

GROWTH MANAGEMENT FRAMEWORK UPDATE

RECOMMENDATION

That the June 14, 2022, Urban Planning and Economy report UPE01029, be received for information.

Report Purpose

Information only.

Committee is being informed of progress on the growth management program components and the opportunity to provide input to Administration for next steps and further development of program components prior to implementation.

Executive Summary

- Growth Management is a critical component of The City Plan that represents a market transformation, based on two million Edmontonians living within the current city boundary.
- Implementing and achieving The City Plan will transform Edmonton through increased growth in established areas, greater housing choice, and 15 minute districts that support the City's financial viability and climate resilience.
- Components of the growth management body of work include Priority Based Budgeting criteria, potential capital profiles for priority growth areas, redevelopment incentives and the substantial completion standard.
- Through collaboration with stakeholders, Administration is developing its approach and metrics to reflect the insights shared by industry stakeholders. As an example of one of those insights, Administration is exploring solutions to address utility infrastructure barriers to redevelopment with EPCOR.

REPORT

The City Plan is a critical part of Edmonton's investment strategy that includes development priorities around physical, environmental and social infrastructure investments and

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understanding their fiscal implications. The City Plan guides the phasing of growth to ensure the best return on investment for Edmonton.

Growing within the current urban boundary requires increased and more diverse medium and high density development to accommodate Edmontonians. This change in urban form will mean more efficient use of land and welcoming more people into areas with existing amenities, infrastructure and services. It may mean the City and its city-building partners will need to increase and enhance those elements as districts see growth (see Attachment 1 for sources of funding). Growth management will enhance opportunities to meet climate and energy goals, diversify the supply of housing, create the conditions for achieving Edmonton's transportation mode share targets and align budgets with policy. The City is already taking a growth management approach through surplus land processes, whereby the geography of priority nodes and corridors are a component of land evaluation.

The focus for the growth management program is on the 1.25 million population horizon. This phase does not anticipate significant shifts to the growth pattern. Instead, the work will focus on setting a foundation of policy and practice for Administration, so that the shift is activated and accelerated between the 1.25 million and 1.5 million population horizons. The City Plan and growth management anticipate both developing area and redevelopment growth; however, the redevelopment focus may seem more prominent because the established processes that support greenfield development do not yet exist at the same scale for redevelopment. Attachment 2 indicates the development pattern areas that are the focus of each component of growth management and existing City programs.

Growth management is divided into three phases: program scope, program component development and implementation. The scoping phase was completed in Q2 2021. More information on The City Plan Growth Management Scoping Project Final Report is included in Attachment 3.

Developing Program Components (current phase)

The program component development phase of Growth Management began in Q3 2021 and will be complete at the end of 2022. Through this phase, Administration is advancing The City Plan's growth management principles and concepts into tools and tactics that achieve the goals throughout the development pattern areas. The creation of these tools reflects learnings from city-building partners including various City business areas, the development industry and EPCOR engagement. The five key components are discussed below.

1. Priority Based Budgeting Strategic Criteria

Based on The City Plan's phasing and activation of growth, criteria were developed for scoring capital growth projects to determine the priorities for the 2023-26 capital budget cycle as part of Priority Based Budgeting. Projects receive higher points if they support dwelling unit growth in priority nodes and corridors, provide amenities, facilities and services that complete the redeveloping area, include active transportation and public realm improvements, and contribute to employment growth and investment in non-residential areas. A map of the Priority Growth Areas is provided in Attachment 4. Priority growth areas are a subset of The City Plan Nodes and

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Corridors network (see Attachment 5) that are expected to see the largest housing growth in the redeveloping area by the 1.25 million population horizon.

2. Capital Investment for Priority Growth Areas

Through The City Plan's infrastructure investment lever, planning, design and delivery of select active transportation, public realm and open space projects that support priority growth locations where significant private investment has or is expected to occur, such as Mill Woods and Oliver are being considered as a part of the 2023-2026 budget development process. These targeted investments will help to attract and support population growth in existing areas of the city which would make efficient use of existing infrastructure, reduce urbanization of agricultural lands, and increase density, creating the conditions for increased use of public transit, walking and cycling. These outcomes contribute to achieving Edmonton's climate goals by reducing greenhouse gas emissions.

