

Strategic Growth in the Rangeview Area Structure Plan

EXECUTIVE SUMMARY

Administration has received and reviewed an Outline Plan/Land Use (OP/LU) application within the Rangeview Area Structure Plan (ASP). The developer of these lands, Brookfield Residential, is seeking approvals in order to continue development of ±76.42 hectares (±188.8 acres) in the community of Seton, as illustrated in Attachment 1.

The subject lands are currently covered by a Growth Management Overlay (Overlay), indicating funding for growth must be resolved prior to Overlay removal and land use approval. A number of capital and operating investments have been made in the community in the recent past. The remaining issue linked to Overlay removal for the subject lands is to address servicing for utilities. The developer has submitted supporting information reports, proposing an interim sanitary infrastructure solution in seeking to remove a portion of the Overlay.

In addition to reviewing the sanitary servicing proposal from the developer, Administration undertook an analysis that looked at alignment with strategic growth policy, market capacity and demand, and impact on The City's financial position, as it is important that growth planning recommendations reflect merit in each of these considerations. After completing this review, Administration is confident in recommending that the Overlay can be removed for the subject lands.

ADMINISTRATION RECOMMENDATION:

Administration recommends that the Priorities and Finance Committee recommend:

1. That this report (PFC2018-0240) be directed to the April 16 Combined Meeting of Council to the Public Hearing portion of the Agenda;
2. That Council hold a public hearing on the proposed bylaw amendment set out in Attachment 2; and
3. That Council approve the proposed bylaw amendment to the Rangeview Area Structure Plan in Attachment 2.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 February 22, the Priorities and Finance Committee recommended that Council approve an Administration recommendation to return in Q2 2018 with strategic growth recommendations that increase the level of City commitment and investment in new communities beginning with the 2019-2022 budget cycle, and prioritize future growth areas outlined in Attachment 3 of this report, including financial implications for the 2019-2022 budget cycle, future budget cycles, and how any funding gaps for operating and capital would be funded using the property tax.

On 2017 March 20, Council approved a capital budget increase of \$39M in 2017-2018 for Deerfoot Trail and 212 Avenue SE interchange.

On 2016 June 13, Council adopted Bylaw 26P2016, to remove portions of the Growth Management Overlay in the Rangeview Area Structure Plan.

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On 2014 September 8, Council gave three readings to bylaw 26P2014 adopting the Rangeview Area Structure Plan.

BACKGROUND

In late 2014, Council adopted the Rangeview ASP. The ASP included a full Overlay indicating that, at the time, the capital infrastructure required for the initiation of development was not in place or approved in The City's capital budget.

The Rangeview ASP was identified as a Proposed Investment Strategy Discussion Area in 2016 August. A business case was written by Administration, in consultation with developers, which highlighted the economic and strategic benefits of public investment in Rangeview, as well as the expected private investment from developers that would follow. A portion of the required infrastructure (the Deerfoot Trail/212 Avenue SE interchange) was approved by Council in 2017 March. Investment in required permanent utilities remains unfunded, and no commitments have been made on timing.

In 2016 June, based on an interim sanitary servicing proposal from the developer, Administration recommended that two portions of the Overlay could be removed. Council subsequently approved the ASP amendment to remove a portion of the Overlay as well as granting land use approval. These approvals introduced significant additional residential development to Seton, complementing the retail and institutional uses in the Seton Urban District. These lands are in a pre-development phase. Table 1 summarizes the ASP population targets and those that have been assumed in the sanitary servicing hydraulic model.

Table 1 – Rangeview ASP and sanitary servicing hydraulic model assumptions

	Rangeview ASP	Seton Stage 1A	Seton Stage 1B	Seton Stage 1C West
Total Dwelling Units	14,500	820	779	1,800
Single/Semi	11,000	242	0	850
Multi-residential	3,500	578	779	950
Population	44,000	2,316	1,715	4,885
Jobs/Students	4,400	0	0	55/1,800
Gross Area (hectares)	767	24.26	23.5	76.42

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The subject site shown in Attachment 1 is located in southeast Calgary, in the community of Seton and includes ±76.42 hectares (±188.8 acres). The subject lands are currently used for agriculture. The developer proposed that the Overlay could be removed for lands northeast of

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the future Deerfoot Trail/212 Avenue SE interchange (known as Seton Stage 1C West), and submitted studies proposing an interim sanitary infrastructure solution in support.

