

## **FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

### **EXECUTIVE SUMMARY**

The purpose of this report is to seek Council approval of a Land Supply Strategy, as part of the implementation of the Framework for Growth and Change. The Land Supply Strategy:

- incorporates market considerations into the Framework
- provides targets for serviced land in Developing and Industrial areas;
- initiates the development of targets for Developed areas; and
- supports implementing the Municipal Development Plan (MDP) as it relates to complete communities and promoting financially efficient development.

The objective of the Strategy is to facilitate good land supply management and smooth land market function. It initiates functional targets where appropriate, while reinforcing the importance of a transparent monitoring program that helps to identify and avoid unintended consequences.

The report is strategic in that it incorporates established practices in land supply management, while also identifying several new ways to analyze land supply. In addition to approval, Administration is also recommending that direction be given to return to Council within one year to report on the efficacy of these new methods and approaches, and to propose amendments or improvements where necessary. This will allow time for the initial impacts of the targets and the Strategy as a whole to be analyzed.

Targets are intended to guide City land supply decisions. This is done by establishing commitments by The City to provide a supply of land (through planning and infrastructure) so that development can proceed logically and efficiently. Based on Council direction received in 2013 July, the Land Supply Strategy has already been used to consider market forces in the sequencing of the MDP Alignment List (which is the subject of PUD2013-0770), and to initiate the Market Intelligence Group, a broadly accepted aspect of the Strategy that should improve overall understanding of land markets in the Calgary region.

Also based on Council direction received in 2013 July, Administration has met intensively with the development industry in order to pursue a common understanding around land supply in the Developing Areas. Concerns were raised by industry at the 2013 June PUD meeting, and Administration and industry have worked together since then to address these concerns. Administration has responded by clarifying and, in some cases, changing parts of the Strategy. These changes are itemized in Attachment 3, and engagement efforts are detailed in Attachment 4.

Targets and strategies are presented for approval in a concise format in Attachment 1. A more in-depth report including rationale and implementation notes for the targets and strategies is included as Attachment 2. This companion report is essential for interpretation of the Strategy.

**FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

**ADMINISTRATION RECOMMENDATION(S)**

That the SPC on Planning and Urban Development recommend that Council:

1. Approve the Land Supply Strategy outlined in Attachment 1;
2. Direct Administration to monitor the performance of the Land Supply Strategy and report to Council through the SPC on Planning and Urban Development in Q4 2014.

**RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED  
2013 DECEMBER 04:**

---

That Council:

1. Approve **in principle**, the Land Supply Strategy outlined in Attachment 1, **for the purpose of development of a Terms of Reference for the Market Intelligence Group, and for the sequencing of the priority list and land supply monitoring;**
2. Direct Administration to monitor the performance of the Land Supply Strategy and report to Council through the SPC on Planning and Urban Development in Q4 2014;
3. **Direct Administration to consider proposals from industry that identify “low hanging fruit” or areas within Area Structure Plans where growth could happen with minimal expense to the City, and to permit industry to outline any growth-related infrastructure costs to the City of developing these pockets of land for verification and evaluation;**
4. **Direct Administration to work with key stakeholders in 2014 to develop recommendations for the targets for industrial areas, developed and Transit Oriented Development areas and report back through the SPC on Planning and Urban Development no later than September 2014;**
5. **Bring forward the Terms of Reference for a Market Intelligence Group through the SPC on Planning and Urban Development no later than March 2014 and implement no later than June 2014;**
6. **Direct that a Special Council Implementation Working Group be struck on Framework for Growth and Change reporting to Council through the SPC on Planning and Urban Development and also liaising with the Market Intelligence Group; and**
7. **Direct Administration to work with industry on both alternative funding and financing agreements which may consist of the permanent area contribution (PAC) hybrid and/or a modified construction financing agreement (CFA) with the end goal of zero costs to the City. Further, that administration be directed to report back to the SPC on Planning and Urban Development no later than 2014 June 11.**

**FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

Excerpts from the Minutes of the Regular Meeting of the SPC on Planning and Urban Development, dated 2013 December 04:

---

“Further, that the Legislative Assistant attach the distributions received at today’s meeting to Report PUD2013-0772, prior to being forwarded to Council.”

“AMENDMENT TO AMENDMENT, Moved by Councillor Pootmans, that Councillor Sutherland’s proposed amendment to the Administration Recommendations contained in Report PUD2013-0770, be amended by deleting the word “accept” following the words “Direct Administration to” and by substituting with the word “consider”.

