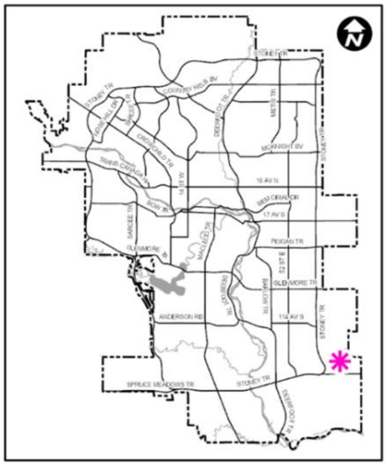
Application Overview GA2023-004: Hotchkiss

This attachment summarizes information about this Growth Application and its evaluation by Administration according to defined criteria outlined at www.calgary.ca/growthapplication .



Growth Application At-a-Glance

Area Structure Plan: South Shepard

Community: Hotchkiss

Gross Developable Hectares: ±65

Proposed Homes: 1,184 Single/Semi homes; 137 Multi-Residential homes

Expected Population: ±3,500

Anticipated Construction Start: Q3-Q4 2025

Municipal Development Plan/Calgary Transportation Plan Alignment

- Unfavourable location relative to services and amenities, which will likely lead to auto dependent mobility patterns.
- Helps preserve and establish a large wetland open space.

Market Demand

- The Southeast sector has 15 to 21 years of serviced land and 5 to 6 years of approved but not yet serviced land. This sector currently has 6 new communities in various stages of development.
- Lands within this Growth Application would add to the serviced land capacity as no capital costs are initially required.

Financial Impact

- Evaluation concluded that no additional capital costs are triggered to initiate development.
- Favourable result (incremental costs compared to incremental revenues) from the New Community Incremental Operating Cost Model.

Evaluation Criteria Introduction

Municipal Development Plan/Calgary Transportation Plan Alignment

Within a citywide context of strategic and sustainable growth and change, planning and investment in new communities plays 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 well established, empirical criteria as 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.

Market Demand

The Growth Application process identifies investments that strategically balance absorption with the provision of new supply. The City strives to maintain a balanced supply of land for housing in new communities, and as of 2023 May there is 10-13 years supply (for ~76,000 homes) of "approved – serviced" land. The serviced land supply is above the target of three to five years set out in section 5.2.3 of the Municipal Development Plan. Currently, there is additional "approved – not yet serviced" capacity for ~51,000 homes as of 2023 May. Significant City capital infrastructure investments will be required in upcoming budget cycles to service these lands. The criteria under Market Demand focus on the supply contribution of a Growth Application in relation to existing levels of supply in the relevant sector, and citywide.

Financial Impact

Assessing the financial impact of a new community Growth Application includes both the costs as well as revenues, and other benefits. While some infrastructure may be required initially to enable development to start, there is also additional infrastructure that will be needed as the community completes. New communities previously approved by Council that are not yet serviced still require significant City investment in infrastructure. Expansion in city infrastructure creates future financial obligations as that infrastructure will require maintenance and renewal over its lifecycle. The criteria under Financial Impact evaluate the impact on The City's financial position by analyzing the anticipated cost impacts (capital and operating) of the development proposed in the Growth Application, as well as the direct revenue impacts (property tax, franchise fees, transit).

Table 1 - Growth Application Criteria Evaluation Summary

Criteria Category	Result	Select Evaluation Criteria (full criteria available on Calgary.ca/growthapplications)	Administration Comments
Policy Alignment	Favourable and Unfavourable Aspects	• Criterion 3 – Completing Community • Criterion 4 – Activity Centre, Main Streets, Employment Proximity • Criterion 6 - Civic Facility Proximity	• Primarily residential, representing a continuation of residential development in the area. • Unfavourably located in terms of access to existing or funded facilities, schools, transit, and activity centres. • Would complete 'Community A' within the South Shepard Area Structure Plan.
Market Demand	Unfavourable	• Criterion 10 – Land Use, Outline Plan, Subdivision Timing • Criterion 12 – Technical Studies Status • Criterion 13/14 – Citywide/Sectoral Land Supply	• Concurrent outline plan, applicant anticipates construction for late 2025 • The outline plan will require the following studies to be completed (some may be in progress): Transportation Impact Assessment, Stormwater Staged Master Drainage Plan, Biophysical Inventory, and Sanitary Servicing Study • Sector currently includes six new communities at various stages of development with more new communities being added via business cases approved through the 2023-2026 Service Plans and Budgets. • As of May 2023, the Southeast sector has 15-21 years of serviced land and 5-6 years of approved–not yet serviced land capacity
Financial Impact	Favourable	• Criterion 18 – Required Capital Investment	Capital Costs (Table 2) • Serviceable through existing or funded City infrastructure (Water, Sanitary, Storm and Fire). • Full build out of Hotchkiss (Hotchkiss, Sora, and Hotchkiss Northeast) will require mobility developer-funded improvements to the regional roadway network e.g., Stage 2 improvements to the intersection of Highway 22X and 104 Street SE; improvements to 84 Street SE from 146 Avenue SE to 114 Avenue SE (including improvements to the signalized intersection at 114 Avenue SE and 84 Street SE).
	Favourable	• Criterion 16 – Incremental Operating Cost Assessment • Criterion 17 – Revenue Assessment	Operating Costs (Table 3) • Favourable when comparing anticipated property tax and franchise fee revenue with estimated incremental direct and indirect operating costs for the proposed Growth Application area.

