What We Heard Report

Growth Management
Development Industry Engagement 2021-2022

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SHARE YOUR VOICE
SHAPE OUR CITY

Edmonton

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Land Acknowledgement

The City of Edmonton acknowledges the traditional land on which we reside, is in Treaty Six Territory.

We would like to thank the diverse Indigenous Peoples whose ancestors' footsteps have marked this territory for centuries, such as nêhiyaw (Cree), Dené, Anishinaabe (Saulteaux), Nakota Isga (Nakota Sioux) and Niitsitapi (Blackfoot) peoples.

We also acknowledge this as the Métis homeland and the home of one of the largest communities of Inuit south of the 60th parallel.

It is a welcoming place for all peoples who come from around the world to share Edmonton as a home.

Together we call upon all of our collective, honoured traditions and spirits to work in building a great city for today and future generations.

Project Overview

The Growth Management Program is a key component of implementing The City Plan and will provide a transparent process for where, when, why and how the City prioritizes and supports growth and development. It will enable desired shifts in the growth pattern to achieve a key City Plan goal of accommodating growth to 2 million people within Edmonton's existing boundaries. To do this, the framework will use Anticipated Growth, Growth Activation, and the Development Pattern as outlined in The City Plan areas to provide an organizing structure for growth.

Growth management is about both developing and redeveloping area growth; however, there are some larger challenges with redevelopment (infill) growth that need attention as Edmonton's population increases to 1.25 million citizens. To address this imbalance, the City's Urban Growth team is taking a closer look at how to resolve redevelopment issues through the framework components while ensuring that resources are also in place to support greenfield development in line with approved plans.

The growth management approach also creates the conditions for successful mass transit and 15-minute districts; it improves equity and helps the City achieve its climate goals. The approach allows the City to provide amenities in the developing areas that contribute to the complete communities that Edmontonians have said they want and value.

An assessment completed during The City Plan's development demonstrates that a more compact urban form could result in substantial savings for the City when compared to a business-as-usual development pattern. The analysis found that The City Plan concept could result in $3 billion in growth-related capital cost savings over the life of the plan. The savings are a result of fewer dollars spent on constructing new roads and interchanges, fewer facilities and services—and greater investments in transit and public realm improvements. Ultimately, the analysis found that there is a potential to save eight per cent on the net tax levy requirement compared to the business-as-usual growth pattern[1].

The engagement group for this project was industry representatives from developer and builder organizations who will be directly impacted by the growth management policies.

[1] City Plan Growth Scenarios Relative Financial Assessment, Hemson, February 2020

What We Did

This report contains feedback gathered from industry groups over the course of six workshops and numerous conversations. The engagement workshops were structured in two phases. The first phase provided both a high-level overview of the Growth Management Framework and collected insights which developed the areas of discussion for Phase Two. Engagement activities took place between November 2021 and May 2022.

Workshop Date	Topics
Phase One	
Workshop 1 December 7, 2021	1. Locational decision factors (what factors does industry consider when choosing a project's location?) 2. Industry preferred focus for targeted City initiated infrastructure investment
Workshop 2 December 14, 2021	3. Industry preferred financial incentives 4. Substantial completion for the developing area
Workshop 3 January 14, 2022	5. Development market trends 6. Redevelopment Market Index
Phase Two	
Workshop 4 March 21, 2022	7. Incentives - tax grant vs. tax deferral 8. Incentives - eligible location or built form
Workshop 5 April 7, 2022	9. Substantial Completion – standards and metrics 10. Substantial Completion – determining thresholds
Workshop 6 April 27, 2022	11. Potential electricity incentives 12. Water infrastructure 13. Storm and sanitary infrastructure

Key findings have been summarized into four main themes: market intelligence, infrastructure, incentives and substantial completion. Detailed reports from each workshop can be found in Appendix 2.

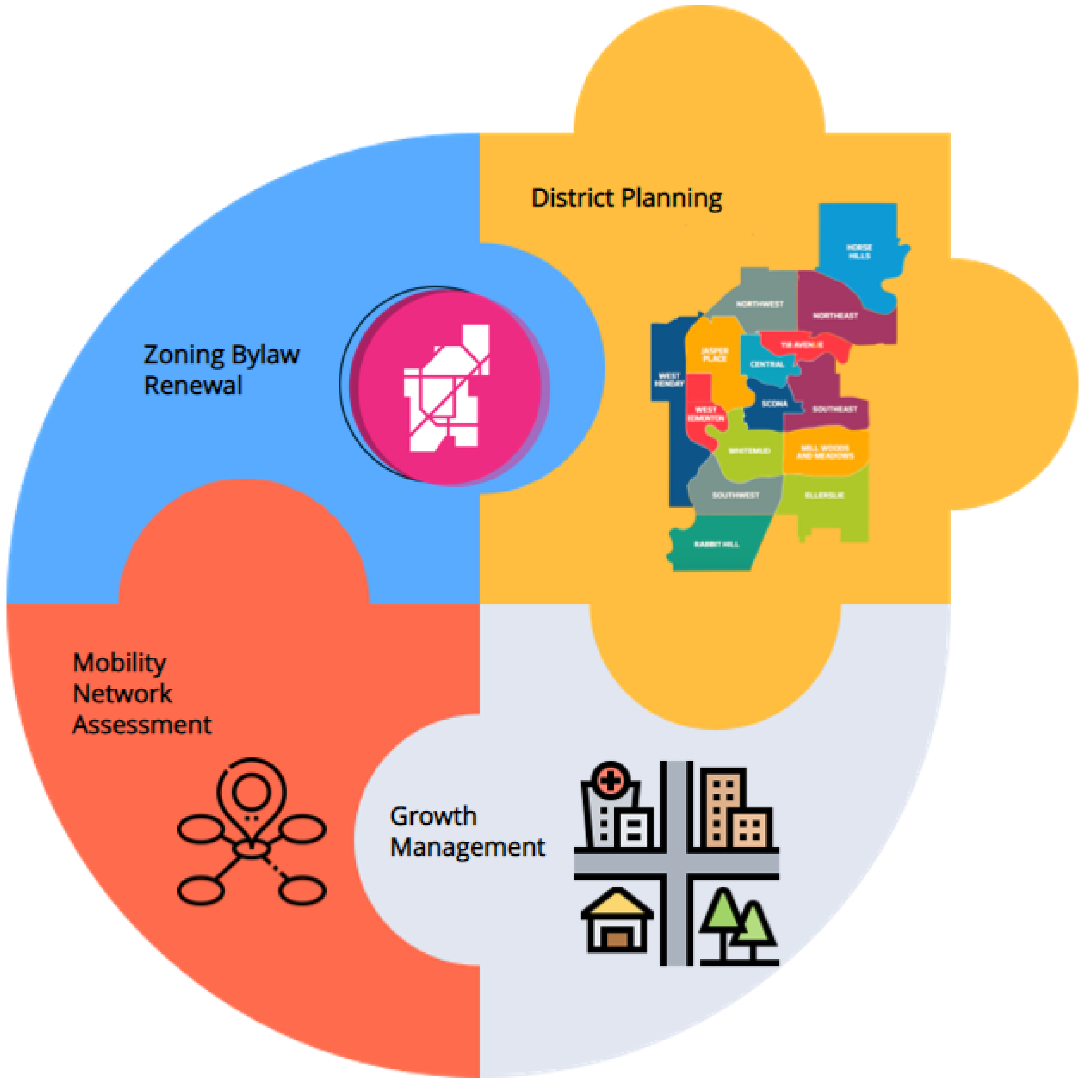
Industry input heard during these engagement activities will be used to shape the development and implementation of the Growth Management Framework.

