

Growth Applications Lessons Learned: What We Heard

In May 2024, Administration committed publicly to complete a Growth Applications process review in a spirit of continuous improvement. This attachment provides a summary of engagement conducted from 2024 July to 2024 November, with particular focus on feedback received at a workshop held on 2024 September 24 with members of Infrastructure and Planning Committee, the development industry and senior members of Administration.

Other engagement beyond the workshop occurred through regular meetings of the New Community Working Group (including representatives from the development industry and Administration).

Engagement Summary by Topic

To summarize “what we heard” during the six months of engagement, Administration has grouped feedback into six broad topics:

Determining the Costs of Growth

The challenges of accurately measuring and portraying the costs of growth was one theme that emerged. Some participants noted that it can be hard to break down and disaggregate the costs of growth. When considering the costs of new development, both operating and capital costs need to be considered, and these can change over time.

Industry members commented that it has generally been unproductive to focus on whether growth “pays for itself,” and that this focus has left The City unprepared for the current population boom. There were thoughts that both the costs and revenues need to be considered while designing communities.

It was also suggested that costs can only be “guesses,” and The City takes a conservative position by potentially overestimating costs and this makes Growth Applications appear less attractive. The Off-site Levy Bylaw is used as a starting point for estimating costs, but functional plans are key to identifying things in more detail.

Competitive Aspect

The competitive nature of the Growth Application process continues to be the subject of discussion. Some members of industry noted that in years past, there was sufficient funding allocated to growth. Things are believed to be different now and this leads to a competitive, “beauty-contest”-like process. It was noted that Calgary used to be a desirable place to develop land, but the business case/Growth Application process added time to development and has hurt competitiveness.

The continuous intake of Growth Applications was, in part, intended to reduce the competitive nature of the process. However, in the first year of the new Growth Application process, all Growth Applications under consideration were all considered by Council at the same time, resulting in a similar “beauty-contest” dynamic as before. Some industry members would have

liked to see individual applications come forward at different times, and they wondered if this would have produced different budget decisions. Some Growth Applications that were submitted later in the year couldn't make the deadline for IPC, meaning they would have to wait another year for consideration.

Desire for Certainty

All participants expressed a desire for certainty. However, certainty is difficult to achieve when budget decisions are only made at specific times. Some industry members noted that it can take 3-6 years for approvals and this is seen as too long, and therefore it is too risky to invest in an Outline Plan without certainty of Growth Application approval. Industry members generally also want certainty regarding a Growth Application before a new Council is in place, as turnover on Council creates uncertainty with applicants.

Administrative Review Process

It was noted that some applicants have a fear of "not being in the system," so they may submit Growth Applications prematurely and this results in extra review work for Administration.

Submitting a Growth Application sometimes requires applicants to provide Outline Plan-level detail, even though doing an Outline Plan is very costly, and this can discourage a developer from submitting a Growth Application. Administration noted that there is a pre-application process that is meant to aid developers in determining the best time to submit a Growth Application.

It was also noted that more recent Area Structure Plans were not informed by detailed technical studies and this has resulted in a lack of necessary information at the Growth Application stage, meaning that additional studies need to be completed as part of the Growth Application review process. It was noted that more thorough Area Structure Plans give Administration better information to evaluate Growth Applications.

Land Supply

It was noted that land supply numbers factor heavily into Growth Application consideration. When the latest Growth Applications were under consideration, some land supply numbers were one year old, as there is typically a lag between the data collection date and publishing. If more up-to-date information on land supply was provided, perhaps there could have been different decisions by Council.

It was also noted that in Growth Applications, developers apply to develop more land than is immediately developable, yet all this land counts towards land supply. This is done because developers need to gain approval for enough land to recover the initial investment to get development in a community going. This practice likely results in over-applying and over-approving with respect to the timing of development.

Approach to Operating Costs Only Growth Applications

Some industry members noted that Administration should have discretion to make decisions on Growth Applications under certain conditions. For example, there are some growth areas for which no capital costs are triggered to initiate development. Having Administration be able to

make decisions on growth areas at any time would reduce the time to approval, as applicant would not have to wait until the annual budget for decisions. Or at least, having Council make decisions on these growth areas at any time would be welcomed.

