Planning & Development Services Report to
Infrastructure and Planning Committee
2025 January 30

ISC: UNRESTRICTED
IP2025-0055

Growth Applications Lessons Learned

PURPOSE

The purpose of this report is to provide an update to Council on lessons learned in the first year of the Growth Application process. The report summarizes feedback from interested parties, highlights opportunities for change and next steps to implement changes.

PREVIOUS COUNCIL DIRECTION

On 2023 July 25, Council endorsed a redesigned process for evaluating new community growth opportunities (IP2023-0559). This was based on direction provided on 2022 September 20 (C2022-0545), where Council approved bylaw amendments to the Municipal Development Plan and twelve Area Structure Plans to implement the Growth Application function. On 2024 May 15, when the first Growth Applications were brought forward to Infrastructure and Planning Committee, Administration publicly committed to conducting a lessons learned exercise based on the experiences of the first year of implementation.

RECOMMENDATION(S):

That the Infrastructure and Planning Committee recommend that Council receive this report for the corporate record.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager Debra Hamilton concurs with this report. Administration is committed to continuous improvement on the Growth Applications process, which will support new community growth decisions to be strategic, flexible and responsive to a growing city.

HIGHLIGHTS

- In a spirit of continuous improvement, Administration committed to conduct a Growth Applications lessons learned exercise to identify key process questions and evaluate potential changes.
- Growth Applications replaced new community "business cases" in 2023 July as the evaluation mechanism that ensures City investment in new community growth is focused in the right places at the right times.
- The first seven submitted Growth Applications were brought forward to Infrastructure and Planning Committee in 2024 May.
- Four Growth Applications representing a future supply of over 18,000 homes were approved when associated operating and capital investments were included in the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets.
- The Growth Application process is more flexible, responsive and transparent than previous methods to evaluate new community growth. Many improvements identified through the engagement are supported broadly by interested parties. Three fundamental issues are also specifically addressed in this report.
- Beyond this report, Administration will continue to engage with industry representatives to improve and refine the Growth Application process.

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DISCUSSION

Background

Growth Applications are the process by which The City makes decisions on the investments required to enable additional growth in new communities. While the Growth Application process is new, the need to make strategic and prudent decisions is not. The City considers three key factors when making decisions – alignment to the Municipal Development Plan and Calgary Transportation Plan, responding to market demand and considering the financial benefits and impacts to The City and the broader economy.

In 2022 September, Council provided direction (C2022-1057) that rethought how new community growth evaluations were evaluated – but maintained the three growth factors at its core. This direction reiterated the importance of ensuring the necessary capital and operating investments were approved by Council ahead of considering land use approvals. See Attachment 1 for details.

In 2023 July, the redesigned Growth Application process was introduced and necessary policy amendments were approved (IP2023-0559). A new, continuously open window for applications was made available starting 2023 August 1. Since then:

- The first Growth Application was received on 2023 October 23, followed by six more over the next two and a half months. These seven were brought forward to Infrastructure and Planning Committee on 2024 May 15.
- Six more Growth Applications have been received subsequently, for a total of 13 since the redesigned approach was implemented.
- Four Growth Applications, representing new supply of over 18,000 homes, were approved through the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets. $81 millions in investments, covering transit, sanitary, stormwater and mobility were added to The City's budget to enable the growth.

Lessons Learned

Over the past eight months, in parallel to ongoing reviews, Administration has worked with interested parties to learn from their experiences. Engagement is summarized in the External Engagement section later in the report, and in Attachment 2.

Change Analysis

An analysis of feedback received reveals that suggestions fit broadly into two categories:

1. Clarity and Communication: Improvements that streamline and clarify process steps, reduce surprises and improve transparency for applicants. The following five changes are being implemented by Administration.

   a) Provide improved guidance to applicants to address and resolve issues;
   b) Strengthen connections between Growth Applications and planning applications (e.g., Outline Plans);
   c) Share greater information online on Growth Application activity and status;
   d) Communicate clearly on timelines, including integration with The City's budget process; and

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    e) Collaborate with applicants on ways forward for Growth Applications that were not recommended within a current year's budget.

These actions are broadly supported by industry representatives and Administration. They represent a common desire to increase communication and information sharing.