> ***"Expressing and igniting transformative change is necessary to allow the City to respond to emerging opportunities and deliberately shape this place."***
>
> ***Lindsey Butterfield, Director, Urban Growth and Open Space, Urban Planning and Economy Department, City of Edmonton***

The City Plan and Growth Management

- ✔ The City Plan was developed by Edmontonians for today and tomorrow's Edmontonians.
- ✔ The City Plan asks 'what choices do we need to make to be a healthy, urban and climate resistance city of two million people that supports a prosperous region' .
- ✔ Growth Management will be integrated with other City Plan implementation initiatives including District Planning, Zoning Bylaw Renewal, Mobility Network Assessment and mass transit planning.
- ✔ Levers of Change are defined by The City Plan as tools, actions or approaches that the City can use to enact change and achieve specific outcomes. These levers are critical to achieving market transition and may be required to stimulate intentional growth in priority areas. Each area of growth is unique and will require the levers of change to be applied to varying degrees to achieve city building outcomes. Multiple levers will need to be used at the same time in order to achieve desired results.
    - Policy is a municipal planning instrument that can guide, direct, manage or shape how we provide strategic direction for land, infrastructure, or services to influence or change the behaviour of residents and markets or market groups.
    - Partnerships and Advocacy require fostering relationships with private, community, institutional and not for profit entities to activate strategies, initiatives, and actions to advance common goals, recognizing shared interests and aspirations.
    - Incentives, Pricing and Subsidies include applying a premium to cost or a reduction in cost to support a shared outcome or influence behaviour. This can include off-setting the costs of services and amenities for certain user groups or types of activities or applying charges and fees for users through available financial mechanisms.
    - Infrastructure Investment is about providing capital or operational investment in physical infrastructure, City assets, services, and planning activities to activate and encourage specific city building outcomes.

Integration of City Plan Initiatives



Prior to the first workshop, industry indicated a need to better understand how particular City Plan initiatives are integrated. This diagram was used to illustrate how the initiatives are integrated at the project level.

Industry Engagement

The engagement activities described in this What We Heard Report were designed to establish a collaborative approach on the Growth Management Framework among city building partners. Administration shared a high-level overview of the framework, as well as project priorities, to gather industry feedback from representatives across various developer and builder organizations.

Engagement Goals

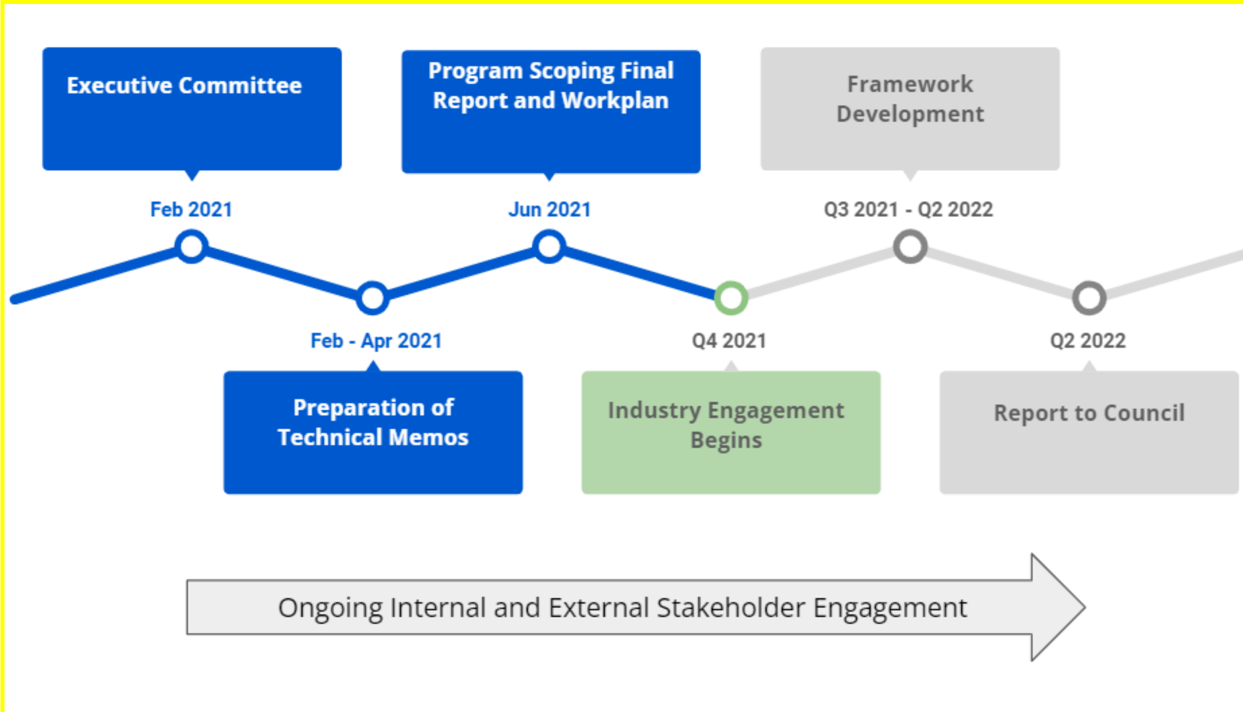
- ✓ To share information about the components of work that make up the Growth Management Framework and why they are important
- ✓ To understand how industry makes decisions on development locations
- ✓ To determine the impact of incentives, their structure and preferred industry incentives
- ✓ To understand preferred industry focus for targeted City infrastructure investment
- ✓ To gather high-level perspectives on substantial completion policy components
- ✓ To gather high-level perspectives on the adapted Integrated Infrastructure Management Plan
- ✓ To understand market trends and how they inform incentives, measuring and monitoring and substantial completion

How We Engaged: Phase One and Two

Each phase included a series of three virtual workshops. Phase One workshops provided industry with a high-level overview of the Growth Management Framework components and sought input on its development. Phase Two asked for industry's feedback on key program components including proposed incentives and the substantial completion policy.

