

## GROWTH MANAGEMENT FRAMEWORK UPDATE - SUBSTANTIAL COMPLETION STANDARD - ADDITIONAL INFORMATION

### Recommendation

That the August 29, 2023, Urban Planning and Economy report UPE01554rev, be received for information.

<b>Requested Action</b>	Information Only		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Urban Places</b>		
<b>City Plan Values</b>	LIVE, ACCESS		
<b>City Plan Big City Move(s)</b>	A Rebuildable City A Community of Communities	<b>Relationship to Council's Strategic Priorities</b>	15-Minute Districts
<b>Corporate Business Plan</b>	Transforming for the Future		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>Growth Management Framework</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>UPE01825, Arterial Road Assessment, Urban Planning Committee, October 31, 2023</li> <li>CO01337, Edmonton Transit Services in Newer Developing/Developed Communities, Urban Planning Committee, August 29, 2023</li> <li>UPE01728, Open Space Amenities in Developing Areas, Urban Planning Committee, August 29, 2023</li> <li>UPE01186, Development Cost and Revenues, Urban Planning Committee, August 23, 2022</li> <li>UPE01029, Growth Management Framework Update, Urban Planning Committee, June 14, 2022</li> <li>UFCSD00096, City of Edmonton Unfunded Parks - Status Update, Urban Planning Committee, March 2, 2021</li> <li>CR_6764, Arterial Road Planning and Delivery, Urban Planning Committee,</li> </ul>		

June 11, 2019

## **Previous Council/Committee Action**

At the January 17, 2023, Urban Planning Committee meeting, the following motion was passed:

That the January 17, 2023, Urban Planning Economy report UPE01554, be referred to Administration to allow more time to discuss with industry.

## **Executive Summary**

- The City Plan uses growth management, including phasing and activation, to meet aspirations for the city to be more prosperous, equitable, sustainable and vibrant.
- Implementation of a substantial completion standard is one tool to phase growth and is expected to contribute to creating complete communities, improving the City's financial sustainability, helping meet planned infrastructure commitments and supporting climate mitigation.
- A substantial completion standard would require all of the developing area, shown in Attachment 1, to achieve a defined level of progress towards becoming complete communities prior to authorizing the future growth area for development.
- Proactively establishing a standard provides clarity and a common understanding to the market and Edmontonians about when the future growth area will be developed.
- The proposed approach to evaluating substantial completion consists of a set of metrics and thresholds for the developing area. Monitoring each metric and progress towards the thresholds will give Administration a clear technical basis for recommendations regarding the appropriate time to commence statutory planning that will enable build out of the future growth area.
- The proposed approach also includes lead time to allow for the necessary planning activities (i.e. servicing study and statutory planning), including technical studies, needed prior to housing construction.
- Through engagement with the development and building industry (industry), concerns have been raised that delaying development in the future growth area will negatively impact market housing affordability in the developing area.
- Administration will return to Urban Planning Committee prior to finalizing and implementing the standard in 2024.

## **REPORT**

### **The City Plan Context**

The City Plan establishes a vision for Edmonton as a vibrant and sustainable community of 2 million people and describes the systems, networks and tools required to achieve that vision. A

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transformational shift in the growth pattern is needed to realize The City Plan, and this shift requires a significant transition from the historical growth pattern and associated planning approach. The City Plan establishes three development pattern areas: the redeveloping area, the developing area and the future growth area.

Of the 295 residential neighbourhoods in Edmonton, 91 are in the developing area, and nine of Edmonton's 15 districts have developing area neighbourhoods. Attachment 1 provides a map showing the development pattern areas and developing area neighbourhoods by district.

The City Plan requires that the developing area be substantially complete in terms of "service provision, amenities and infrastructure prior to authorizing the preparation of statutory plans for contiguous development of the future growth area" (Direction 2.3.2.3). The pace and location of development in the future growth area is influenced by City Council's authorization and approval of statutory plans, which provide a vision for future development and identify infrastructure requirements. Area Structure Plans are statutory plans that typically include three to five neighbourhoods.

This report focuses on how achieving substantial completion of the developing area before authorizing development in the future growth area can assist with achieving the City's vision and describes the proposed approach to define substantial completion.

