

Planning & Development Services Report to
Infrastructure and Planning Committee
2024 May 15

ISC: UNRESTRICTED
IP2024-0567

Growth Application in the Keystone Hills Area Structure Plan (Ward 3), GA2023-003

PURPOSE

A Growth Application has been submitted in the Keystone Hills Area Structure Plan, which proposes a new residential development. The purpose of this report is to provide Administration's recommendation on whether the capital infrastructure and operating investments required to initiate development in the application area should be considered for funding in the Mid-Cycle Adjustment to the 2023-2026 Service Plans and Budgets in 2024 November. The recommendation is based on a criteria-based evaluation that considered Municipal Development Plan/Calgary Transportation Plan alignment, market demand and financial impact.

For this Growth Application, "Prairiesong", Administration is recommending that capital and operating investments be considered in the Mid-Cycle Adjustments, to complete the Keystone Hills Area Structure Plan, and to enable additional housing in an area that can be serviced with capital costs entirely eligible to be funded through the off-site levy. While recognizing the ±\$11.6M capital requirement to enable growth, Prairiesong represents an opportunity to invest in a growth area that would improve sector infrastructure servicing, update the location of the critical infrastructure components, enable 2,400 new homes, and add population to a growing sector of the city.

PREVIOUS COUNCIL DIRECTION

On 2023 July 26, Council endorsed a redesigned approach for how The City evaluates and enables growth opportunities to ensure that new community growth happens in the right place at the right time. This process was implemented starting 2023 August 1.

RECOMMENDATION(S):

That the Infrastructure and Planning Committee recommend that Council direct Administration to consider the capital infrastructure and operating investments needed to enable this Growth Application (GA2023-003) alongside other potential investments in the Mid-Cycle Adjustment to the 2023-2026 Service Plans and Budgets.

CITY MANAGER/GENERAL MANAGER COMMENTS

General Manager Tim Keane concurs with this report. The City's updated approach to evaluating growth opportunities improves on our longstanding commitment to enabling growth in the right places at the right times. This approach advances environmental sustainability, financial responsibility and, critically, a high-quality of life for Calgarians.

HIGHLIGHTS

- After review, Administration recommends that it **is** the right time for the capital infrastructure and operating investments required by this Growth Application to be considered in the Mid-Cycle Adjustment to the 2023-2026 Service Plans and Budgets.
- Enabling new communities in the right places at the right time ensures that homes are built close to amenities and services, that supply is balanced with demand to support

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housing affordability and choice, that new investments are operating efficiently and balanced with existing financial commitments, and that the environmental sustainability of the city is considered.

- This Growth Application requires capital infrastructure investment in the current budget cycle to enable development, and further capital infrastructure investment in future budget cycles to continue supporting growth. These investments are outlined in Service and Financial Implications section of this report and Attachment 2.
- Development of lands within this application will complete the Keystone Hills Area Structure Plan and would enable an estimated 2,400 homes. It is serviceable by existing fire and mobility coverage.
- At present is unfavourably located relative to existing schools and transit. It is located near the Centre Street activity centre in Livingston, and the amenities at Country Hills Village.

DISCUSSION

Evaluation Overview

Within a citywide context of strategic and sustainable growth and change, planning and investment in new communities continues to play a role in supporting The City's long-term vision and objectives. In this context, guidance for how Growth Applications are to be evaluated against established criteria is set out in section 5.2.2 of the Municipal Development Plan and section 4.3 of the New Community Planning Guidebook. The criteria focus on evaluating to what extent these applications enable complete communities where people live close to amenities and services, align with the pace of absorption of serviced land, and work within The City's financial capacity.

The evaluation approach (Attachment 4) involves an Administrative review of a developer submission, followed by a recommendation that identifies whether or not Council should direct Administration to consider the necessary investments to initiate development in the Mid-Cycle Adjustments. If Council approves the budget with the investments included, the Growth Application is approved, and the next steps towards development can proceed.

Growth Application Evaluation

The subject site in the North Sector is located within the Keystone Hills Area Structure Plan, in the community of Lewisburg and is adjacent to the developing Livingston. The application was received 2023 November 23 and evaluated by a cross corporate team according to the criteria published at www.calgary.ca/growthapplication.

Municipal Development Plan/Calgary Transportation Plan Alignment

- Within 2-5km of existing employment centre, activity centre and a transit hub
- Will provide a continuation of a proposed 5A network component (pending Outline Plan finalization)

Market Demand

- As of May 2023, the North sector has 8 to 11 years of Approved – Not Yet Serviced Land and 9 to 12 years of Serviced land capacity with a total of 17 to 23 years of

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approved vacant land supply. While the 2024-2028 Suburban Residential Growth Report has not yet been released, land supply levels are likely to fall given increased citywide absorption forecasts.

