

Rationale for Communities Outside the Revised Recommended Portfolio

The five communities outlined below (identified in four business cases) have not been included in the portfolio approved by the Priorities and Finance Committee (PFC) or in the 2018 July 30 revised recommended portfolio to Council from Administration. Although there has been good planning consideration and collaboration with proponents representing these areas, Administration does not recommend these communities for inclusion in the One Calgary (2019-2022) service plan and budget at this time for a number of reasons, including:

- **Readiness:** may still require significant planning or technical review work before construction could commence, or proponents' development timeline is later than other recommended business cases;
- **Contiguous:** may not reflect contiguous development;
- **Market:** may not address an immediate market need, or the market need is already significantly addressed through the other recommended business cases.

The recommended 11 communities (outlined in Attachment 3) satisfy Council's direction of initiating growth in 6-12 communities in the next budget cycle. The communities align with the 0.45 - 0.75 per cent indicative tax rate allocated for new growth in the One Calgary (2019-2022) service plan and budget and are with the 0 – 0.5% annual water utility rate increase approved by Council. Furthermore, the recommended communities align well with the goals of MDP/CTP, they exceed the MDP policy of 3-5 years supply for suburban land when added with the actively developing communities, and the recommended communities align with financial capacity for new growth in the 2019-2022 budget.

Council has already provided direction that Administration monitor the New Community Growth Strategy and report on findings in Q4 2019. Following this, Administration has recommended that Council direct Administration to bring the next recommendations for new community growth by no later than 2020 March, and in coordination with the One Calgary (2019-2022) service plan and budget mid-cycle adjustment process.

This will provide proponents with more time to fully resolve outstanding planning and technical concerns, and will allow for an assessment and review of the market data from the current proposed investments. It will be an opportunity to evaluate the build out, performance and market need for more single, multi and non-residential units, and should market data indicate that demand may outpace supply, there will be an opportunity for Council to consider additional new growth.

In the tables below, Administration has outlined the rationale for deferring these business cases to be considered at the mid-cycle review.

2	Area Structure Plan: Nose Creek	Proponent: QuadReal	Communities: 2
<p>MDP Alignment and Market Advantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. Creation of a "Live-Work-Play-Learn" development that is a goal of the MDP. 65% of development would be for light industrial (office park), commercial, employee-intensive and mixed use. 2. The Nose Creek ASP is the first City of Calgary land use planning policy document to explicitly address health considerations in the development of a new community though the inclusion of a Health Impact Assessment (HIA), which is intended to support health-focused and inclusively planned communities. This business case builds on the foundations of the work aimed to maximize health benefits to individuals who will live, work, lean and play in the area. 		<p>MDP Alignment and Market Disadvantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. The business case is not contiguous to other communities. 2. Infrastructure servicing extensions would be required across undeveloped land. 3. Requires two major of transportation connections, one City responsibility, one Provincial. The interchange at Hwy 566 and QEII is a Provincial responsibility and has not be identified for funding in their 2018-21 Fiscal Plan. 4. Requires additional technical and planning clarification through the Outline Plan process. An amended Sanitary Servicing Study is one example. 5. Area is currently fully outside of the Fire/Emergency response policy, and incremental servicing proposal is not supported by Administration. 6. Proposed light industrial development is expected to face competition as there are 600 ha of serviced industrial lands in the Northeast and 981 ha of serviced industrial lands city-wide. Competition is also expected for office park space as there is currently a vacancy rate of 20% in suburban office and 26% in downtown office. 	

Financial Impact of Inclusion in the Revised Portfolio							
(\$000s)	# of Communities	Direct Incremental Operating Costs ¹					Final (n th) Year ² (2023+)
		One Calgary (2019-2022)					
		2019	2020	2021	2022	As at 2022	
Nose Creek ASP (QuadReal)	2	\$0	\$0	\$0	\$0	\$0	\$8,387

(\$000s)	Capital Costs ¹					2019-2022 Tax Impact
	One Calgary (2019-2022)		2023+		Total	
	City Share	Developer Share	City Share	Developer Share		
Nose Creek ASP (QuadReal)	\$33,091	\$39,809	\$0	\$17,989	\$90,889	0.41%

¹ All costs are in 2018 dollars and do not include inflation. Capital costs are Class 5 estimates.

² Operating cost assumptions are for direct incremental operating costs for the initiation of a new community. Full costs required for complete communities are not fully recognized.