### **Rationale for Substantial Completion**

Municipal fiscal viability is a core principle of The City Plan's growth management framework. The City Plan's relative financial assessment found that phasing growth into new areas and activating growth in existing areas would result in an eight per cent reduction in tax levy requirement from Edmontonians at City Plan build out as compared to the tax requirement under historical growth patterns<sup>1</sup>. To achieve these benefits, the City needs to make choices about where and when growth happens. By adding dwellings to established areas and phasing growth in new areas, the City can ensure existing infrastructure is used more efficiently and amenities including community recreation facilities, transit facilities and parks can be fulfilled before taking on more commitments. By intentionally timing the authorization of planning in the future growth area, the City can responsibly manage new commitments in the future growth area while reassessing existing commitments in the developing area in the context of The City Plan.

Substantial completion also contributes to the development of 15-minute communities, as described by The City Plan. In 15-minute communities, people can more easily complete their daily needs conveniently by walking, rolling, cycling or taking transit. The Substantial Completion Standard can be a tool to help ensure that communities in the developing area have the infrastructure, services and amenities needed to create 15-minute communities. The provision of complete communities and a development pattern that aligns with The City Plan also enables a more equitable city, reduces

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<sup>1</sup> Prepared by Hemson for the City of Edmonton. *City Plan Growth Scenarios Relative Financial Assessment*. February 2020.

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greenhouse gas emissions and delays premature conversion of agricultural land for urban development.

### **Housing Prices**

While the implementation of the Substantial Completion Standard for the developing area will have overall positive impacts, it may impact the price of single-detached dwellings in the developing area. While many factors contribute to housing prices such as economic and housing market conditions, housing material and labour costs, cost of land is a significant component of the price. Waiting to develop the future growth area until all developing areas meet the criteria for substantial completion may have larger impacts on house prices in particular areas of the city first; for example, in the Southwest District where comparatively fewer lower density lots remain. However, Administration's analysis shows that there are approximately 75,000 undeveloped low density lots throughout the developing area as approved in statutory plans, providing sufficient supply to the 1.5 million population horizon<sup>2</sup>. Furthermore, the effect is mitigated by the inclusion of medium and high density dwellings in the proposed Substantial Completion Standard. Those dwellings contribute to a diversity of housing options at various price points.

Administration will continue to investigate the issues of house prices and market housing affordability. Administration will monitor The City Plan's target of achieving a rate of less than 35 per cent of average household expenditures being spent on housing and transportation. Administration will also undertake more work to better understand who could be impacted by rising home prices, including owners, renters, housing types, and the potential cumulative impact of contributions or new requirements from developers and builders on market housing affordability.

While home prices are important to individual homebuyers, the City's capital and operating costs needed to support the new developments can also impact all Edmontonians through both residential and non-residential property taxes. This should also be a key factor when considering the development and implementation of the Substantial Completion Standard and must factor into the overall understanding of affordability.

### **Measuring Substantial Completion of the Developing Area**

Establishing a Substantial Completion Standard for the developing area at this point in The City Plan implementation will provide clarity and a common understanding for Edmontonians, Council and industry about when the future growth area will begin to develop. The proposed approach to evaluating the substantial completion of the developing area consists of a set of metrics and thresholds that will apply to any district that contains developing area neighbourhoods. For districts that contain a mix of developing and redeveloping neighbourhoods, the standard only applies to the developing neighbourhoods.

#### Metrics

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<sup>2</sup> City of Edmonton. Urban Planning and Economy Department. *Low-Density Residential Lot Absorption and Supply*. 2022.

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Three required metrics are proposed that are components of city growth largely within industry's control in response to market conditions:

- Residential development
- Commercial services
- Active parks

Administration also proposes to report on a set of tracked metrics related to City services, facilities and infrastructure that contribute to complete communities and are primarily or partially in the City's control. The proposed tracked metrics can be used to demonstrate progress on the City's commitments in the developing area and could inform the City's investment and operating budget priorities. A summary of the proposed metrics is provided in Attachment 2.

### Thresholds

Administration intends to establish thresholds at the district level to describe how much progress is required on each of the required metrics for a district to be considered substantially complete. A unique threshold will be set for each district, reflecting its development pace and context using input from industry and the number of dwelling units projected for each neighbourhood at The City Plan's 1.5 million population horizon. All districts will be required to meet or exceed their thresholds for required metrics in order for the developing area to be deemed substantially complete.