Prior to the first workshop, one-on-one discussions were held with key representatives from each industry group to ensure the engagement's scope and objectives were understood and to gauge interest and identify what topics they would be most interested in learning more about.

Growth Management Engagement Timeline



Growth Management Timeline presented at Phase One Workshop One on Dec 7, 2021

Who Was Engaged: Phase One and Two

- Representatives from the following organizations participated in the workshops in late 2021 and early 2022:
  - Canadian Home Builders Association Edmonton Region (CHBA)
  - Infill Development in Edmonton Association (IDEA)
  - NAIOP, the Commercial Real Estate Development Association, Edmonton Chapter
  - Urban Development Institute—Edmonton Metro (UDI)
- Summaries were prepared and circulated to invitees within one to three weeks of the workshops.
- Consultants from House of Blue Skies Consulting (HOBS) held preliminary conversations with Kalen Anderson (UDI), Mariah Samji (IDEA), Anand Pye (NAIOP), Paul Lanni and Darbi Kinnee (CHBA-ER). The City's Urban Growth team met with BOMA on January 25, 2022, to provide an overview of the project.

- Following the second workshop, Adil Kodian (CHBA-ER) provided written input that was incorporated into the summaries. The City's Urban Growth team met with Anand Pye on January 7 to incorporate additional input into the workshop summaries. Similarly, as requested, UDI provided contacts for high-density residential (tower) developers. As a result, Administration met with Kevin McKee from Pangman Developments on February 14, 2022.
- Throughout the engagement, additional meetings were held with representatives from:
    - EPCOR - In February 2022, the City's Urban Growth team met with EPCOR in preparation for the third workshop of Phase Two, as requested by industry in Phase One.
    - ATCO - As per industry and EPCOR's suggestions, the City's Urban Growth team met with ATCO on March 18, 2022 to provide an overview of the Growth Management Framework and to understand the implications of the framework on natural gas servicing.

Key Takeaways by Theme

Based on the workshop summaries and topics discussed, the following ideas, insights and themes gained from industry members resonated most with the City's Urban Growth team. These will continue to help shape the Growth Management Program components of work. Future industry engagement and discussions may adapt and enhance this input.

Process/General

- Include EPCOR and ATCO in strategic discussions to create a systematic approach for infrastructure investments. Support from Administration to align EPCOR/ATCO practices with The City Plan would be very helpful.
- Implement multiple tools concurrently to make it easier for projects to succeed in priority areas of The City Plan.
- Infill is challenged by not being able to build the same size of projects as in greenfield.

Infrastructure

- Greenfield development models and metrics do not work for infill, which is more complex because existing infrastructure was built for lower densities.

- Divergent views - Not all industry representatives support an infill cost share program and would rather see the City take care of underground infrastructure costs. Commercial developers prefer infrastructure cost share programs that allow developers to lead where development happens and tap into a program to support the costs.

- Where is infrastructure capacity? Are all 15 new district plans competing? It might make sense to start densification in the district with more existing infrastructure capacity.
- The City can encourage faster development of high-density portions of greenfield projects by building amenities more quickly. Scaling up investments too much may preclude smaller opportunities, big facilities/parks versus small facilities/parks.
- Industry would like to see the City make better use of the levy system. It is a fair system and should be further leveraged.
- The redevelopment industry needs to know infrastructure capacity and costs up front to plan projects.
- There is benefit to expanding the scope of the Infill Fire Protection Program (IFPP) to include non-residential development.

Incentives

- Industry would like to see more incentive programs for both infill and greenfield development. Incentives should reflect the differences between greenfield and infill developments.
- Create more certainty around funding opportunities. There is need for a continual program rather than a grant fund that runs out. Grants are helpful in unlocking capital.

- Creative and innovative funding solutions, such as a revolving loan (through City debt that finances infrastructure upgrades) that is accessible for all types of development.
- Tax model penalizes rather than incentivizes efficient development of both infill and greenfield (i.e. taxes go up as soon as property is rezoned/subdivided/in the development phase). Properties do not generate revenue during this period. Defer taxes until further along in the development process. Could a tax break be created until occupancy for these medium-scale projects to help with neighborhood renewal and increased density? Could there be a tax grant rather than a deferral for more challenged neighbourhoods?
- Cap on assessment valuation or something in place for a period of time that guaranteed the grant was actually beneficial – it could incentivize the project to move forward.
- Divergent views – Medium scale development will require incentives and any incentive program cannot be too broad. In the words of one Industry representative: "You won't see that development without incentives for medium scale. If the program is too broad, you won't see the investments you are looking for. Another view was that "tax incentives won't increase missing middle; there is not enough to justify losing 30% of units to build townhomes instead of apartments."
- An electricity pole and anchor relocation and upgrade program would go a long way to advance some projects. Costs for anchor and pole relocations should be covered through an infrastructure fund with contributions from EPCOR, the City, and Industry.
- If the City wants to encourage multi-unit buildings, it would be good to see some incentives for stormwater.
- Incentives could become Edmonton's key advantage to attract industrial development. Commercial developers very much favour tax incentives. Partially filled commercial areas could use incentives until they are filled in greenfield as well as infill. Would help get amenities into newer areas sooner.

Substantial Completion

- Use metrics to tell a story about how complete a neighborhood is without using the components in isolation. Overall score, perhaps by neighborhood or a sliding scale to compare neighborhoods would be helpful.

- Metrics measure private sector contributors decently; what's missing comes from other contributors: libraries, schools, rec centres. However, the Capital Budget is out of industry's control; holding things up for those items would negatively impact development and growth. There needs to be commitment from all parties (private and public) to complete all components.

- Administration should consider how many years of residential lot supply remains—that needs to drive decisions about when the next area should be opened. It's an absorption question, not a percent complete question.

Challenges and Opportunities

This section provides an overview of the challenges and opportunities identified by the participants during the engagement. They are summarized by phase of engagement and loosely organized by topic and theme in alignment with the Growth Management Program's work components. The points from Phase One helped define the discussion topics in Phase Two. These will be considered as the components of the Growth Management Framework are developed.

Phase One Conversations

Challenges to Development and Redevelopment Faced by Industry

- Market Intelligence
    - Long approval timelines for City processes cause costly delays.
    - Need for additional tools (policies, regulations, planning and zoning bylaws) to support The City Plan.
    - Market demands currently favour single-detached homes rather than higher density projects.

- Infrastructure
    - o Unpredictable and often high costs of upgrading infrastructure (power, water, sanitary, etc.) in the infill context.
    - o Uncertainty and lack of access to information about needed infrastructure upgrades, infrastructure capacity and property tax increases in the infill context.
    - o Lack of coordination between City departments, EPCOR and ATCO. Costs are added by different departments without awareness of costs added by other departments (public art, fire halls, trees, libraries, etc.), resulting in a cumulative effect on housing affordability.

