

INVESTMENT IN NEW DEVELOPMENT

RECOMMENDATION

That the August 23, 2022 Urban Planning and Economy report UPE00894, be received for information.

Requested Council Action	Information Only		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work as we work to achieve our strategic goals.	Urban Places		
City Plan Values	LIVE		
City Plan Big City Move(s)	A Rebuildable City	Relationship to Council's Strategic Priorities	15-Minute Districts
Corporate Business Plan	Transforming for the Future		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • The City Plan • Growth Management Framework • District Planning 		
Related Council Discussions	<ul style="list-style-type: none"> • UPE01029 Growth Management Framework Update - June 14, 2022 		

Previous Council/Committee Action

At the November 23, 2021, City Council Public Hearing, the following motion passed:

That Administration provide a report on what tools exist to capture value from new development for investing in community amenities in redeveloping areas and options and resource requirements for advancing this work as part of the Growth Management Framework.

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Executive Summary

- Amenities will need to change as Edmonton grows to 1.25 million residents and beyond, especially in the areas of highest anticipated growth.
- Community Amenity Contribution is currently the policy to obtain amenities through upzoning for direct control rezonings.
- Other levies and tax tools have varying levels of opportunities and challenges when applied within a redevelopment context.
- Growth management will shift the urban growth pattern by investing in municipal assets, collaborating on infrastructure barriers, incenting redevelopment, and phasing growth to ensure complete communities.
- Changes to the current approach to Community Amenity Contributions may provide an opportunity to capture value from new development to invest in community amenities in the redeveloping area. However, the possible amount of value needs to be verified with analysis and will be reviewed as part of a broader set of options for growth management.

REPORT

Public amenities such as art, open space and park improvements improve the quality of life within a community. Such amenities require both upkeep to provide appropriate levels of service for existing residents, and improvements to attract and accommodate new residents. This is particularly expected in redeveloping areas that will experience significant growth as Edmonton approaches the 1.25 million population horizon and beyond.

The cumulative impacts of redevelopment and intensification may require amenities that impact the tax base or require new approaches. As neighbourhoods diversify and densify, some amenities could become inadequate or wear out more quickly. Other assets at or near the end of their lifecycle will require renewal or replacement to serve Edmontonians in the future, for example through neighbourhood, open space, collector road and alley renewal programs.

Residents in redeveloping areas and developers are advocating for new and renewed public amenities to support and activate growth, enhance mobility and connectivity and contribute to achieving climate goals by enabling Edmontonians to do more in 15-minute communities.

Some amenities important to growth management are not funded municipally, including school playgrounds, community league halls, outdoor rinks and EPCOR infrastructure. These are out of scope for this report.

Community Amenity Contributions

City Policy C599A - Community Amenity Contributions in Direct Control Provisions was created in 2018 to obtain community amenities through upzonings. This policy is the only tool currently used in Edmonton to capture value from upzoning for investing in amenities.

City Policy C599A requires community amenity contributions from developers for increased floor area brought about by Direct Control rezonings in mature and established neighbourhoods. The policy enables shared benefits of upzoning between the developed property and the surrounding

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community. Amenities include open space, public park improvements, streetscape improvements, public art, family-oriented units, heritage preservation and community league facility improvements based on a standardized contribution rate (based on the floor area ratio increase or land value increase). The contributions are described in the site's Direct Control zoning and are collected at the development permit stage or constructed by the developer as part of the project.

There has been a decrease in Direct Control rezonings since changes to the Zoning Bylaw medium scale residential zones were approved by Council in 2019. The Zoning Bylaw Renewal may further result in a decreased use and frequency of Direct Control rezoning by updating and better-aligning zones and regulations. This could mean fewer opportunities to require community amenity contributions.

Options

Option 1 - The Community Amenity Contributions policy could be updated by modifying the contribution rate for direct control rezonings or by creating greater flexibility for Administration to direct the contribution amounts in alignment with strategy. Research indicates that the following should be considered when determining rates:

- Ensure that the new rate adds a relatively small amount to the cost of a project
- Clearly identify community needs and impacts associated with new development
- Maintain consistent contributions among applicants.

At the district level, Administration could recommend City amenities of the greatest need or value and link to City priorities. Fees for amenities from multiple developments could be pooled at a district level to enable funding a portion of the capital costs of larger district-level amenities or smaller amenities that fill a gap. Further analysis is required to determine the level of redevelopment that would make this option feasible in specific areas.