- The sector currently includes 10 new communities at various stages of development with more new communities being added through business cases approved in the 2023-2026 Service Plans and Budgets.

Financial Impact

- Favourable when comparing anticipated property tax and franchise fee revenue with estimated incremental direct and indirect operating costs for the proposed Growth Application area.
- This Growth Application requires additional investment in unfunded capital infrastructure, while also leveraging existing and/or funded infrastructure in the area. See the Service and Financial Implications section of this report and Attachment 2 for more information.

This Growth Application is contiguous and complementary with existing development. It provides an opportunity to add to available serviced land supply in the North Sector during a time of record growth. It is relatively close to several important amenities, while increasing the service population that supports those amenities. It does trigger capital costs; however, the costs are not large. As more information becomes available from the applicant as the land use/outline plan design progresses, Administration will continue to work iteratively with the applicant to seek opportunities to further reduce capital costs through innovative design and cost-conscious solutions to water and sanitary servicing.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/> | Public engagement was undertaken | <input 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 |

As new communities are planned and designed, public engagement occurs at the Area Structure Plan and Outline Plan/Land Use Amendment stages. These steps inform the Growth Application review. Any member of the public is also able to speak on individual Growth Applications at both the Infrastructure and Planning Committee step and as part of the public component that is held as part of Mid-Cycle Adjustments in November.

Administration uses www.calgary.ca/growthapplication to share information about this and other Growth Applications with regards to decision points. An applicant's statement (Attachment 5) is also provided.

IMPLICATIONS

Social

The City supports Calgary's market housing needs through investing in a balanced supply of serviced land in new community areas. This can increase housing choice and affordability, and if well located, increase access to public and private amenities.

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This Growth Application presents an opportunity to enable growth that creates additional housing and completes an Area Structure Plan. It is unfavourably located at present to some amenities. As this area and adjacent developments build out, there will be improvements to access of these amenities over time.

Environmental

New community growth involves greater greenhouse gas emissions relative to redevelopment of established areas (particularly with respect to mobility), increases climate risk, and removes natural assets. While the Growth Application process informs the sequencing of growth to prioritize access to amenities and services and efficient use of existing infrastructure, climate resilience considerations are best considered through policy and planning approvals from Outline Plan to Development and Building Permit stages. City development standards and design guidelines can have significant carbon reduction and resilience benefits when applied universally to all development through these processes.

This Growth Application presents an opportunity to enable growth that is contiguous, however does not support population growth in a location conducive to low carbon mobility options. Environmentally conscious opportunities exist for the developer such as utilizing more sustainable and energy efficient construction materials and appliances.

Economic

While this application does require capital investment it also presents an opportunity to enable growth that leverages existing and funded infrastructure, while supporting private investment, jobs, and housing choice. Furthermore, the analysis done using the New Community Incremental Operating Cost Model (IP2023-0981) demonstrates that anticipated property tax, franchise fee and transit revenues will support anticipated operating costs.

Service and Financial Implications

Other: New operating and capital funding request

This Growth Application requires unfunded, short term capital infrastructure investment totalling ±\$11.6M (as detailed in Attachment 2), with this entire amount being eligible to be funded through the Off-Site Levy. This Growth Application is serviced by the North Hill pressure zone and benefits from earlier capital investments already made. While not within a pressure zone directly impacted by the North Water Service Option (NWSO), a further \$378.5M investment will be required in future budget cycles to complete the NWSO which benefits the full North Sector, including full build out of this growth application. The NWSO is expected to be completed and operational in 2030 before there are expected impacts to the North Hill pressure zone. However, if the NWSO is significantly delayed, development restrictions in the North Hill pressure zone may be required.

Additional base tax-supported operating funding averaging approximately \$1.1M per year over the first 15 years of buildout, starting in 2028, would be required by this Growth Application, based on analysis done using the New Community Incremental Operating Cost Model (IP2023-0981) (as detailed in Attachment 2). Should this Growth Application proceed, this additional base tax-supported operating funding will be requested by the impacted services through their Service Plans and Budgets submissions as this area builds out and services are required.

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The City budgets for additional revenues from redevelopment and new development, meaning the estimate of property taxes used in the model is not implied to be additional unbudgeted tax revenue. Rather, this indicates how much property tax could be generated by the anticipated units in the Growth Application (at current tax rates).

RISK

New community growth presents several risks, such as dispersion of services and infrastructure, affordability through planned land supply, financial impacts, funding expectations and environmental impacts. These risks are discussed in further detail in Attachment 6.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Application Overview GA2023-003: Prairiesong
3. Overview of New Community Land Supply
4. Process for Growth Applications
5. Applicant Submission
6. Risk
7. Presentation

Department Circulation

General Manager	Department	Approve/Consult/Inform
T Keane	Planning and Development Services	Approve
C Male	Corporate Planning and Financial Services	Consult
M Thompson	Infrastructure Services	Consult

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