- Incentives
    - o Current tax model seems to penalize rather than incentivize efficient development of both infill and greenfield (i.e. property taxes increase as soon as the property is subdivided and enters the development phase even though the property does not generate revenue during this period).

Opportunities to Address Challenges

- Market Intelligence
    - o Engage in more purposeful and cohesive communication between the City's departments to align projects. (i.e. The Growth Management Framework is closely tied to District Planning and the Zoning Bylaw Renewal Initiative).
    - o Expedite and streamline processes and approvals to create more certainty.
    - o Consider creating an ombudsperson position to be a conduit for information, tracking problems and assisting in developing policy changes.
    - o Communicate commitment and intention of plans in the Priority Growth Areas and their neighbourhoods. Share data and decision-making rationale with all stakeholders, including industry, residents, community leagues and City Council.
    - o Create clear guidelines about what can be built where and why, so land can be valued as "buildable square feet".
    - o Align the Growth Management Framework with the City's climate goals.

- Infrastructure
  - Explore new funding models, such as allowing the Arterial Road Assessment fund to borrow money to advance projects or expanding current cost share programs. Need for programs that are proactive and align with development processes. Not all industry representatives support the Infill Fire Protection Program, and many would rather see the City pay for underground infrastructure costs.
  - Include EPCOR and ATCO in strategic discussions to create a systematic approach for infrastructure investments.
  - Focus investment in key areas to encourage redevelopment.

- Incentives
  - Use proactive zoning to address issues and encourage increased density in the target areas. Update redevelopment plans to align with The City Plan. Streamline the rezoning process to increase certainty and reduce risk for Industry.
  - Improve tax incentives to encourage efficiency of both infill and greenfield developments (i.e. allow grading of a site in the fall without changing the tax assessment to speed work in the spring).

Phase Two Conversations

Challenges to Development and Redevelopment Faced by Industry

- Market Intelligence
  - The market will drive demand and developers will build where people want to live. Tax incentives alone will not necessarily shift that demand. There is no one "silver bullet."
  - NIMBYism is prevalent in older neighbourhoods. Residents need to be engaged so they understand that increased density is required for more amenities and the creation of 15-minute communities. Delays due to consultation risk/approval risk, such as community resistance to increased density, remain a major barrier.
  - Planning tools are cumbersome and noncongruent (different information is found in several locations).

STAKEHOLDER FEEDBACK:

"Infill has so many barriers – you won't see that development without incentives for medium scale."

Workshop 4 Participant.

- Infrastructure
  - Unknown and unexpected infrastructure costs can stall infill projects. A lack of information about required infrastructure upgrades makes planning difficult (i.e. information about infrastructure available upfront will impact parcel buying decisions).
  - Required upgrades are currently based on outdated standards and do not consider current water consumption patterns or modern building materials.

- Incentives
  - Current tax rate structures do not incentivize sustainable development. Issues regarding property tax increases during the development phase are often legislated under the Municipal Government Act.
  - Funds to provide tax incentives are limited and priorities will need to be set.

- Substantial Completion
  - Substantial completion thresholds could create lags in new development areas if the planning process is not started before completion is achieved. Weighting all completion components equally could skew completion rates and delay future growth. For example, weighting high and medium density completion targets the same as low density caused concern among industry. Transit may be a problematic metric as priorities toward transit can change when City Council changes.
  - Non-participating landowners can delay substantial completion objectives and hinder new development areas.

Opportunities to Address Challenges

- Market Intelligence
  - o Updating standards to reflect changes in water consumption and building materials will create capacity.

o Ongoing conversations and increased transparency and access to planning tools.

o Opportunity to collectively tell a better story about why density is beneficial to a neighbourhood. Edmontonians need to understand the Priority Growth Areas noted in The City Plan and how they may impact redevelopment in their neighbourhoods.

> ***STAKEHOLDER FEEDBACK:***
>
> ***"The City wants to encourage multi-unit building, and Industry would like to see some incentives … it would help knowing that there is a partner, it may encourage more development. I want to reinforce that these partners could help create the outcomes we are looking for."***
>
> ***– Workshop 6 Participant***

- Infrastructure
  - o Reassess certain policies for practical application. For example, asking "do we require a $400 million recreation centre or should we be looking at building smaller recreational facilities and parks?"
  - o Increased access to data from EPCOR regarding existing infrastructure capacity and required upgrades would assist in planning and decision making (i.e. the revised hexagon mapping). Pre-application meetings could provide developers with information needed for planning. Edmonton is no longer homogenous; each area is different depending on the era of when it was built.
  - o Look at additional solutions to make neighbourhoods more appealing to homebuyers and invest further in infrastructure, amenities and safety enhancements (work together to turn empty properties into ratepaying properties instead).

- Incentives
  - Implement layers of tools, including tax incentives, to make it easier for projects to succeed in Priority Growth Areas. Ensure incentives are predictable and consistent to encourage development.

- Substantial Completion
  - Use metrics to tell a story about how complete a neighborhood is without using the components in isolation.
  - Design substantial completion criteria to ensure process does not create an artificial lag in the planning process. Ensure that threshold levels consider the rate of activation and are sensitive to timelines, such as lead time for planning and building for future growth areas.
  - Set appropriate geographies and determine the right statistics to use to determine the rate of development in the area. The rate could then be used to estimate the recommended timeframe for opening future growth areas (by starting the planning process). Consider using a moving average to project when new City services and amenities should be brought online.

STAKEHOLDER FEEDBACK:

"Substantial Completion depends on how much commitment there is from everyone to complete things that aren't quite complete. If transit isn't built out but residential is, someone (the City) needs to put in some money to take action to ensure the community is completed. Need commitment from the City to do their part."

Workshop 5 Participant

  - Use substantial completion standards to hold the City accountable to implement services and amenities.

Summary of What We Heard

Over the course of the six workshops, 13 topics were discussed with industry. The following summary provides an overview of industry feedback organized into four main themes that align with the Growth Management Framework's components of work. Each theme includes contextual information shared by the City's Urban Growth team.