CARRIED

AMENDMENT, AS AMENDED, Moved by Councillor Sutherland, that the Administration Recommendations contained in Report PUD2013-0772 be amended by adding a Recommendation 3, **as amended**, as follows:

3. Direct Administration to **consider** proposals from industry that identify “low hanging fruit” or areas within Area Structure Plans where growth could happen with minimal expense to the City, and to permit industry to outline any growth-related infrastructure costs to the City of developing these pockets of land for verification and evaluation.

Opposed: A. Chabot

CARRIED

AMENDMENT, Moved by Councillor Magliocca, that the Administration Recommendations contained in Report PUD2013-0772, as amended, be further amended by adding Recommendations 4, 5 and 6, as follows:

4. Direct Administration to work with key stakeholders in 2014 to develop recommendations for the targets for industrial areas, developed and Transit Oriented Development areas and report back through the SPC on Planning and Urban Development no later than September 2014;
5. Bring forward the Terms of Reference for a Market Intelligence Group through the SPC on Planning and Urban Development no later than March 2014 and implement no later than June 2014; and
6. Direct that a Special Council Implementation Working Group be struck on Framework for Growth and Change reporting to Council through the SPC on Planning and Urban Development and also liaising with the Market Intelligence Group.

CARRIED

**FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

AMENDMENT, Moved by Councillor Sutherland, that the Administration Recommendations contained in Report PUD2013-0772, as amended, be further amended by adding Recommendation 7, as follows:

7. Direct Administration to work with industry on both alternative funding and financing agreements which may consist of the permanent area contribution (PAC) hybrid and/or a modified construction financing agreement (CFA) with the end goal of zero costs to the City. Further, that administration be directed to report back to the SPC on Planning and Urban Development no later than 2014 June 11.

CARRIED

AMENDMENT, Moved by Councillor Sutherland, that Administration Recommendation 1 contained in Report PUD2013-0772, be amended by adding the words “in principle” following the word “Approve” and by inserting the words “for the purpose of development of a Terms of Reference for the Market Intelligence Group and for the sequencing of the priority list and land supply monitoring” following the words “outlined in Attachment 1”

Opposed: R. Pootmans

CARRIED”

**PREVIOUS COUNCIL DIRECTION / POLICY**

This work is a component of the Framework for Growth and Change, initiated in early 2011.

On 2012 July 30, Council adopted Report PUD2012-0422, approving the Terms of Reference for the Land Supply component of Phase 4.

On 2012 December 12, Council approved Report PUD2012-0813 – Land Supply Principles & Guidelines.

On 2013 July 29, Council approved an amended recommendation for Report PUD2013-0518 – Land Supply Strategy, which directed Administration to:

1. Use the strategy [...] in order to prepare the sequenced growth management priority list for consideration of future servicing, for presentation to Council in 2013 December;
2. continue to work with stakeholders to refine and finalize the planned to be serviced target and the Developing Areas targets;
3. Recognize in the preliminary application of the strategy in Recommendation 1 that the targets to be used will be the midpoint of the range based on the anticipated growth forecasts, with the minimum of 2 years of serviced supply representing higher than anticipated growth; and
4. return to Council through SPC on PUD no later than 2013 December with the finalized land supply strategy.

## **FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

### **BACKGROUND**

Council approved a new MDP in 2009 in which Part 5 established the Framework for Growth and Change. Land supply is identified as one of the seven original approved principles for the Framework:

*“Maintain an optimally balanced land supply in Developed and Developing areas that ensures capacity for growth, consumer choice and competitive residential markets while also ensuring that The City can provide services to support the development of complete communities.”*

The significance of land supply is referenced in Part 5 of the MDP, which calls for the facilitation of “land supply that aligns with the direction of the draft CMP, MDP and CTP” [MDP, 2009, 5.2.2], and supporting the “practices that ensure an adequate supply of land is in place to meet the growth needs of the city” [MDP, 2009, 5.2.3].

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The Land Supply Strategy is a series of targets, strategies and monitoring directions that functions as:

- a basis for informing the Framework for Growth and Change; and
- a plan that will continue to evolve as information becomes available, in order to ensure that the Strategy is focussed on outcomes identified by stakeholders.