Growth Applications Workshop

On 2024 September 24, representatives involved in new community Growth Applications attended a facilitated workshop to discuss the Growth Application process. Attendance was chosen to support a candid and comprehensive discussion where all parties had ample opportunity to share. The Mayor, IPC Chair and Vice-Chair attended, with five representatives from the development industry in attendance based on recent experience with the process. Administration was represented by the GM of Planning & Development Services, the Chief Financial Officer, the Director of City & Regional Planning and the Director of Capital Priorities & Investment.

A third-party facilitator was retained to guide the discussions. The workshop opened with a presentation by Administration on background, process evolution and key topics. The following comments from the session are largely verbatim, but some have received minor editing for clarity or brevity.

Topic	Comments
Submission deadline for Growth Applications to be considered in next year's City budget deliberations	<ul style="list-style-type: none"> • More clarity needed on budget timelines • Submissions that came in February couldn't make the IPC deadline for May, and that was hard for some to understand. • When these files improve the operating cost by adding onto existing infrastructure it's hard to see why they have to wait.
Consider whether Growth Applications that only require operating funding (no additional capital funding) can receive approval outside of traditional budget timing	<ul style="list-style-type: none"> • How do established areas growth costs factor into this conversation? • We should think comprehensively around the budget, it's hard to demonstrate that growth pays for growth • This isn't about levies and what levies pay for - may need another step in the to identify other sources of funding to pre-determine funds • Established areas should acknowledge capital as well as operating. Growth triggers costs whether it's in the established areas or the new communities. • Should a pool of funds be available here under a first come first served model • A fixation on growth paying for growth has taken us down a rabbit hole • Decisions made in 2018 set up to be in a good place for current growth • We need a discussion on how much property tax a community generates, and to demonstrate that it covers the expenses within a community. We aren't yet having that discussion but need to.
Proactively approving funds for planning and design expenses	<ul style="list-style-type: none"> • Some of the Growth Applications are guessing at costs, and is The City taking a conservative position, which overinflates the cost commitment and makes the GAs less attractive.

Topic	Comments
related to future, unfunded capital infrastructure	<ul style="list-style-type: none"> • We use the Off-site Levies as a starting point for the cost estimate, but the functional plan is important to identify more detailed planning of each project • Initiating design shortens approval timelines for when infrastructure is considered for funding through a Growth Application. Still need to wait for a year to fund and two years to build, and land development has to wait for those three years. When Council makes these budget decisions, infrastructure projects should be in a state of readiness. • Could think about how to roll this request into the Shovel Ready Program.
How much churn do we see in the system with developers inquiring about lands that are premature - is this taking up resources privately and Admin?	<ul style="list-style-type: none"> • There is a fear of developers not being considered because they're not "in the system", so likely some extra work for applications that aren't ready • It forces developers to take on the Outline Plan (or at least Outline Plan level detail) even if they aren't ready, so doing an Outline Plan is costly and not likely - costs hundreds of thousands for Growth Applications so it's unlikely that folks would do this • Outline Plan level detail is incredibly helpful on detail, and demonstrates readiness and commitment • Developers apply for more land than immediately developable, and The City counts that as land supply. We are likely over-applying and over-approving for the timing of development. They need to ask for approval for enough supply to recover the initial high investment to get the community going. • Reason not to advance studies – premature studies have opportunity cost for applicants and City • Fear of missing funding opportunities creates applications across a spectrum of seriousness, as nobody wants to miss out, even if they may not develop immediately • Can be complicated with multiple landowners' timing (some sooner/later than others) • Growth Applications result in long-term land (large sites) because applicants want go big to reduce uncertainty down the line and want certainty on a given payback timeline (e.g. high costs to begin a community, with costs being recouped in later phases, so incentive is to ensure those later phases are also part of consideration) • May be better to have more, smaller Growth Applications that are nearer-term land more ready for development; think about how to incentivize this and manage that workflow • Lack of study at Area Structure Plan (in recent plans) has created some of the situation of not having enough knowledge for current Growth Applications; this cascades downstream