2. <u>Fundamental Changes</u>: These are process aspects that involve a change in principle or policy. These changes would be a departure from past practice or would shift the current process away from previous Council direction. There are specific reasons why these changes have not been supported by Administration in the past. An in-depth analysis is provided in Attachment 3, and summarized here:

Fundamental Change	Administration's Response	Next Steps
a) Establish a submission deadline which applicants must apply-by to be considered in the annual budget process	A submission deadline is not supported. The complexity of each application is different and a deadline would be arbitrary and could lead to unrealistic expectations.	Applicants are encouraged to contact Administration as early as possible to discuss timelines and application complexity.
b) Provide greater visibility and predictability for capital investment timing and opportunity Consider establishing funding envelopes for capital investment design and delivery	Greater certainty, provided with the caveat that influencing factors change frequently, is desirable. Acknowledged that investment decisions are made using City information. Envelopes can provide certainty but also reduce overall funding flexibility and come with opportunity costs. Funding amounts can be arbitrary.	On a file-by-file basis, Administration will work with applicants to share capital investment information and discuss design and timing. Administration has recently begun work to extend formal capital investment planning beyond the current budget cycle, which would provide greater information for Growth Applications. More information is expected in mid 2025.
c) Enable decision-making outside of traditional budget timing for Growth Applications that only trigger operating costs, to match more closely to applicant timelines	The Executive Leadership Team has discussed and asked for more information regarding conditions of approval and funding sources, to ensure The City's risks are managed.	Administration will make a determination and inform applicants. If supported, conditions will be socialized with industry, funding parameters defined and required direction/policy changes will be brought forward to Council.

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Next Steps

Administration will implement the changes indicated under "Clarity and Communication" and continue work on changes identified as "Fundamental". Impacts arising from these changes will be communicated to applicants and the development industry through existing channels.

EXTERNAL ENGAGEMENT AND COMMUNICATION

☐ Public engagement was undertaken

☐ Public/interested parties were informed

☒ Dialogue with interested parties was undertaken

☐ Public communication or engagement was not required

The key engagement moment of this lessons learned process occurred on 2024 September 24, when some members of Infrastructure and Planning Committee, industry representatives and members of the Senior Management Team met for a facilitated workshop to discuss process aspects and potential changes (see Attachment 2 for a summary).

In addition to this, regular meetings with the New Community Working Group were held. Formal and informal submissions from the Building Industry and Land Development Association – Calgary Region (BILD Calgary) were received and considered. A letter from BILD Calgary is also anticipated before this report comes to Infrastructure and Planning Committee.

IMPLICATIONS

Social

The Growth Application process is key to the delivery of market housing supply in new communities, which is aligned with Calgary's Housing Strategy. Growth Applications are evaluated against criteria that include a focus on contiguous development and proximity to amenities and services, including transit. This helps ensure investments recommended through the process are supporting equitable access to City services.

Environmental

Growth Applications evaluate the strategic locations with nearby existing amenities and services, offering sustainable access options, helps to achieve less carbon intensive growth.

Economic

Reviewing and approving Growth Applications leads to private development, which creates financial benefits to The City and the broader economy, including attracting investment, creating jobs and improving housing choice for a growing economy.

Many of the changes contemplated in this report are in response to suggestions from applicants who have said these changes would accelerate the delivery of housing, reduce costs related to timeliness and increase certainty of outcomes.

Service and Financial Implications

There are no service or financial implications arising directly from this report.

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Other:

Changes contemplated in this report would impact how new community growth is managed in budget processes. This includes the potential to make decisions on operating cost only Growth Applications outside of budget decisions made at budget time. Also, creating a dedicated funding envelope for growth capital investment projects, would impact The City's capital budget process and would compartmentalize The City's fiscal capacity. This will continue to be a topic of discussion.

RISKS

1. **Lack of Continuous Improvement:** Not continuously improving the Growth Application process could lead to inefficiencies and potentially slow the delivery of housing. This would also represent a reputational risk to The City as a regulator. However, improvements need to demonstrate value beyond speed of service.

2. **Process Consistency:** Several of the changes contemplated in this report are exceptions to current budget process rules and principles, and risk encouraging consideration of other exceptions. This can be mitigated by ensuring any process variances are aligned with broader City objectives, and all impacts and risks are evaluated and addressed.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Growth Applications Lessons Learned: What We Heard
3. Fundamental Process Changes: Analysis and Next Steps
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
D Hamilton	Planning and Development Services	Approve

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