5	Area Structure Plan: Belvedere	Proponent: OpenGate	Communities: 1
<p>MDP Alignment and Market Advantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. Envisions a "Work-Live-Thrive" development that aligns with the goals of the MDP. 2. Offers regional connectivity to Chestermere and Rocky View County 3. Proposes an innovative format locating STEM employment east of the city's industrial and commercial/office areas. 4. Envisions future TOD linkages along 17 Avenue SE. 5. Envisions balancing jobs and housing by providing employment in east Calgary. 		<p>MDP Alignment and Market Disadvantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. The business case is not contiguous to other communities. 2. Infrastructure servicing extensions would be required across undeveloped land; storm servicing solutions are considered interim. Sanitary may require allocating capacity away from West Belvedere. 3. Proposed office supply may face competition with a current 20% vacant suburban office and 26% vacant downtown office space. 4. Although in future jobs/housing balance will be positive, auto will be the predominant access method until further residential is built in the area and transit is provided. 5. Transportation capacity will need to be allocated across all of Belvedere until the Memorial Dr E overpass is constructed. 	

Financial Impact of Inclusion in the Revised Portfolio								
(\$000s)	# of Communities	Direct Incremental Operating Costs ³						Final (n th) Year ⁴ (2023+)
		One Calgary (2019-2022)					As at 2022	
		2019	2020	2021	2022			
Belvedere ASP (OpenGate)	1	\$0	\$0	\$0	\$6	\$6	\$3,017	

(\$000s)	Capital Costs ³					2019-2022 Tax Impact
	One Calgary (2019-2022)		2023+		Total	
	City Share	Developer Share	City Share	Developer Share		
Belvedere ASP (OpenGate)	\$0	\$22,000	\$0	\$7,000	\$29,000	0.33% ⁵

³ All costs are in 2018 dollars and do not include inflation. Capital costs are Class 5 estimates. Costs based on 2018 May update from developer.

⁴ Operating cost assumptions are for direct incremental operating costs for the initiation of a new community. Full costs required for complete communities are not fully recognized.

⁵ Inclusion of Belvedere ASP (OpenGate) in the portfolio would advance the step-up construction of the Memorial Dr overpass in the Belvedere ASP into 2019-2022 (total cost: \$50M). Within the portfolio, the capital costs are accounted for in 2023+ in the Belvedere ASP (TriStar/Truman/et al) business case. This step-up results in a base property tax increase of 0.33% in 2019.

6	Area Structure Plan: South Shepard	Proponents: Hopewell / Melcor	Communities: 1																																																	
<p>MDP Alignment and Market Advantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. Significant planning work has been completed: all required studies have been completed. Proponent working with Province to purchase crown claimed wetlands. 2. City capital costs are not required for the business case area. 		<p>MDP Alignment and Market Disadvantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. Recommended portfolio meets or exceeds projected demand for single and multi-residential citywide and in the Southeast; adding more may lead to less efficient absorption, longer build out time to complete communities, and slower returns on municipal investments. 2. Area is fully outside of the Fire/Emergency response policy and it is Administration's position that a Fire Hall is required in 2019-2022. 3. Access beyond the community will be primarily auto until transit, pedestrian and bike connections are made. 4. Significant distance to major and community activity centres. 																																																		
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12	Area Structure Plan: Glacier Ridge	Proponent: Qualico	Communities: 1																																																		
<p>MDP Alignment and Market Advantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. Envisioned as a residential area with a predominantly single residential offering including more affordable housing types. 2. Significant planning work has been completed: submitted a Master Drainage Plan and a Transportation Impact Assessment; proponent notes they received confirmation that there are no public land claims on the site. 3. Low City capital costs required as utility connection would be Off-site Levy eligible, benefits from infrastructure triggered by other business cases. 		<p>MDP Alignment and Market Disadvantages of adding this business case in the Revised Recommended Portfolio:</p> <ol style="list-style-type: none"> 1. Recommended portfolio meets or exceeds projected demand for single and multi-residential citywide and in the North; adding more may lead to less efficient absorption, longer build out time to complete communities, and slower returns on municipal investments. 2. Lack of unique features or uses that are not already captured in the Portfolio. 3. Proponent requires a right-of-way easement with the landowner to the east (Brookfield) in order to facilitate the required sanitary connection 																																																			
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