The investments could contribute to the scope and impact and/or enable work to occur sooner than planned, including potential developing area investments that contribute to substantial completion, such as district, urban village, school and community parks.

3. Redevelopment Incentives

Through The City Plan's incentives and pricing lever, a set of incentives geared toward The City Plan objectives will be prepared and advanced for consideration as part of the 2023-26 operating budget if directed by Council. By providing funding, the incentives will reduce barriers and signal to industry that redevelopment aligned with The City Plan is supported in Edmonton. Desired growth makes use of existing infrastructure and land at higher densities and contributes to creating vibrant mixed-use nodes and corridors served by transit. Incentives will increase housing supply and choice in the infill market and create momentum toward achieving The City Plan targets. See Attachment 6 for more detail on potential incentives.

Industry stakeholders were engaged regarding existing and potential incentives. Feedback included the need for reliable incentives that address barriers facing a variety of development project types, particularly infrastructure related costs. Tax based incentives are preferred by industry, though are not recommended by Administration due to their tendency to erode real property tax growth. As an alternative, tax revenue could be dedicated to supporting and encouraging intensification and infill in key locations. Measurement and tracking of incentives was viewed by internal and industry stakeholders as important to determining incentive benefit and value.

Alongside direct incentives and capital investments in infrastructure, the City should also support redevelopment through non-financial approaches such as streamlining development approvals, site assembly, working with EPCOR to identify priority infrastructure barriers and solutions, and rezoning. Specifically, a draft work plan is being prepared that will outline an approach to rezoning priority areas and is scheduled to return to Urban Planning Committee in Q1 2023.

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4. Substantial Completion Standard

Substantial Completion of the developing area is based on policy direction 2.3.2.3 of The City Plan which states: require substantial completion of the developing area including service provision, amenities, and infrastructure prior to authorizing the preparation of statutory plans for the contiguous development of the future growth area.

Throughout The City Plan engagement, Edmontonians indicated interest in having complete communities — complete communities are when it is possible and enjoyable to complete most daily tasks, often without the need for a vehicle. This work is directly informed by the complete communities concept in the Edmonton Metropolitan Region Growth Plan. Substantial Completion will positively impact the City's financial viability by balancing planned infrastructure commitments with market demand and affordability.

To track substantial completion, a set of metrics are being developed with input from industry partners. Examples of metrics include percentage of planned low, medium and high density residential units completed, school site/park status, non-residential zoning and facilities. Metrics will be tracked by Administration based on The City Plan policy direction. It is recommended that the metrics are formalized in an administrative standard (per the Corporate Policy Framework). Annual monitoring of the metrics will provide the opportunity for stakeholders and the public to understand progress toward completion of the developing area.

Alternatively, should Council wish to provide further strategic direction beyond the substantial completion policy direction in The City Plan, Administration could explore existing statutory and policy tools available to Council. Depending on the approach, this could require public input. Views may range from suggesting stricter regulations on future growth area development than currently in The City Plan to avoiding restriction of development in the future growth area. The technical detail of substantial completion metrics may also be challenging to establish and refine at the Council level.

Workshops with industry regarding substantial completion were held in December 2021 and April 2022. Initial input included the request that objective measures be consistently applied across all projects, and consideration for how different areas face different development challenges. This input informed the approach of looking at the developing area districts and the establishment of thresholds based on anticipated growth in those areas. Later input reinforced the impact of non-participating landowners on completing neighbourhoods, the need for sufficient lead time to plan future growth areas, and concern about delaying development in the future growth area.

During the next six months, the substantial completion metrics and associated standard will be finalized as an administrative standard, and the resulting work will be shared with Council. Initial substantial completion reporting will follow. Should there be desire for this work to be written as a Council policy, additional time and work planning is required, in particular to incorporate the public engagement components of the work.