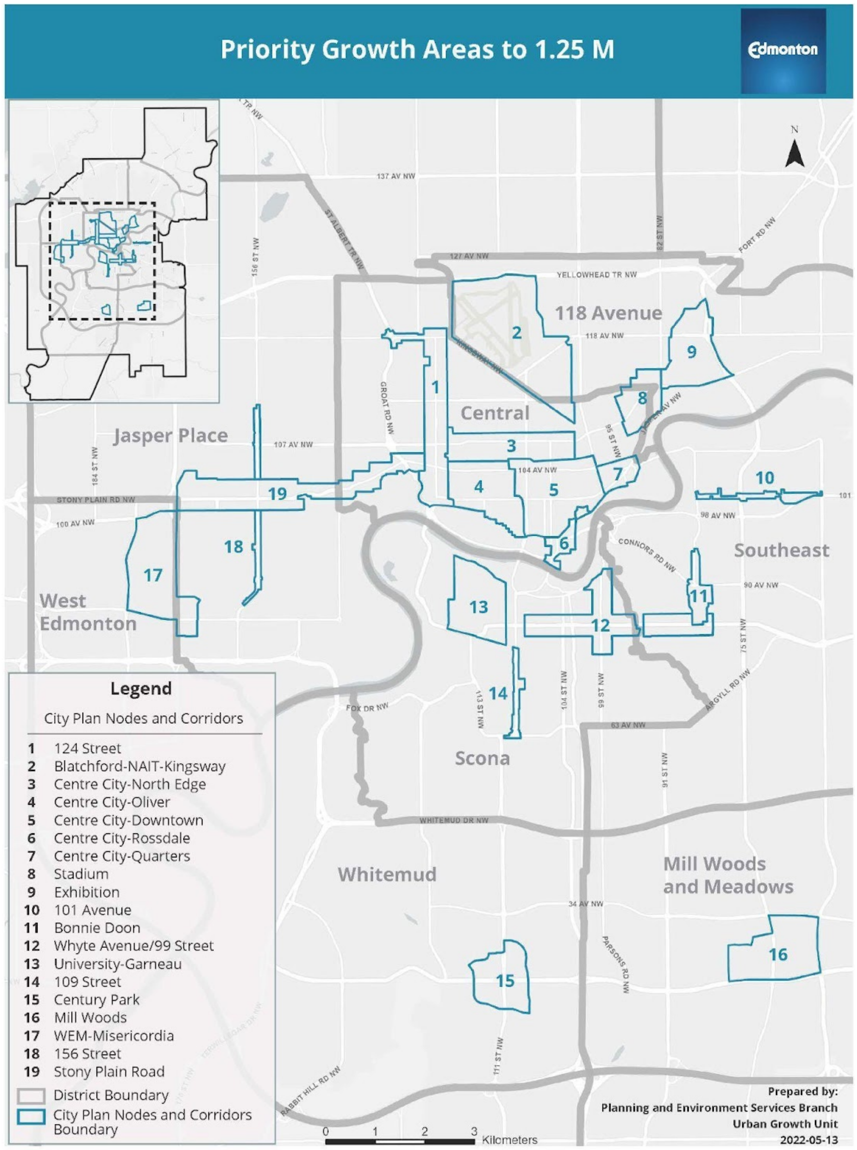
Market Intelligence

Context Presented by the City's Urban Growth Team

Administration understands that the market dictates absorption rates and redevelopment will occur according to demand, as well as industry's willingness to take on risk. A better understanding of how much, what type and when redevelopment is going to occur will help the City make public infrastructure and amenity investments that provide the highest possible return on investment.

While industry publications about market demand provide valuable information that can help the City prioritize investments and growth, the redeveloping and developing area markets are unique and continually change. The Urban Growth team is exploring the value of better understanding the market on an ongoing basis.

Map: Priority Growth Areas to 1.25 Million



Priority Growth Areas are a key component of The City Plan's implementation and the Growth Management Framework. The City Plan defines them as the areas with more population growth than other areas in each of the four population horizons. This map focuses on the 1.25 million population horizon and the 20 locations (in eight districts) of concentrated growth that make up the network of nodes and corridors in the redeveloping area.

Note: Since the last workshop, City Centre - Rossdale has been added to the list of Priority Growth Areas to 1.25 M.

The Growth Management Framework proposes that locations identified as Priority Growth Areas be prioritised before other locations in the redeveloping area for new City investments (see Priority Growth Areas map). Planned infrastructure commitments and existing structure plans in the developing area will continue to be fulfilled.

Summary of What We Heard from Industry about Market Intelligence

STAKEHOLDER FEEDBACK:

"The City Plan has identified its Priority Areas for growth. It is time to follow through with incentives and remove barriers to development. Developers in these areas need the City to help facilitate zoning to increase density, to support community engagement initiative that result in project approvals, and to help mitigate the unpredictable infrastructure costs associated with these types of developments."

- Workshop 4 Participant

- Industry considers numerous factors when choosing a location for development or redevelopment. Key considerations include the type of development (size of project, greenfield vs. infill, residential or commercial, etc.) and infrastructure needs, costs to develop the site, neighbourhood needs and market demand.
- City policy, incentives and infrastructure investment impact these decisions, particularly around planning for infrastructure needs, working within existing zoning bylaws and allowing for City processes in the project timeline.
- Industry identified numerous market trends, including increased financing and construction costs due to COVID-19 and supply chain issues; rising inflation and uncertain interest rates; and increased consumer preference for single detached homes.
- The Priority Growth Areas Map provides valuable information to industry, however, suggested improvements included additional information about infrastructure capacities and planned upgrades with longer-term indicators.

Note: Additional details can be found in Appendix 2: Published Workshop Summaries under topics 1 (Phase 1, Workshop 1), 5 and 6 (both Phase 1, Workshop 3).

Infrastructure

Context Presented by the City's Urban Growth Team

The City acknowledges the ongoing conversations with industry over the years about infrastructure and how it influences development in Edmonton. The City has heard the need to consider necessary infrastructure to advance the The City Plan's redevelopment goals, as well as how it will be funded.

Infrastructure provision predictability is important to industry. Conversations about the Infill Fire Protection Protection Program are good examples of where Administration has gained greater insights from industry. The City also recognizes that industry values responsible development in infill and greenfield to maintain affordability.

Prior to industry engagement, the Growth Management Framework scoping phase identified potential funding streams for infrastructure in infill areas including:

- development levies to fund water and sewer upgrades
- dedicated tax levies for transit and public amenities
- leveraging future revenues from City land holdings to fund various infill-supportive infrastructure projects

What We Learned: EPCOR

EPCOR water, wastewater and drainage are regulated by Edmonton City Council using a Performance Based Regulation (PBR) structure that provides incentives for utilities to manage their operations efficiently by delinking costs and revenues. EPCOR manages the overall spending envelope and delivers approved projects with annual reports on progress. Any deviations from the budget are borne by EPCOR. Additional projects or deferral of work must be explained to the regulator. Any non-routine adjustments must meet certain criteria and are approved by the City Manager or City Council, depending on expenditure level. The Infill Fire Protection Program (IFPP) was successfully piloted in the previous PBR and City Council approved the rate adjustment to accommodate the program for the current PBR.

Representatives from EPCOR attended Workshop 6 and provided information about the infrastructure components it manages including power, water, wastewater, drainage and stormwater.