Applicants often select amenities in response to community needs identified through public consultation and these may be localized to the proposed development rather than aligned with The City Plan. An updated policy could include direction to review the proposed amenity contribution's alignment with The City Plan. Removing the applicant's ability to choose the amenities may be a disincentive that results in fewer applications for density increases through Direct Control zones. It may also create challenges with communities or developers if they have less influence on the outcomes.

Option 2 - Administration could explore requiring community amenity contributions for all projects that redevelop in mature and established neighbourhoods. Such an approach would be a departure from the current policy of only requiring contributions from upzonings. This approach may also include contributions from projects in developing areas as well.

Risks of this approach include:

- Creating a disincentive to density increases where increased developer contributions are required
- Collecting funds that are insufficient or not timed to enable funding of community amenities, particularly larger amenities

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- Driving development to just beyond areas or zones where amenity contributions are collected, for example if they are applied to the Priority Growth Areas
- Increased operating costs for a new service within City Administration

Benefits include:

- Increased leverage of new development to support public amenities in redeveloping areas where an existing amenity gap may widen without direct attention
- Advancing The City Plan's Systems and Networks through infrastructure investment and concentration of growth in nodes and corridors
- Reduced reliance on the tax base for geographically specific City amenities as the city grows

*Option 3 - **Recommended*** - Administration continues to focus on the Growth Management Framework. As part of this framework, a number of other tools to capture value from new development as are outlined in Attachment 2. City Policy C599A (Attachment 1) would remain unchanged and amenities would continue to be funded through tax-levy supported capital dollars through the Capital Prioritization process. The policy will be reviewed after the Zoning Bylaw Renewal is implemented in 2023-24 to assess whether changes are merited under the new regulations.

Next Steps

Changes to the current approach to Community Amenity Contributions may provide an opportunity to capture value from new development to invest in community amenities in the redeveloping area. However, the possible value capture needs to be verified with analysis and will be reviewed as part of a broader set of options for growth management.

Budget/Financial Implications

With Council's direction, Administration is prepared to advance a service package for City Council's consideration as part of the 2023-2026 operating budget to support the implementation of the Growth Management Program. This service package could include additional funding for staff or consulting work related to outcomes from this report that would consider project scope, approach, research and jurisdictional scan, analysis of facilities and amenities, costs, engagement and implementation.

COMMUNITY INSIGHT

Access to amenities is one of the ConnectEdmonton indicators. The Community Perception survey includes questions to track how Edmontonians perceive the access to infrastructure and amenities that improve their quality of life. During The City Plan engagement, the "Choices for Our Future City What We Heard" report noted that access to amenities was a highlight of what Edmontonians appreciate about their city, including having places to shop, recreation centres and parks. When asked what their community needs, amenities were again highlighted by participants noting, "a need for free or affordable gathering spaces to host large cultural events as well as better provision and maintenance of parks in both new and mature areas. There was an identified need for additional cultural or arts spaces that were outside of traditional arts hubs like Whyte Avenue or 118 Avenue."

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GBA+

Capturing value from development for investing in community amenities in redeveloping areas may enable increasing the number and quality of amenities in these areas, but may not address amenity-related challenges in areas that are experiencing little or no growth from which to capture value. Renters, residents in lower income households and seniors may face challenges using amenities when living in areas with slower growth. A GBA+ research plan is being prepared by Administration and will identify equity measures to address impacts to vulnerable populations, should City Council provide direction for additional work on amenities. Research questions could include:

- Do renters, Edmontonians in lower income households and seniors rely more on City amenities and programs than other groups? To what extent are these groups able to access amenities in higher growth areas? How does this impact them? Is a base level of amenities available to these groups in the context of 15-minute districts as the City grows to two million people?
- What impacts does localized higher growth have on equity deserving groups living in areas that may change, while capturing value from new development to invest in community amenities? Do higher growth areas become more difficult for equity-deserving groups to reside in? What equity measures are possible?

An initial research finding is the Social Vulnerability Index, partially funded by the City and developed by Mapping and Planning Support (M.A.P.S) Alberta Capital Region, 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 Edmonton's priority growth areas and monitoring significant changes as they grow and change. This could be similarly completed for other redeveloping area locations.

ATTACHMENTS

1. City Policy C599A - Community Amenity Contributions in Direct Control Provisions
2. Other Tools to Capture Value from New Development