

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

ISC: UNRESTRICTED
IP2024-0461

Growth Application in the South Shepard Area Structure Plan (Ward 12), GA2023-004

PURPOSE

A Growth Application ‘Hotchkiss’ has been submitted for the South Shepard Area Structure Plan, which proposes a new residential development. The purpose of this report is to provide Administration’s recommendation on whether the 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 the Hotchkiss Growth Application, Administration is recommending that operating investments be considered in the Mid-Cycle Adjustments, as it only requires base operating investment, does not trigger unfunded capital costs, and completes the Hotchkiss community in the South Shepard Area Structure Plan.

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 operating investments needed to enable this Growth Application (GA2023-004) 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 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 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 application would enable approximately 1,300 homes in the Southeast sector, anticipated to start building in Q3-Q4 of 2025.

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- There are no incremental anticipated capital costs beyond investments already made by The City, and the development can be serviced by existing and developer-funded utility infrastructure. Operating cost analysis is favourable.
- This application is complementary to adjacent developing areas as it enables connection between Hotchkiss (west) and Sora and completes a multi-neighbourhood wetland feature.

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

This Growth Application was received 2023 December 5 and evaluated by a cross corporate team according to the criteria published at www.calgary.ca/growthapplication (Attachment 2).

Municipal Development Plan/Calgary Transportation Plan Alignment

- Complementary to adjacent communities of Hotchkiss (west) and Sora as it enables additional connections and completes features spanning neighbourhoods.
- Considered unfavourable in terms of proximity to schools, recreation centres, public facilities such as libraries, employment and commercial areas, and transit access.

Market Demand

- The Southeast sector includes six actively developing communities with 15-21 years of serviced 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 Southeast sector accounted for 22 per cent of total new community housing growth between 2018-2022, adding 1,525 homes per year on average. Forecasts for 2023-2027 estimate a decrease to 17 per cent with an average of 1,171 homes per year.

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Financial Impact

- No incremental capital infrastructure costs or requirements to enable this Growth Application, beyond what has already been invested by The City and other developers.
- Favourable when comparing anticipated property tax and franchise fee revenue with estimated incremental direct and indirect operating costs for the proposed Growth Application area.

In summary, the evaluation found that this Growth Application is contiguous and complementary with ongoing development. While not favourably located to nearby amenities and services, it is serviceable by existing or funded water, sanitary, storm and fire coverage. By not requiring any incremental capital costs, and by utilizing existing or funded utilities and fire coverage, and by providing more housing to make future transit investments more efficient, the recommendation of this application is based on financial efficiency.

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.

This Growth Application, while not favourably located in terms of access to services and amenities, presents an opportunity to enable contiguous growth in a location adjacent to existing approved developments, potentially increasing the viability of employment and commercial centres, transit service, public facilities, and recreation centres in the area.

Environmental

Generally speaking, 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

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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.

The geographic location of the Growth Application will result in private vehicles as the dominant mobility choice, increasing greenhouse gas emissions. It does present an opportunity to enable more sustainable housing options, utilizing more energy efficient materials and appliances.

Economic

This Growth Application 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, franchisee fee and transit revenues will support anticipated operating costs as this area builds out.

Service and Financial Implications

New operating funding request

This Growth Application requires no unfunded capital funding investments (as detailed in Attachment 2). Additional base tax-supported operating funding of approximately \$2.2M per year would be required by this Growth Application, based on analysis done using the New Community Incremental Operating Cost Model (IP2023-0981). 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 over time.

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 GA2023-004: Hotchkiss
3. Overview of New Community Land Supply
4. Process for Growth Applications
5. Applicant Submission
6. Risks
7. Presentation

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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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