth Applications via a continuously open acceptance window. A soft launch strategy will enable submission and evaluation to begin.

As associated decisions on City investments in growth were directed to come forward as part of annual budget planning, and given anticipated review timelines, 2024 November will be the first opportunity for operating and capital investments required to support Growth Applications to be considered into the Corporate Service Investment Process and brought forward to Council.

Within this report and attachments are details on the proposed new system including the transition from tax-supported to fee-supported funding for the review process (Attachment 4), a process map (Attachment 5), evaluation criteria (Attachment 6), climate strategy context (Attachment 7), and a preview of anticipated contextual information to be shared with interested parties.

Administration will be taking a continuous improvement approach to the implementation of this system, working to build an effective and efficient mechanism to link growth investment and land use decision-making. This implementation path will enhance transparency and communication and support integration with the broader Development Approvals Continuum and Service Plans and Budgets. Further work, expected in September, is also underway to proactively improve the growth processes for identifying opportunities.

Citywide Growth Strategy: New Approach to Growth Applications

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | | | |
|-------------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | Public engagement was undertaken | <input checked="" type="checkbox"/> | Dialogue with interested parties was undertaken |
| <input checked="" type="checkbox"/> | Public/interested parties were informed | <input type="checkbox"/> | Public communication or engagement was not required |

Administration provided updates about the process development through website updates. Information sessions were held for potential applicants and members of Council. Feedback from industry representatives through the New Community Working Group and from several 2022 business case proponents (per Council direction from IP2022-0545) was collected. Suggestions included support for a more application-like, continuous window with greater upfront information, and concern about timelines and how best to advocate for investments required to support Growth Applications, through the Service Plan and Budget process. The introduction of a fee was accepted, though concerns were raised by small landowners regarding the flat fee for all new applications.

IMPLICATIONS

Social

The proposed system maintains evaluation criteria focused on contiguous development and proximity to amenities and services, including transit. This will help to ensure that Council's Service Plans and Budgets process can enable new growth in locations that are the right place, at the right time, from a perspective of equitable citizen access to city services.

Environmental

Growth funding decisions play a significant role in meeting the objectives of the Calgary Climate Strategy – Pathways 2050; the location, form, and design of new community growth has a significant impact on energy and emissions and the overall footprint of the city (see Attachment 7 for further information). Strategically enabling development in locations with the best access to amenities and services and accommodating a strong share of regional growth within Calgary can help to achieve less carbon intensive growth.

Growth Applications are one part of the broader Development Approvals Continuum, enabling growth in the 'right place at the right time.' As land is developed, there are many instances in which policy, regulation, standards, incentives, business practices, service levels, and Council Service Plan and Budget decisions can affect the realization of resilient communities.

The Climate Strategy is identifying and exploring other opportunities to reduce the negative environmental and climate impacts of new community growth at other stages of the Development Approvals Continuum, however in general terms, approval of new Growth Applications at this time will not support the Calgary Climate Strategy and will make it more difficult to achieve The City's mitigation and adaptation goals.

The greenhouse gas impacts from new community growth will be tracked and reported on through the forthcoming carbon budget framework, embedded into the Corporate Service Investment Process. Once fully implemented, the carbon budget framework will assess greenhouse gas emissions from all sources (corporate and community), providing transparency

Citywide Growth Strategy: New Approach to Growth Applications

about how Administration and Council decisions impact Calgary's ability to achieve its greenhouse gas reduction targets.

This ensures the greenhouse gas implications of policy or financial investment decisions are clearly understood, allowing decision-makers to make informed choices and understand trade-offs about whether a project or investment will get Calgary closer to or further from its targets. Attachment 7 has more information on climate considerations, including the potential for Growth Applications to provide valuable information on energy and emissions, climate risk, and natural assets for awareness, transparency, which can support subsequent stages of the Development Approvals Continuum.

Economic

The evaluation of Growth Applications supports orderly new community development that leverages operating and capital infrastructure investments, in consideration of market demand and financial impact, while supporting private investment, jobs, and housing choice. Many of the changes introduced through this report have been highlighted by partners in the development industry as helpful for clarifying process, expediting funding decisions, and accelerating development.

Service and Financial Implications

Self-supported funding

The proposed changes more closely reflect fee-supported planning applications than ever before, including aspects such as accepting applications on developer timelines (as opposed to City timelines), individual reporting to Infrastructure and Planning Committee and Council, and the accrual of benefit to the applicant. Sustaining the administrative capacity to undertake evaluations and bring recommendations throughout the year and through the Service Plans and Budgets process requires fee-supported resourcing. Amendments to the fee schedule in this report's third recommendation are included in Attachment 4. The greater accessibility of contextual information and availability of pre-application discussions will help to proactively bring applicants, Administration, third parties, and other landowners together to ascertain opportunities before a fee is paid.

While not specifically related to this report, each Growth Application that comes to Infrastructure and Planning Committee and Council will carry both cost and revenue implications. The funding environment is constrained for both operating and capital, with many investment priorities that will need consideration. Additionally, there is limited opportunity for significant adjustments to the budget within the four-year period. As part of Growth Application evaluations, conversations with applicants are expected to occur to determine if identified cost gaps can be closed without increasing The City's overall financial and service level risks.

RISK

Risks related to the direction in this report include:

1. **Integration with a changing budget process** The system will rely on integration with the broader Service Plans and Budgets process, which is itself under review to implement Council directed changes. There is a risk that a continuous window will produce individual decisions that are unaligned with overall priorities and policy objectives, and may minimize cumulative impacts until budget time.

Citywide Growth Strategy: New Approach to Growth Applications

2. **Managing expectations** A recommendation to consider operating and capital infrastructure investments needed to enable a Growth Application in the Service Plans and Budgets process may be interpreted as pre-supposed approval; if those investments are not funded, there may be disappointment and misunderstanding. The anticipated Infrastructure and Planning Committee and Council recommendations will be clear to minimize this possibility.
3. **Balancing priorities** In any given year, the investments needed to support Growth Applications will be competing for limited financial resources with a wide variety of requests – regardless of the number of Growth Applications that meet the criteria. As such, there is a risk that as the balancing of scarce resources (for Growth Applications, established and industrial area investments, and all other City expenditures) occurs through the Corporate Service Investment Process, expectations may be difficult to manage and confusion can be created both internally and externally.
4. **Perception** An application fee and a system that requires Council approval through the Service Plan and Budget process may be perceived as barriers to investment and could create an expectation for approvals; and
5. **Issues at start-up** With any new system, there will be issues and challenges at start-up, especially for one that is complex and contentious. This can be mitigated with open communications, understanding, and avenues for internal and external feedback.

If the report recommendations are not approved:

1. The existing Growth Management Overlay system will continue to guide growth approvals even as Council has indicated that this tool be abandoned.
2. In the absence of the Growth Management Overlay or a new system, The City may approve growth without allocating the capital and operating funding to support it.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Proposed Amendments to the Municipal Development Plan
3. Proposed Amendments to 12 Area Structure Plans
4. Proposed Updated Fee Schedule
5. New Process for Growth Applications
6. Growth Application Evaluation Criteria
7. Growth Applications and Calgary Climate Strategy
8. Contextual Information to Support the Growth Application System
9. Letter from BILD Calgary Region
10. Presentation

Department Circulation

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