### Monitoring Progress

Administration intends to monitor and analyze the metrics annually to provide a clear technical basis for making recommendations to Council on the appropriate time to begin development planning in the future growth area. Each of the proposed required metrics has accessible data that is already collected and maintained for other purposes. Accessibility of data will be considered when finalizing the list of tracked metrics.

Further analysis is underway to determine how differences between planned capacity and the actual number of built units can be incorporated into progress reporting. This may include analysis of the impact of non-participating landowners on achieving district-level completion.

### Planning Lead Time

To realize the growth aspirations in The City Plan, the future growth area is required to help accommodate a city-wide population of 2 million or more. Preparing the future growth area for development requires a significant effort by the City, utility companies and developers to ensure that infrastructure is planned efficiently and an orderly growth pattern is attained. It is estimated that approximately a decade of study, plans, design and approvals is required to see the first homes welcoming Edmontonians into the future growth area. Attachment 3 provides a visual representation of these steps.

Growth can be unpredictable, which necessitates a proactive approach to commencing initial non-statutory planning studies in the next five years. By undertaking non-statutory planning prior to substantially completing the developing area, the City and industry will be well-positioned to

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respond in a timely way should growth outpace current estimates. Details of the proposed steps are provided in the “roadmap to rooftops” in Attachment 3.

Administration will track and forecast progress on the metrics and citywide population growth forecasts annually. This data will be used to refine the roadmap shown in Attachment 3. This could result in adjustments in the timing of development in the future growth area.

### Implementation and Next Steps

Phasing growth, including requiring substantial completion of the developing area, is a key component of implementing The City Plan that has implications for Edmontonians and the development industry. Appropriately timing the development of the future growth area has long-term benefits that need to be balanced with shorter-term considerations. A prudent approach, including undertaking non-statutory planning work early, is intended to limit pressure on home prices, however some demand for new housing may be met in neighbouring communities.

Administration will provide an update to Urban Planning Committee on this work in Q2 2024 prior to implementation. Following that, required metrics are expected to be formalized in an administrative standard for annual monitoring and reporting. The use of a standard as a tool to achieve policy outcomes is defined in the Corporate Policy Framework<sup>3</sup>.

## **Community Insight**

### Industry Engagement

Four rounds of engagement were conducted with the development industry on the topic of substantial completion between December 2021 and May 2023. Participants represented Urban Development Institute - Edmonton Metro, Canadian Home Builders Association - Edmonton Region, Infill Development in Edmonton Association and the National Association for Industrial and Office Parks (NAIOP), Edmonton’s Commercial Real Estate Development Association. Details regarding feedback received in the first and second phases of engagement are in Attachment 4.

During the third round of engagement in December 2022, industry shared the following feedback. Further detail is in Attachment 5.

- Track low density residential completion only and use zoning for all of the metrics.
- Proposed thresholds for commercial services are high; commercial services follow residential.
- Reduce the proposed thresholds to account for non-participating landowners.
- The proposed planning lead time of five years is too short.
- If growth is not allowed to happen in the future growth area, demand for housing will shift to Beaumont or Leduc, rather than districts in Edmonton that have not yet met their thresholds.

During the May 25, 2023, engagement, industry shared the following. Details can be found in Attachment 6.

- Consider evaluating substantial completion by quadrant or contiguous development.

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<sup>3</sup> City of Edmonton. Service Innovation and Performance Branch. *Corporate Policy Framework*. 2021.

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- Consider authorizing preliminary statutory planning sooner, with further gating of development until substantial completion is achieved.
- Metrics for publicly funded infrastructure and services are less meaningful as they do not follow private development patterns.
- Increasing the planning lead time to 10 years is helpful.
- Concerns regarding artificially constraining supply, particularly in south Edmonton.

### School Boards Engagement

The Joint Use Agreement Steering Committee, composed of representatives from the City of Edmonton, Edmonton Public Schools, Edmonton Catholic Schools and Conseil Scolaire Centre-Nord (Central North Francophone Schools), was also engaged on the topic of substantial completion. Key points of feedback include:

- Consider using school site assembly as a required metric and add a new tracked metric associated with school construction and operation.
- School buildings need to be constructed at the same rate as residential development.
- Consider adding developed parks, libraries and recreation services to the tracked metrics.