Fire Flows

Available and required fire flows vary throughout the city due to land use, as well as changing design and construction standards over time. Infill development can lead to higher fire flow and denser hydrant spacing requirements. As part of the City's Infrastructure Capacity Analysis (Infill Action 2) project, EPCOR assessed two options to increase fire flows within nine select nodes and corridors:

- Option 1: Theurrent approach where water main renewals and pipe sizing improvements improved fire flows over time
- Option 2: Modelling additional water mains and looping (in addition to renewals) to improve the fire flows. This is relative to a new capital program in which EPCOR would invest in water infrastructure in strategic nodes and corridors to "open up" redevelopment opportunities.

EPCOR and Fire Rescue Services (FRS) are also examining process changes to modernize infill and greenfield fire flow standards.

Stormwater and Drainage

From a stormwater perspective, increased density generally means increased impervious surfaces and runoff flows from these harder surfaces. The Stormwater Integrated Resource Plan manages the risks of increased intense rainstorms and presents an opportunity to align and leverage these EPCOR funded investments.

Analysis of the current land use zoning compared assumed runoff to the potential ultimate zoning and associated increased runoff (due to more impervious surfaces), to calculate the required amount of runoff storage to avoid increasing runoff. Analysis would need to be refined for specific development types but can be managed on a lot-by-lot basis. EPCOR wants to explore analyzing the current and future runoff, as well as how much per-property storage or low-impact development would be required to have a neutral impact for each development project. EPCOR has also identified Edmonton locations where additional stormwater storage would be beneficial and supports installation cost sharing where additional volume can be accommodated.

Wastewater

From a wastewater perspective, increased density increases the wastewater volume generated. However, some land uses generate less wastewater compared to when these areas were first developed due to water conservation and efficiency. The historical approach taken to design sanitary and combined sewer systems assumed that relatively high volumes of rainwater and groundwater entered the systems via inflow and infiltration (I&I). Newer pipe materials and strategies reduce the I&I volume entering these systems.

> ***STAKEHOLDER FEEDBACK:***
>
> ***"Multiple strategies are required, including infrastructure investment from the City (i.e., LRT), policy changes (i.e. rezoning regulations), and using tax deferrals to fund infrastructure (i.e. fire halls)."***
>
> ***- Workshop 4 Participant.***

Analysis of the sanitary and combined sewer networks calculated the additional flows as the number of residents in the priority nodes and corridors increased. To keep loads to the system neutral following development, sewer capacity can be created upstream of the proposed new development through inflow and infiltration (I&I) strategies to offset the additional load on the systems. EPCOR anticipates this to be an opportunity to avoid significant sewer trunk upgrades to support the nodes and corridors, however, there still may be a requirement for local pipe upgrades.

Summary of What We Heard from Industry about Infrastructure

- Industry indicated that there is a great deal of uncertainty and risk when redeveloping sites for infill and that predictable and consistent infrastructure investment from the City would support redevelopment.
- Area Redevelopment Plans need to be updated to align with the new City Plan, as well as a revised Zoning Bylaw to enable a smoother approval process for infill development.
- During Phase One, the City learned that different development projects have a variety of hydrant needs and current criteria for hydrants is often outdated.

The proactive changes proposed by EPCOR and the City in Phase Two were received favourably by industry representatives.

- Industry would like to see some incentives to help increase density relative to stormwater. Projects should be looked at on a site-by-site basis to evaluate actual stormwater needs. Additionally, industry cited examples where one project bore the full cost of infrastructure upgrades, with subsequent developments benefitting without a cost-sharing process. Incentives to address uncertainty and alleviate such costs around stormwater upgrades would mitigate infill projects stalling due to unexpected costs and delays.
- Standards need to be updated to fit current consumption rates.

Note: Additional details can be found in Appendix 2: Published Workshop Summaries under topics 2 (Phase 1, Workshop 1), 12 and 13 (both Phase 2, Workshop 3).

Incentives

Context Presented by the City's Urban Growth Team: Part One

Incentives are one of The City Plan's four levers of change. While the market dictates where development occurs, incentives may encourage development to happen more quickly or more intensely in target areas. The City of Edmonton has been using incentives in different ways for many years (i.e.The 1999-2001 housing reinvestment program downtown and the 2021 Private Construction Projects—Economic Incentive Grant). Financial incentives could be a high-profile component of the Growth Management Framework that signal City support for developments that align with long-term City Plan objectives and encourage development in the priority nodes and corridors.

Three types of financial incentives under consideration were discussed with industry:

1. Capital incentives (such as the Development Incentive Program)
2. Operating incentives (such as the Brownfield Redevelopment Grant)
3. Infrastructure cost sharing (such as the Infill Fire Protection Program and the Industrial Infrastructure Cost Share Program)

A service package for limited growth management incentives is expected to be prepared for City Council's consideration as part of the operating budget deliberations. Proposed incentives will be City Plan-focused and geared toward its City Building Outcomes, targeting barriers to certain types of development and used in combination with other tools to achieve goals.

Tax-based grants use data from the City's tax system to calculate grant amounts for projects that meet certain program criteria. This option is more flexible than tax system incentives. Also, this type of grant does not need to be approved by City Council annually. Tax-based grant incentives have positive impacts, but also place a burden on properties that are not subject to an incentive.

Tax deferrals would involve suspending the collection of property tax during a project phase (i.e.construction). In this case, the City would not charge penalties on unpaid amounts and could potentially provide this incentive to a greater number of projects than tax-based grants. There would be less certainty with this approach as City Council would have to approve the annual deferrals.

Summary of What We Heard from Industry about Incentives: Part One

Property Tax Relief Incentives

- Industry indicated a preference for property tax relief-based programs and deferrals, similar to those offered downtown [as part of a COVID recovery initiative], and also those oriented to project stage or development phase.
- A connection was made between tax assessment increase due to land use or density change and developer cash flow prior to a project generating revenue.
- With tax grants, it is lower risk for the City to focus on a specific building type rather than locations, as there may be very similar buildings located on either side of what could be viewed as an arbitrary line.
- The intention should be to apply the grant based on desired outcomes, which include supporting medium and high-density development in the redeveloping area of the city.
- Stakeholders indicated that timing of grant dollars is important. In this case, the tax amount cannot be determined until the window for assessment appeal has passed. One option under consideration is to explore the waiver of right to appeal for granted properties.

Context Presented by the City's Urban Growth Team: Part Two

Focusing Incentives in Priority Growth Areas

- In Phase One, stakeholders indicated that this could be too many areas to effectively support and activate growth and private investment effectively.
- Based on The City Plan and existing conditions, it is anticipated that five of these areas will have more than 1,000 dwelling unit growth to 1.25 million. The remainder will have between 200 and 1,000 units.
- Four areas, including Blatchford and Exhibition Lands, have specific funding programs and would not be the focus for a potential incentive in this case.
- Business areas such as Real Estate and Strategic and Emerging Initiatives will continue to provide service and programs for these essential areas in our city.