Table 2 – Capital Infrastructure Benefitting the Growth Application

Infrastructure	Total Estimated Cost ($M)	Remaining Required Budget ($M)	Funding Status	Planned in Service Date	Notes	In Off-Site Levy Bylaw (Y/N)	Maximum Levy Funding ($M) (% OF TOTAL)	City Funded Amount ($M)
Cranston Reservoir & Pump Station	-	-	Unfunded	TBD	**Not required** to progress development in the Growth Application area, but lands will benefit from this future investment.	N	TBD	TBD
Cranston Sanitary Trunk Upgrade	TBD	-	Unfunded	TBD	**Not required** to progress development in the Growth Application area, but growth in subject lands will contribute to this future downstream upgrade that is required to service the overall sanitary trunk catchment.	N	TBD	TBD
Total	**-**	**-**						

Note 1: Table 2 includes all capital infrastructure investments related to the full build out of the Growth Application. Rows shaded in blue identify unfunded investments that are needed upfront to enable development in the Growth Application. Unshaded rows identify infrastructure investments that are already funded or are required to support the full build out of the Growth Application but will be triggered and brought forward in future budget cycles. Note that all identified investments benefit areas beyond the Growth Application, including previously approved lands as well as the broader South Shepard area.

Note 2: The total anticipated capital costs required to service this Growth Application reflected in this report and attachments are estimates only and are subject to change. The level of accuracy of project costs related to infrastructure delivery evolve throughout the stages of a project as design progresses, as construction methodologies are confirmed and as procurement strategies are developed. Infrastructure pricing is also influenced by availability of materials and contractors, and market demand.

Note 3: Administration has endeavoured to reflect the most current anticipated capital costs at the time of preparation of this report. As some of the infrastructure projects are still in conceptual and early planning stages, there is a high degree of variability. As costs are documented at a given point in time, they may also not align with infrastructure costs that are published in the annual Offsite Levy Report, as these two sources are developed at different timeframes.

Table 3 – Operating Cost Summary ($000s)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Total Revenue	$ -	$ 432	$ 849	$ 1,374	$ 1,719	$ 2,352	$ 2,697	$ 3,042	$ 3,387	$ 3,743	$ 3,743	$ 3,743	$ 3,743	$ 3,743	$ 3,743
Less: Total Operating Costs	$ -	$ (780)	$ (797)	$ (1,127)	$ (1,143)	$ (1,995)	$ (2,011)	$ (2,026)	$ (2,042)	$ (2,145)	$ (2,152)	$ (2,152)	$ (2,152)	$ (2,152)	$ (2,152)
Net Balance	$ -	$ (348)	$ 52	$ 247	$ 576	$ 356	$ 686	$ 1,016	$ 1,345	$ 1,598	$ 1,591	$ 1,591	$ 1,591	$ 1,591	$ 1,591

Note 4: Total revenue reflects the anticipated City portion of property taxes, franchise fee and transit revenues to be generated by the Growth Application area only, at prevailing tax rates, and is not implied to be additional unbudgeted tax revenue. Total operating costs reflect anticipated incremental direct and indirect service level operating costs within the Growth Application area only, including Transit and Fire, and does not consider total citywide operating costs, operating costs of capital, nor costs beyond the 15-year timeframe. This analysis also does not consider that anticipated citywide growth could shift to this area from others (i.e., the growth cannot be assumed to necessarily be net new to Calgary).