The Strategy will be used when sequencing the priority lists of growth areas by recommending areas for investment when land supply levels fall below relevant targets. For instance, using the proposed “North/South Split” target, if serviced supply in the South were to fall below two years, Administration would recommend servicing the highest ranking growth area on the MDP Alignment List from the South in order to meet the target. In this example, the consideration of land supply has addressed the need for land (demand) and the availability of land (supply) to support growth. It has also supported both consumer choice and the prioritization process.

The Strategy should evolve as data is analyzed and targets are tested against the desired outcomes. This reflects the emerging nature of some of the recommended targets and the uniqueness of the Industrial and Developed areas. Specifically for Developed areas, it is important that new information is carefully analyzed before targets are used to guide decisions. Both internal and external stakeholders identified that some of the concepts are good starting points that may require further analysis and evaluation before being fully implemented.

Targets in Attachment 1 include:

- A range of two to five years of Developing Areas serviced land supply, with Administration targeting the midpoint based on the current City forecast. Additionally, the definition of serviced land is expanded to include transportation and emergency services infrastructure, in addition to water, sanitary and stormwater infrastructure;
- A minimum of two years of land supply in each of the North and South halves of The City;

## **FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

- Determine the practicality of a ten-year planned-to-be-serviced target linked to the Capital Plan;
- Maintain a three to five serviced land supply in Industrial areas;
- Develop a minimum planned land supply and a minimum serviced land supply target in Developed areas; and
- Support development through City investment in a maximum number of Transit Oriented Development locations.

The Land Supply Strategy also seeks to provide clarity and definition on how The City manages and reports on land supply. Serviced land from The City's perspective refers to land that has the City-provided services (as noted above) in place that would allow developers to apply for land use and subdivide lots. These targets are intended to be sufficient to respond to the volatile nature of population growth and housing development in Calgary. They are intended to balance the need to be flexible and responsive to changing market conditions (given the time lags between planning, servicing and building) with the financial cost of servicing and maintaining unused or underutilised land.

Strategies in Attachment 1 include:

- Continue work started with industry on monitoring Active Development Areas, a new concept that is meant to reflect competition and choice in the residential market;
- Allocate serviced land supply to areas with minimal infrastructure needed for completion;
- Stagger the initiation of new communities in Developing areas; and
- Gain a greater understanding of the regional market.

Monitoring statements include:

- Land market monitoring through a collaborative Market Intelligence Group; and
- Monitoring of a number of other topics related to The City's management of land supply (e.g. land prices, housing affordability, regional trends, etc.).

Administration is recommending that Council approve the Land Supply Strategy contained in Attachment 1. In order to provide an opportunity to review the targets and strategies, and provide further clarity on the targets that have not yet been established, Administration is recommending returning to the SPC on PUD in one year to report on the efficacy of the Strategy.

With approval of the strategy, Administration will work with stakeholders over the next year to:

- a) develop recommendations for the targets for Developed and TOD areas;
- b) examine the Industrial areas target; and
- c) continue to monitor and report on land supply, through the Market Intelligence Group and the *Monitoring Growth and Change* series.

Information from these data sources will be factored into the sequencing of the prioritized lists. This will be included in the contextual information provided to Council with the sequenced lists.

## **Stakeholder Engagement, Research and Communication**

## **FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

Administration has continued to actively engage stakeholders with an interest in land supply decisions, and how they impact the Framework for Growth and Change. Starting with the development of the Terms of Reference in May 2012, Administration has met with stakeholders at key points in the process. A summary of engagement efforts up to the approval of the Land Supply Principles is available in PUD2012-0813. Engagement since that report has included the following, and is also detailed in Attachment 4.

1. 23 one-on-one meetings with stakeholder groups (Civic Camp, Federation of Calgary Communities, Urban Development Institute, Canadian Home Builders Association – Calgary Region, and industrial stakeholders)
2. Circulation of Land Supply Strategy drafts to the growth management stakeholder group
3. Briefings to stakeholders as part of engagement on Framework for Growth and Change reports

Stakeholders will continue to play a significant role in informing the way The City manages land supply in the context of the MDP.

### **Strategic Alignment**

Land Supply is a fundamental principle of the Framework for Growth and Change. This work is being completed within the scope and direction of that project.