Electricity Incentives

- During Phase One, industry expressed the need for support with power and other utilities.
- Representatives from EPCOR joined the final workshop of Phase Two to provide important infrastructure context.
- EPCOR indicated that power infrastructure upgrade costs for assets shared by multiple customers (i.e. transformers servicing multiple single family residential customers), will be fully invested by EPCOR as they benefit the grid and, therefore, all ratepayers. Assets dedicated to one customer (i.e. installation or upgrade of the service cable between a transformer and house), are considered part of customer servicing costs.
- EPCOR invests in customer servicing costs based on the projected future customer load. This means that larger projects qualify for a larger EPCOR investment. High-density residential projects (60+ units) can, in many cases, be fully paid by EPCOR. Small and medium projects qualify for a smaller EPCOR investment, which means that the customer will typically have to pay a larger portion of the cost of their project.
- Costs related to relocation of existing infrastructure (i.e. relocation of poles and anchors in conflict with customer's development), are fully paid by the customer as EPCOR is not able to invest in this type of work. The cost of

these relocations means that some projects are abandoned. It is also common for project designs to be revised or adapted to avoid pole and anchor relocation, which can be costly depending on the scale of the project. EPCOR data from the past four years was analyzed to better understand the number and cost of requests to relocate power poles, anchors, or both, and what benefit an incentive program might offer.

Taxation Information

Additional information and context about the property taxation system was provided by Assessment and Taxation in response to questions during the discussion:

- ✔ The Municipal Government Act requires municipalities to assess the current value of the property on July 1 of the previous year and the condition of the property on December 31. The tax rate also changes each year.
- ✔ Valuation is based on the market value of the property. The property value increases throughout the construction period as improvements are built, which increases taxes before the property is ready for occupancy.
- ✔ As per legislation, farmland is assessed using regulated rates which are considerably lower than market value; once it is no longer used for farming operations (i.e. stripped), it is assessed at market value which causes the increase in tax bills noted by greenfield developers. While this may cause greenfield developers to delay stripping land at times, they are able to hold onto land prior to development with low tax costs. Infill developers do not have this advantage.
- ✔ The City does not pay property taxes on City-owned properties.

Summary of What We Heard from Industry about Incentives: Part Two

- Current incentive programs have been accessed on a limited basis. Overall, stakeholders indicated that they would like to see more incentive programs tailored for both infill and greenfield development.
- Both greenfield and infill developers indicated challenges related to property taxes (i.e. taxes increase before development is complete, therefore increasing costs before a project is generating income).
- Stakeholders expressed interest in cost-share programs for infrastructure, funding pools, staged approach for levies for fire halls, rec centres, libraries, police stations, etc.

STAKEHOLDER FEEDBACK:

"Incentives do not affect end price but do help mitigate risk of projects."

Workshop 4 Participant.

- Expedited approval processes would provide significant benefits, as long approval timelines make projects more expensive.
- Industry expressed a preference for stable, dependable programs (i.e. property tax-relief based programs), as grant programs are less reliable.
- Both tax deferrals and grants have merit. There is no one "silver-bullet" solution. Is there a package that includes both types of incentives?
- Predictability and consistency in implementation will be crucial for infill developments, where so many factors are unpredictable. Incentives aimed at medium-scale projects would be especially beneficial.
- While market demand will ultimately drive where projects are developed, some stakeholders felt incentives focused on priority growth areas would help move projects forward, provided they were used in conjunction with other tools such as infrastructure investment, policy changes and tax deferrals to fund infrastructure.
- Emerging needs (i.e. EVs, solar panels, etc.) are both opportunities and challenges. developers need to know where capacity for these kinds of installations already exist.

Note: Additional details can be found in Appendix 2: Published Workshop Summaries under topics 3 (Phase 1, Workshop 2), 7 and 8 (both Phase 2, Workshop 1) and 11 (Phase 2, Workshop 3).

Substantial Completion

Context Presented by the City's Urban Growth Team

Substantial completion is a key component of the Growth Management Framework and is central to creating complete communities, meeting growth targets and supporting the City's financial viability.

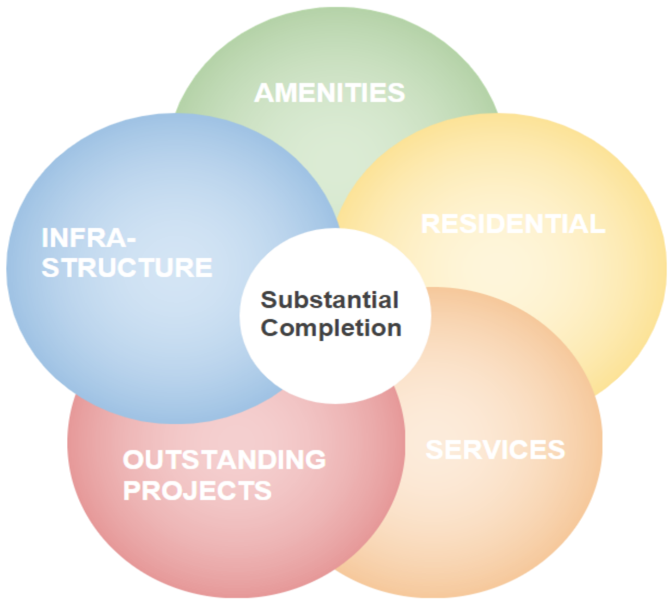
As directed by The City Plan's Development Pattern Areas map and policy 2.3.2.3., further development and definition of substantial completion, including service provision, amenities and infrastructure is being developed. Administration will build and monitor metrics in order to provide City Council with recommendations on when future growth areas are ready for development through statutory planning. Substantial completion is part of The City Plan's phased growth strategy and is linked with the other components. Advancing incentives, for example, depends on advancing this component of the program.

The City's Urban Growth team identified that a 'standard' (as defined by the Corporate Policy Framework) is the best governance tool to structure the elements that will be monitored for substantial completion. The standard will define each of the metrics or conditions that are to be met and how they come together through thresholds. Once established, metrics will be monitored and reported on annually to City Council and stakeholders.

The five components being considered for measuring substantial completion are:

1. residential development
2. amenities
3. services
4. infrastructure
5. other outstanding projects

Components Considered in Measuring Substantial Completion



STAKEHOLDER FEEDBACK:

In answer to the question about whether these components and metrics will contribute to complete communities:

"I have concern around unintended consequences. People will choose neighbouring communities instead of Edmonton if we close off areas where there is market demand because things are not complete in other sectors. We need to recognize where people want to be. Edmonton has an advantage in terms of choice and affordability."