### City Plan Engagement Findings

In addition to the stakeholder engagement, Administration referred to findings from public engagement conducted during the writing of The City Plan. For example, the What We Are Hearing document about “Choices for our Future City” states: “Edmontonians clearly articulated their preference for Edmonton’s future development to promote the development of new, vibrant urban villages located throughout the city. These villages are intended to be developed into ‘complete communities’, offering a range of employment, amenities, services and transportation options that make it possible to meet your daily needs locally and often without a vehicle. These urban villages would form the key focal points of the city’s transportation network and be well connected to each other by fast, efficient and frequent transit service.”

## **GBA+**

GBA+ research was completed for the growth management program through Q3 and Q4 2022. Findings statements are as follows:

- The deficit of affordable housing is most pronounced among the very low and low income categories, with certain population groups more vulnerable. Renters, low-income households, specifically families with children, persons of colour, people with disabilities, households headed by a resident without a college degree are most at risk.
- Ensuring transit services are available in the urban core, the suburbs and surrounding areas is critical for equity. Examining how transportation impacts different neighbourhoods and groups of people is key to developing policies and programs. For example, women living with disabilities or single parent newcomers can face exacerbated transportation poverty. Transportation equity includes investing in all transportation modes and ensuring transportation systems are affordable, reliable, safe and accessible to all. Barriers to transportation equity can be multifaceted, encompassing social and institutional factors,

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technological and transactional issues, as well as other concerns related to safety, accessibility and service. These challenges can be further exacerbated when considering intersectionality, as certain individuals or communities may experience varying levels of oppression compared to others. Service barriers can include infrequent transit service during off-peak time and poor opportunities for connections or transfer times.

- *Breathe*, Edmonton's Green Network Strategy supports the distribution of open space spaces to enable equitable access by residents of every neighbourhood. Delays in park completion can be more impactful in areas of higher social vulnerability. The benefits of parks and open spaces are numerous, including providing opportunities for recreation, socializing, and exercise. "Quality parks support mental and physical health, serve critical green infrastructure functions, contribute to economic development, act as links in transportation networks, host cultural and social activities, and help give communities a sense of place"<sup>4</sup>.

These findings have been incorporated into the proposed approach to defining substantial completion. For example, by including medium and high density dwellings in the required residential dwelling metric, the standard will help to ensure that housing is available at a wider range of price points, and will help create the residential density needed to support transit and other services. By using parks as the measure of amenities, the standard will help to ensure that parks and open spaces are developed throughout the developing area.

### **CLIMATE AND ENVIRONMENT REVIEW**

This is a critical time for environmental and climate action. Climate actions made today about how the city is planned, designed and built will significantly influence Edmonton's climate resilience in the future. This report was selected as part of the phased implementation of a process change to provide environmental reviews of City of Edmonton plans and projects and to identify environmental risks and opportunities for City Council.

Attachment 7 provides an overview of environmental and climate intersection points between the proposed growth management approach, including phasing and activation, and The City Plan's city building outcomes related to energy transition and adapting to a changing climate, food system resilience and natural areas protection.

Edmonton's Community Energy Transition Strategy and Action Plan identifies the goal that Edmonton is planned, designed and built to be a vibrant carbon neutral city including sustainable urban planning practices and development of low carbon districts with complete and compact communities. The Climate Resilient Edmonton: Adaptation Strategy and Action Plan, includes a goal that Edmonton is planned, designed, developed and built to be climate resilient today and for future Edmontonians. The location, form, design and timing of development can all have a significant impact on energy use and greenhouse gas emissions, in addition to climate risk exposure. Strategically encouraging development in the redeveloping area and the establishment of complete communities in developing areas are currently the best options for less carbon

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<sup>4</sup> Eldridge, Matt, et al. *Investing in Equitable Urban Park Systems - Emerging Funding Strategies and Tools*. Urban Institute, 2019.



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intensive growth. In general terms, premature development in future growth area will not support the City's climate resilience goal and will make it more difficult to achieve this goal.

Providing decision making tools across the planning and development continuum that directly incorporate climate information such as energy and emission intensity and climate risk for new development could provide decision makers with the additional information required to understand whether investments will accelerate progress towards the City's climate goal and build understanding of the trade-offs of these decisions.

### **Attachments**

1. City Plan Implementation Development Pattern Areas and Developing Area Neighbourhoods by District
2. Proposed Metrics
3. Development Process
4. Phase 1 and 2 Industry Engagement What We Heard Report
5. December 2022 Industry Engagement What We Heard Report
6. May 2023 Industry Engagement What We Heard Report
7. Environment and Climate Review