5. Exploring Solutions to Utility Infrastructure Barriers to Redevelopment

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Administration is working closely with EPCOR to explore various ways to address infrastructure challenges related to the water, drainage and electricity upgrades required to support redevelopment projects. This work builds on findings from the Infrastructure Capacity Review completed to fulfill Action 2 of the Infill Roadmap initiative (UPE00854 Infill Roadmap Initiative -2022 Update, April 26, 2022). It also assesses opportunities to develop targeted utility funded capital programs, including the option to potentially leverage the Stormwater Integrated Resource Plan to support stormwater infrastructure requirements.

Phase 1 Industry Engagement input identified unanticipated infrastructure upgrade costs as a significant barrier to infill. Discussions with EPCOR's One Water and Power leadership identified areas of mutual interest, including priority growth areas with near to end-of-life pipe replacement needs, changing and increasing needs for power, alternative storm and sanitary management including low impact development and wet weather storage. Additional analysis and engagement with industry is needed to develop the most impactful solutions, given constrained City funding and regulatory approval requirements for EPCOR's water and electricity businesses. Changes to the water or drainage funding approaches require review by Utility Committee and changes to power would require review with the Alberta Utilities Commission. In general, more clarity on near term growth requirements in the priority areas is expected to lead to improved infrastructure solutions.

Initial conversations have taken place with ATCO to understand natural gas utility infrastructure impacts on redevelopment; no issues related to the growth management program have been identified to date. Administration will support utility processes should energy transition and new infrastructure needs emerge, such as those related to hydrogen and district energy.

Use of Off-site Levies in the Redeveloping Area

Industry representatives raised the use of off-site levies as a potential tool to fund new or expanded infrastructure to support redevelopment. As of January 1, 2022, the City began collecting off-site levies in the developing area for the construction of fire halls under Facilities Off-Site Levies Bylaw 19340. The Municipal Government Act (MGA) stipulates the types of infrastructure that an off-site levy can be collected for, including water, sanitary, storm sewer, roads, recreation facilities, police stations, fire halls and libraries. Regulations allow collection of an off-site levy in the redeveloping area, however there are challenges related to setting the rate and collecting the levy.

Off-site levies work well in the developing area due to sequenced and relatively predictable development with a defined benefiting area and predictable fund collection to help pay for new or expanded infrastructure. In the redeveloping area context, development is less predictable in both volume and timing and therefore forecasting the available levy amount to pay for the infrastructure becomes equally unpredictable, and in some areas the slow rate of redevelopment does not enable timely construction of facilities from off-site levy charges.

An off-site levy can only be collected at the time of development permit or subdivision. There could be a significant number of parcels in redevelopment areas that benefit from the new or expanded infrastructure but not be required to contribute. To mitigate this, the City may choose

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to front-end the cost of the infrastructure — this approach reduces the risk of it not being constructed in a timely manner. Similarly, for fire halls, Administration calculated that the City will need to pay over 50 per cent of the total cost of the remaining developing area fire halls not collected through off-site levies.

An upcoming Urban Planning Committee report (UPE00894 Investment in New Development, tentatively scheduled for August 2022) will explore how the Community Amenity Contributions could be adapted to fund new and expanded infrastructure in the redeveloping area of the city.

Implementing Growth Management (starting 2023)

In alignment with the start of the 2023-26 budget cycle, the implementation phase of growth management will contribute to Edmonton's transformation, including increasing housing choice and gradually shifting more growth to the redeveloping area. Initial actions include offering dedicated incentives, making targeted infrastructure investments in priority areas, and measuring progress toward substantial completion of the developing area.

The City Plan encourages alignment of public and private investment as a way of strategically phasing growth. Consistent, systematic and timely information about the locations and amount of current and near term private investment in land and buildings enables the City to invest nearby where it is consistent with municipal priorities and capacity. Administration is developing a Redevelopment Market Index that will use leading indicators to demonstrate where and when significant redevelopment is likely to occur in the near future as measured by dwelling unit growth. The index may also be used to validate The City Plan's anticipated growth goals.