Growth management policies are contained in Section 8.2 of the Rangeview ASP, with reference to Section 4.3 in the Municipal Development Plan (MDP) Volume 2, Part 1: New Community Planning Guidebook. The ASP indicates the boundary of the Overlay (Map 10) and states that development shall not occur until the Overlay is removed. The MDP describes how an applicant can demonstrate that infrastructure capacity either exists, or how it will be funded, through a Growth Management Analysis submission. A proposed text amendment in Attachment 2 addresses a housekeeping item to detach the Outline Plan approval from the removal of the Overlay. The text amendment supports the ability to approve an Outline Plan area larger than the Land Use area without committing The City to funding and financing decisions for infrastructure for the larger area. This approach allows the developer and The City to better understand and plan for infrastructure and development phasing. The details of the proposal were reviewed and accepted by Administration, bringing the submission into conformity with all applicable policy. Strategic considerations and technical details are provided below in the Strategic Growth, Utilities, Emergency Response and Transportation sections.

Strategic Growth

Administration has been focusing on three elements as a basis for making growth planning recommendations to Council. These elements are growth policy alignment, market forces, and City financial capacity. It is important that growth decisions can demonstrate alignment and consideration of these factors.

The proposed development supports the continuation of build out of the community of Seton and is in alignment with the policies of the MDP and Rangeview ASP. Seton is one of 27 actively developing communities where The City has made significant investments in capital infrastructure that include a:

- Fire station;
- Recreation centre and library; and
- Deerfoot Trail SE/212 AV SE interchange.

The use of existing infrastructure supports the following policies in the MDP:

- Optimize the use of existing infrastructure and services. [MDP, 2.1.4a]; and
- Accommodate growth while avoiding premature investment in municipal infrastructure. [MDP, 2.1.4d]

The proposed development also helps maintain 3-5 years of serviced suburban land in the next budget cycle with no additional capital costs.

Seton is a community along the future Greenline LRT with a significant employment concentration as a result of the South Health Campus. Seton Stage 1C complements the previous Seton stages by providing the remaining uses in the Transit Station Planning Area in the Rangeview ASP. Multi-residential development in a variety of forms, a 1.2 hectare site for non-residential uses and a Calgary Catholic School District high school site have been provided in accordance with policy 4.5.2 of the ASP.

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Continuing development in the Seton community will help grow the population and tax base to support these amenities, and will complement the existing development in the Seton Urban District and the pending/under construction development in Seton Stages 1A and 1B.

Market

The proposed development will add growth capacity of approximately 850 single/semi/townhouse units and approximately 950 multi-residential units. This is in addition to the ~1600 units approved in Seton stages 1A and 1B. Altogether, Stages 1A, 1B and 1C West add approximately 5-6 years of supply for single/semi/townhouse units based on The City's projected absorption for the southeast sector. The actively developing communities of Cranston, Auburn Bay and Copperfield in this sector are completing the build out of remaining single residential capacity, thus continued growth in Seton provides additional choice and competition in the city's fastest growing suburban area. An overview of actively developing communities is provided as Attachment 3. Additional residential population will also support the existing non-residential development within the Seton Urban District.

Financial Capacity

The applicant demonstrates that existing sanitary trunk system capacity is sufficient to allow for the proposed development Seton Stage 1C West. Therefore, no additional City capital infrastructure would be required to facilitate this development, and no alternate funding and financing arrangements would be necessary in the interim, based on the population assumptions in Table 1 above and in the submitted interim sanitary servicing study for Seton Stage 1C West. Interim lift stations have been used before as a servicing solution.

As development proceeds, the provision of City services such as roads, parks, local transit and waste and recycling would have an operating budget impact at such time as they are provided. The most significant portion of operating costs such as fire service and Bus Rapid Transit (BRT) are currently included in the annual operating budget. The total gross operating cost would be approximately \$250,000 in the OneCalgary 2019-2022 budget. Seventy per cent of the total tax revenue projected during 2019-2022 would be approximately \$750,000 to \$1,100,000 annually, leading to a positive balance over 2019-2022. The gross annual operating cost at full build out (whenever that is) would be approximately \$1,920,000. Seventy per cent of the gross annual tax revenue at full build out (whenever that is) would be approximately \$1,750,000, leading to a deficit of \$170,000. Inputs from the applicant and City were used to generate projected revenue and costs. Factors such as, but not limited to, annual development absorption, actual development built form and City service provision may influence in a positive or negative direction the projected revenue and costs.

Infrastructure/Serviceing

- *Utilities*

The assumptions for utilities and servicing in the Rangeview ASP include a permanent sanitary trunk along 210/212 Avenue SE to the Pine Creek Wastewater Treatment Plant, permanent water feedermain upgrades in the local area, and permanent storm ponds, trunks and outfalls.

