

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

ISC: UNRESTRICTED
IP2024-0566

Growth Application in the Providence Area Structure Plan (Ward 13), GA2023-001

PURPOSE

A Growth Application has been submitted within Alpine Park and Community B of the Providence Area Structure Plan, which proposes ±9,600 homes as well as ±47,600 sqm of commercial space. 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. This recommendation is based on a criteria-based evaluation that considered Municipal Development Plan/Calgary Transportation Plan alignment, market demand, and financial impact.

Administration is recommending that capital and operating investments not be considered in the Mid-Cycle Adjustments. There is substantial serviced land supply available in this sector and there are significant known capital costs required to enable the development. Funded utility infrastructure currently in delivery in Providence can support a total population of up to 5,000 homes for previously approved lands before servicing triggers are met that would require additional investment. Enabling development beyond lands previously approved would prematurely advance the timing of significant capital investments for both utilities and mobility.

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:

1. To continue working with the applicant on the planning for future stages of capital infrastructure, including optimal timing of funding and delivery, to ensure the ability for continuity of growth in the Providence Area Structure Plan; and
2. Not to consider the capital infrastructure and operating investments needed to enable this Growth Application (GA2023-001) in the Mid-Cycle Adjustment to the 2023-2026 Service Plans and Budgets.

CHIEF ADMINISTRATIVE OFFICER/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 **not** 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.

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- 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 Growth Application would require 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 advance the completion of the Providence Area Structure Plan and would enable an estimated 9,600 homes.
- This Growth Application is **not** considered feasible at this time as there is substantial serviced land supply presently available in this sector and there are significant known capital costs required to enable the development. Further study with the applicants on expected housing and population amounts, timing of required mobility infrastructure, and refining capital cost design and costing is needed.

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 (see map in Attachment 2) is in the South Sector. The application was received in its current form 2024 January 17 and evaluated by a cross corporate team according to the criteria published at www.calgary.ca/growthapplication.

Municipal Development Plan/Calgary Transportation Plan Alignment

- This application is favourably located in relation to services, amenities, and facilities including activity centres, employment areas, public schools, and recreation facilities. It is marginally unfavourably located in relation to existing libraries and transit.
- It would be contiguous with existing development and provide community completion of Alpine Park and Vermillion Hill in the Providence Area Structure Plan, while initiating incomplete development of Community B of the area structure plan.

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Market Demand

- As of 2023 May, the South Sector has 7 to 10 years of approved and serviced land capacity plus an additional 7 to 10 years of approved but not yet serviced land. This level of supply will allow for a number of years of development to proceed before additional investments are made, which better balances levy revenues and expenditures. 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.
- Funded investments (\$24M completed, and \$39M under construction in the current budget) are increasing capacity from 900 (current) to 5,000 homes within the Providence Area Structure Plan.

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.

While this Growth Application is contiguous and complementary with existing development, there remains a substantial supply of serviced land in the South sector, which is increasing as previously funded utility investments come into service. Enabling development beyond lands previously approved would prematurely advance the timing of significant capital investments for both utilities and mobility.

Further study/analysis could be undertaken by the applicant to determine the expected population and timing triggers for required mobility infrastructure and to better refine estimated capital costs in advance of bringing forward budget requests for capital infrastructure investment. Administration is available to work with the applicants on these matters.

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.

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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.

Once servicing capacity is enabled at the appropriate time, this Growth Application will present an opportunity for growth that is contiguous, well-located with respect to some amenities and services (including the Bridlewood commercial area, Our Lady of the Evergreens School, and Woodbine Athletic Park).

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 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

The Providence Growth Application requires significant capital infrastructure investment to enable growth beyond areas that have previously been approved. At the appropriate time, this Growth Application will present an opportunity to enable growth that leverages existing and funded infrastructure, as well as job creation and economic investment. 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 as this area builds out.

Service and Financial Implications

Other: New Capital funding request; New Operating funding request

This Growth Application requires ±\$96M in unfunded infrastructure investment up front and an additional ±\$415M for full build-out (as detailed in Attachment 2). Approximately ±\$405M is eligible to be funded through the Off-Site Levy, with the remainder to be funded through other City funding sources (such as property taxes and/or utility rates). These capital investments would benefit areas beyond this individual Growth Application. This area benefits from capital investments already made.

Additional base tax-supported operating funding of ±\$5M starting in year 2030, increasing to ±\$16M at full build out in 2039, would be required by this Growth Application, based on analysis done using the New Community Incremental Operating Cost Model (IP2023-0981). Should this

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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 taxes could be generated by the anticipated units in Growth Application (at prevailing tax rates).

RISK

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

Population and Development Assumption Misalignment Risk

Particular to this application, there were several inconsistencies in the assumptions around population, homes, land use and phasing that came about throughout the review, which were not resolved between the applicant and Administration prior to reporting deadlines. While not substantial enough to shift Administration's recommendation, these assumptions are critical for determining infrastructure timing and sizing. This can be mitigated by the applicant working with Administration to ensure alignment prior to returning to Council, in order to inform future infrastructure investment recommendations.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Application Overview GA2023-001: Providence
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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