The concept of 15 minute districts and preparation of district plans create the opportunity to plan City infrastructure in an integrated way based on district geography. An emerging growth management-led initiative will focus on planning and prioritizing new City-owned infrastructure at the district level. The approach will consider the roles of infrastructure in supporting priority growth areas and surrounding neighborhoods and take a city-wide view of how the districts interface with one another.

Growth management links strategy and budget by investing where growth is anticipated and can be activated as per The City Plan. The focus on growth management will increase as subsequent population horizons are approached and surpassed. Eventually, growth management will become standard corporate practice.

Budget/Financial Implications

The growth management framework forms part of the prioritization of capital profiles considering all capital requests that will inform the 2023-2026 proposed budget. Administration will also evaluate operating funding for incentives described in Attachment 6 and staff resources to implement the growth management framework described in this report. However, capital funding for growth and renewal is limited, so the extent of investment and how fast this work can advance may be limited.

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COMMUNITY INSIGHT

To date, input from five industry representative organizations (Urban Development Institute - Edmonton Metro, Canadian Home Builders Association - Edmonton Region, Infill Development in Edmonton Association, National Association for Industrial and Office Parks (NAIOP) Edmonton and Building Owners and Managers Association (BOMA) Edmonton) was collected through two phases of engagement.

Insights from the industry engagement included:

- Innovative solutions - Barriers to redevelopment, like utility infrastructure upgrade costs and a lack of funding for upgrades, require innovative solutions.
- Internal/external alignment and collaboration - This will continue to improve and evolve as all parties work together to implement The City Plan. The growth management team has been working closely with EPCOR One Water and Power representatives, who participated in Phase 2 workshops.
- Focused investment - The City should focus investment in key areas to encourage redevelopment. Growth management recognizes the value of identifying locations of greatest need and potential within the list of nodes and corridors and Priority Growth Areas. See Attachment 4 for a map.
- Measurement development - On the substantial completion standard, industry representatives advised that the measures should be simple and to consider forecasting the remaining lot supply relative to planning and design, and engineering approval time required for the future growth area. There were diverging opinions on the metrics that should be used including a lack of support for including medium and high density residential completion and City amenities and services, such as transit, in the standard.
- Non-residential development - Industry representatives indicated that incentives for industrial development and office to residential conversions should be considered. Further work will be done to explore how to address this in the growth management framework.

GBA+

The implementation of growth management through incentives, infrastructure investment and the substantial completion standard may create barriers or new challenges. This could include displacement and increased housing costs for groups such as renters and other current residents of nodes and corridors, low income residents, seniors, and those with disabilities or who face physical, cognitive or language barriers. Unsheltered Edmontonians may also be impacted. Growth management activities may also displace organizations that provide key services to vulnerable populations.

A research plan will be prepared as part of the growth management program in collaboration with District Planning, the River Valley Planning Modernization and Breathe to better understand these impacts in the Edmonton context. The purpose of the research plan is to:

- Understand who may be excluded as initiatives are implemented

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- Understand what aspects of the work may impact those excluded
- Understand what other community groups are doing to address inequities resulting from similar initiatives
- Develop finding statements and equity measures based on research
- Identify GBA+ related linkages and opportunities to collaborate between projects

An initial research finding is the Social Vulnerability Index, partially funded by the City, which overlays indicators that impact health, living conditions and quality of life to identify neighbourhoods of high, medium and low vulnerability. Further work will determine the value of understanding the baseline vulnerability within Priority Growth Areas and monitoring significant changes as growth occurs.

ATTACHMENTS

1. City-Building Partner Funding by Infrastructure and Amenity Type
2. Components of Work, Programs and Activities by Development Pattern Area
3. Additional Growth Management Scoping Context
4. Priority Growth Areas Map
5. City Plan Nodes and Corridors Network Map
6. Potential Growth Management Incentives