In their submitted Sanitary Servicing Study, the applicant proposed to access available capacity in the existing sanitary trunk system within lower Cranston and downstream of the forcemain syphon connection from the Mahogany lift station. The applicant also

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proposed to access water servicing by extending the local distribution network from north of the subject site, and to provide developer funded stormwater ponds for storm servicing. The subject site is to be ultimately serviced by the Rangeview Sanitary Trunk.

Following an analysis of the interim sanitary servicing proposal submitted by Brookfield, Water Resources confirmed that the proposed interim servicing solution is acceptable, subject to conditions that are to be implemented through future subdivision and development approvals.

- *Emergency Response*
Emergency services are provided from the nearby Seton Fire Hall, and the subject lands are located within the 7 minute fire response time target.
- *Transportation*
The developer, City and Province agreed to a funding proposal for the construction of the Deerfoot Trail SE/212 Avenue SE interchange. The interchange is expected to be completed by 2019, which would increase available capacity in the regional road network. The applicant submitted a Transportation Impact Assessment that was reviewed by The City and determined the local off site and on site transportation network requirements. Several conditions are to be implemented through future subdivision and development approvals.

Conclusion

The agreements reached with Transportation Development Services and Water Resources illustrate that there are no immediate capital budget implications triggered as a result of this amendment. The interim sanitary servicing proposal submitted by Brookfield for Seton Stage 1C West does not trigger an immediate need for the ultimate infrastructure solution, as development on the removed Overlay lands will utilize existing capital infrastructure that has already been constructed as described in the above Utilities section.

The ultimate sanitary trunk will be required once the population in Seton Stage 1C West reaches the projected threshold of 4885 people, 55 jobs and 1800 students. The timing of the ultimate water feedermain and stormwater infrastructure will be reviewed and confirmed as development proceeds in this community. The ultimate utility infrastructure funding required for the Rangeview development is not included in the current Action Plan (2015-2018) budget. A decision on the funding status of infrastructure in the remainder of the Rangeview ASP for the 2019-2022 budget will be made as part of the Q2 2018 report on funding recommendations on business cases for new communities. The Rangeview business case will be considered alongside 11 other business cases seeking to open up additional new community areas.

Should the population projections or development timing change, the timing of the ultimate infrastructure may be impacted.

Stakeholder Engagement, Research and Communication

The developer and applicant have worked with members of Administration to resolve the outstanding technical details, creating a solution that is agreed upon by all parties. Internally, the solution was reviewed and endorsed by the Directors Integrated Growth Committee (DIGC).

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Strategic Alignment

The proposed development optimizes the use of existing infrastructure and services in accordance with MDP policy 2.1.4a and Strategic Action W2 from Action Plan 2015-2018 – Be as efficient and effective as possible, reducing costs and focusing on value-for-money. Greater efficiencies of the existing infrastructure are created by the additional development and tax base created.

The proposed development provides a Transit Station Planning Area in alignment with Rangeview ASP policy 4.5, by providing multi-residential development in a variety of forms, non-residential uses in a neighbourhood activity centre, a Resident's Association site, and a catholic high school site to serve the greater area.

Social, Environmental, Economic (External)

Social

The continuation of development in Seton will provide additional population to support the existing and planned amenities and services within the community, including the existing Bus Rapid Transit and the under construction Seton Recreation Facility and Library.

Environmental

Site specific environmental considerations are part of the Outline Plan and Land Use Amendment application review.

Economic (External)

Further development in Seton allows the developer to continue to invest in the residential market and supports the existing non-residential development. This, in turn, will help grow the tax base and help maintain the pace of private investment in this area. The Overlay removal area is expected to provide approximately \$33,375,000 in off-site levies for The City. The levies are put towards funding the City infrastructure required to service new communities and are included in the Off-site Levy bylaw.

Financial Capacity

Current and Future Operating Budget:

A large portion of operating costs required to service the proposed development are included within the current operating budget. As development proceeds, the provision of other City services such as roads, parks and waste and recycling would have an operating budget impact at such time as they are provided. The total gross operating cost would be approximately \$250,000 in the OneCalgary 2019-2022 budget. Seventy per cent of the total tax revenue projected during 2019-2022 would be approximately \$750,000 to \$1,100,000 annually, leading to a positive balance over 2019-2022. The gross annual operating cost at full build out (whenever that is) would be approximately \$1,920,000. Seventy per cent of the gross annual tax revenue at full build out (whenever that is) would be approximately \$1,750,000, leading to a deficit of \$170,000.