An effective Land Supply strategy is necessary to support a system of prioritizing and sequencing growth areas, as it provides information on The City's capacity for growth and responds to market conditions. The development of the Land Supply Strategy involved a review of key policy documents, foremost among them the MDP, which identifies the strategic interests of The City and its citizens. The Land Supply Strategy supports the Framework for Growth and Change in informing corporate planning policy decisions, business plan and budget decisions, and contributes to corporate and department alignment and coordination.

### **Social, Environmental, Economic (External)**

The entire Framework for Growth and Change has maintained a close alignment with the Triple Bottom Line (TBL) policy, to ensure that social, environmental and economic factors are considered. The same is true for the Land Supply Strategy. The Municipal Development Plan, and in particular Part 5, guide the work of the Framework. The MDP is strongly aligned with the Triple Bottom Line policy framework.

#### **Social**

Several of the targets, strategies and monitoring functions reference the importance of building and maintaining complete communities. The Monitoring section underscores The City's commitment to transparency, to considering all stakeholder viewpoints, and to making decisions using the best available information.

#### **Environmental**

## **FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

The Monitoring section specifically notes that the impact of approving and investing in new growth areas through Local Area planning should consider any impact on the city's watersheds, riparian areas, and environmentally sensitive areas.

### **Economic (External)**

Much of the Strategy is intended to consider external economic impacts. Indeed, this component of the Framework is where Administration performs the analysis and recommends decisions to ensure that markets are not distorted and that MDP-aligned and financially efficient development can proceed in the quickest way possible.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

There are no impacts to the 2012-2014 operating budget resulting from this report. The next budget cycle is expected to be informed and impacted by the recommendations of the Framework for Growth and Change, which includes the Land Supply Strategy.

It should be noted the Strategy, and the targets in particular, will have future operating budget impacts depending on the variance between the targets and actual supply levels. These variances may recommend The City invest operating funds to plan and service new growth areas to address low levels of land supply, or recommend waiting on planning and servicing growth areas in the event of high levels of supply.

#### **Current and Future Capital Budget:**

There are no impacts to the 2012-2014 capital budget resulting from this report. Previous land use decisions and servicing commitments are guiding the capital investments for this business plan and budget cycle. The next budget cycle is expected to be informed and impacted by the recommendations of the Framework for Growth and Change, which includes the Land Supply Strategy.

It should be noted the Strategy, and the targets in particular, will have future capital budget impacts depending on the variance between the targets and actual supply levels. These variances may recommend The City invest capital funds to plan and service new growth areas to address low levels of land supply, or recommend waiting on planning and servicing growth areas in the event of high levels of supply.

### **Risk Assessment**

The analysis and mitigation of risks associated with the establishment of the Framework for Growth and Change remains ongoing. Any significant identified risks will be communicated to Council.

An effective Land Supply strategy is necessary to achieve a balanced market within the policies and objectives of the MDP. The risk of having too little serviced land within the city is that the market will not have the flexibility to meet the needs of a growing population, particularly for higher, unanticipated periods. This ultimately can result in higher housing costs and result in a greater share of the population locating in the surrounding region. The risk of having too much serviced land is that this can result in premature planning, higher than necessary costs,



## **FRAMEWORK FOR GROWTH AND CHANGE: LAND SUPPLY STRATEGY (UPDATED)**

---

diversion of infrastructure investment from other priorities and can ultimately lead to higher, less efficient operating costs while infrastructure is unused or underutilized.

Serviced land comes at a cost. There is a risk that funding and financing limits and constraints will result in not meeting serviced land targets or, a risk that additional revenue will be required from funding sources in order to meet the targets.

Calgary is experiencing growth pressure on all sides and from within, and this is best addressed by a comprehensive growth management framework that includes an effective Land Supply strategy.

### **REASON(S) FOR RECOMMENDATION(S):**

The MDP envisions a Framework for Growth and Change. This decision framework will enable Council to make strategic decisions that align policy, strategy and resources for growth, and achieve the objectives of the CMP, MDP and the CTP.

This report presents a strategy that is based on the Council-approved Land Supply Principles and Guidelines. This strategy has been developed in consultation with external stakeholders. The Strategy will allow the sequencing of the MDP Alignment List to better incorporate market considerations, as well as providing a foundation for The City's evolving land supply management and monitoring practices.

### **ATTACHMENT(S)**

1. Land Supply Strategy (Updated)
2. Land Supply Strategy (Updated) Rationale & Notes
3. Land Supply Strategy Changes in Response to Stakeholder Comments
4. Land Supply Strategy Engagement Summary
5. **Public Submissions**