The operation and maintenance of the interim utility infrastructure is the developer's responsibility until the ultimate utility infrastructure is installed. Therefore, no impact to the operating budget for the interim servicing solution is expected.

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Current and Future Capital Budget:

There is no impact to the current capital budget as a result of this report. The Overlay removal area for Seton Stage 1C West leverages existing City funded capital investment. Local capital investment to bring on this phase will be at the developer's cost. Additionally, the developer will pay off-site levies, which helps generate funding for the permanent infrastructure.

Future development phases beyond the Overlay removal area will require the future capital-funded Rangeview sanitary trunk, water feedermain, storm trunks and outfall(s), and transportation improvement. At the time of this report, no funding decisions or commitments have been made on the timing of the permanent infrastructure funding solutions for Rangeview for 2019-2022 and beyond. Decisions on the funding of infrastructure in Rangeview will occur as part of the report to Priorities and Finance Committee at the end of Q2 2018, alongside other submitted business cases.

Risk Assessment

1. **Risk:** Capital funding for the ultimate sanitary servicing solution has not been approved. This could result in a deferral of the construction of the ultimate infrastructure. As a result, the cessation of development beyond 1C West may occur, as the proposed interim sanitary servicing can only accommodate a certain amount of sanitary flow.

Proposed Mitigation Solution:

Administration and the developer agreed that the developer will be responsible for monitoring the sanitary flows for the duration of the interim sanitary servicing solution. The continuous monitoring helps mitigate potential issues in the future by addressing any problems immediately. Water Resources will review the flow monitoring data, and if the sanitary flows from Seton 1A, 1B and 1C West exceed anticipated values, measures may need to be taken to reduce the potential trunk surcharge. Further cap on sanitary discharge volumes to the existing sanitary system might be required at a later date. Water Resources will work with Brookfield if this were to occur.

2. **Risk:** An agreement needs to be secured with the developer to ensure that the proper abandonment of interim servicing infrastructure is ensured, and that the tie-in to the ultimate solution, once the ultimate infrastructure is in place, will be completed to the satisfaction of Water Resources.

Proposed Mitigation Solution:

Through a special servicing agreement or an indemnification agreement, Water Resources will ensure that a strategy and contract are in place for the appropriate decommissioning of the interim servicing infrastructure, once the ultimate infrastructure has been installed. Typically, a security is collected from the developer, and is only released at Final Acceptance Certificate (FAC) stage. The purpose of the FAC is to transfer full responsibility for a municipal improvement from the developer to the City. FAC for this project will be granted upon the successful decommissioning of the interim servicing infrastructure and, once installed, tie-in into the ultimate servicing infrastructure. Conditions of approval will also be added to the Outline Plan to tie into the ultimate servicing infrastructure, and to address the decommissioning of interim servicing.

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3. **Risk:** The Master Drainage Plan for the Rangeview ASP area is currently being amended. At this time, the ultimate stormwater drainage servicing strategy has not been finalized.

Proposed Mitigation Solution:

Water Resources is currently working with the land owner and consultants (Urban Systems) on reviewing the amendments proposed to the Rangeview Master Drainage Plan.

Removal of the Overlay based on an interim servicing solution does put pressure on The City to fund and deliver on the permanent servicing solution. While endorsement of the interim servicing solution does not commit The City to deliver the permanent solution, it does introduce growth that is dependent on future budget decisions, as reliance on interim solutions is not ideal in the medium to long term. However, Rangeview has been identified as a Proposed Investment Strategy Discussion Area and the community of Seton has benefited from significant public and private investment in capital infrastructure (i.e. hospital, fire station, recreation centre) and is included in the future Greenline investment.

REASON(S) FOR RECOMMENDATION(S):

The Rangeview ASP was adopted by Council with a full Growth Management Overlay, indicating that the leading capital infrastructure required for development was not in place or approved in The City's capital budget. The applicant engaged Administration with a proposal that demonstrated leading capital infrastructure capacity was available to service the proposed development.

Administration worked with the developer to review their proposal and determine if there was sufficient infrastructure capacity available to remove the Overlay for the proposed development identified as Seton Stage 1C West. The strategic growth merits, market impacts, and City financial considerations were also reviewed. As a result, Administration recommends removal of a portion of the Overlay in Attachment 2 to allow the Outline Plan/Land Use Amendment application to proceed, subject to conditions outline in these reports.

ATTACHMENT(S)

1. Attachment 1 – Map of Land Use Application Area
2. Attachment 2 – Proposed Amendment to the Rangeview Area Structure Plan
3. Attachment 3 – Actively Developing Communities with Land Use and Future Investment Areas