Workshop 5 Participant

Substantial completion components that will be considered by Administration when developing thresholds include the pace of residential development, existing commitments in approved plans, unique aspects of the metrics, data limitations, definitions of complete communities, the City's fiscal viability and lead time required to prepare the future growth area for development.

Summary of What We Heard from Industry about Substantial Completion

- Objective measures that are consistently applied across all types of projects will allow developers to make proactive decisions.
- Some flexibility is required to respond to market events (i.e. the pandemic has changed lifestyle choices people are making) and to address challenges particular to a specific developing area.
- Non-participating landowners remain a significant challenge to substantial completion.
- Arterial roads are important and land rights are needed to construct them. The City needs to get involved to secure land via expropriation. In addition, help with interim funding to help areas advance.
- Response from industry stakeholders on the components varied; while the components were seen as appropriate, industry would like more details about application of thresholds and how the use of these components would trigger planning for new neighbourhoods in order to prevent lags in development.
- One suggestion was to think in terms of the number of years supply remaining, rather than percent completion.

About Expropriation

[Introduction to the process of expropriating land in Alberta]

✔ Prior to a municipality considering the acquisition of land from a non-participating landowner, whether through a negotiating voluntary acquisition or expropriation, a sufficient land acquisition budget must be approved by City Council.

Note: Additional details can be found in Appendix 2: Published Workshop Summaries under topics 4 (Phase 1, Workshop 2), 9 and 10 (both Phase 2, Workshop 5).

What Happens Next?

The City's Urban Growth team will review and discuss the input provided by industry stakeholders and will reach out for clarification if required. Over the next few months, the Growth Management Framework will be discussed at the following City Council and Committee meetings:

- May 20 - Utility Committee - Edmonton's Changing Water Use (including implications for water infrastructure design standards)
- June 14 - Urban Planning Committee - Growth Management Framework Update
- August 23 - Urban Planning Committee - Investment in Development and Development Cost and Revenues

City Budget deliberations are scheduled for December 7 to 14, 2022, and the Growth Management Framework is expected to be part of one or more capital profiles and operating service package requests. Industry is encouraged to review these materials as they become available and provide comments as city building partners.

To highlight areas experiencing recent short-term (and likely continued) growth, the City of Calgary completed an analysis using a set of redevelopment market indicators and associated weighting based on available data in six categories. Administration is exploring a similar analysis for Edmonton and a consultant will be hired to help structure and establish the index in 2022. As with the development market trends, careful and informed interpretation of what the indicators show is essential to the success of this work.

Appendix 1: Key Terms

The definitions for key terms are taken from The City Plan unless otherwise noted.

Activation Approach (Growth Activation)	Treatments initiated by the City to support intentional growth in priority growth areas. This includes strategizing, investing or nurturing nodes, corridors and other development pattern area locations. The City will identify activities to support established priorities and create conditions for success in the next population horizon.
Anticipated Growth	Phased development to support population growth through ongoing private sector and City efforts in reaching each population horizon, in increments of 250,000. As the city grows to 1.25 million people, development will be strongly influenced by market demand and already identified priorities. Priority growth areas are those locations that are expected to have the most intense population growth in the current horizon.
Brownfield Development	Redevelopment of land previously used for industrial or commercial use and/or contaminated from previous use. Prior to redevelopment, brownfields may be underutilized, derelict or vacant. Site remediation may be necessary before redevelopment.
Corridor	A place for movement, living and commerce that is anchored by the mobility system and well connected to surrounding communities.
Development Pattern Areas	The organizing structure for managing growth that includes the redeveloping, developing and future growth areas.
Developing Area	Areas primarily outside of Anthony Henday Drive within city limits that have an approved statutory plan.
District	A grouping of neighbourhoods with diverse amenities that support Edmontonians living more locally.
District Plans	The City Plan identifies fifteen districts. Each district is a collection of diverse, connected and accessible neighbourhoods, where residents can access most of the services and amenities they need. A plan will be established for each of the fifteen districts to highlight the key features, current district conditions and future opportunities based on The City Plan that are important to residents, communities and businesses. The district plans will fall under the umbrella of a District General Policy that

	will provide guidance for all districts. For more information visit https://www.edmonton.ca/city_government/urban_planning_and_design/district-planning
Future Growth Area	Lands south of 41st Avenue SW for which substantial completion of developing areas is required before authorizing the preparation of statutory plans.
Greenfield Development	Conversion of land that has not previously been developed. Includes residential and non-residential land use, hard infrastructure (such as roads and parks) and soft infrastructure (such as fire stations and libraries).
Infill Roadmap	The City's workplan to support more and better infill in our city, with a focus on medium and high scale infill and laneway housing. For the complete roadmap visit: https://www.edmonton.ca/public-files/assets/document?path=PDF/InfillRoadmap2018.pdf
Infrastructure	The physical assets developed and used to support the city's people and activities. The City's infrastructure inventory includes such diverse assets as drainage, roads and right-of-way infrastructure, parks and green spaces, buildings, fleet vehicles, LRT and transit facilities, buildings, traffic control infrastructure, recreation facilities, fire rescue services assets , computer networks, affordable housing and library resources.
Mass Transit	A large-scale fixed route system of public transportation serving an urban area, which is able to transport large numbers of people using buses, trains and other technologies.
Mass Transit Planning	City-led planning and engineer activities needed to implement the City Plan's Mass Transit Network.
Missing Middle	Multi-unit housing that falls between single detached homes and tall apartment buildings, which have been largely absent from Canadian cities including Edmonton, including row housing, courtyard housing, tiny home communities, stacked row housing, walk-up apartments, low-rise (4-storey apartments, mid-rise (6-storey apartments), triplexes and fourplexes. For more information see: https://www.edmonton.ca/city_government/urban_planning_and_design/missing-middle-housing

Mixed Use Development	Development that includes a combination of different land uses such as residential, commercial, institutional, recreational and public spaces. It generally refers to development where different uses are not only combined on the same site but also within buildings themselves. An example might include residential apartments located above commercial space on the lower floors of a building.
Mobility Network Assessment	Identifies transportation network investments that align with the City's strategic goals. The process considers potential capital investments that would result in operational improvements for either general traffic, transit, or active modes along arterial roadways, freeways and expressways; and budget allocations that could fund multiple small local improvements throughout Edmonton. The results of this technical process will contribute to developing the upcoming 10-year Capital Plan and priority transportation infrastructure investments in upcoming capital budget cycles.
Node	Centres of activity of different shapes and sizes that feature a variety of housing types, gathering places, a mixture of land uses and varying tenures and affordability.
Non-participating landowners	An Area Structure Plan or Neighbourhood Structure Plan can be prepared without the financial participation or consent of one or more of the landowners in the plan area. This non-participation can continue as the neighbourhood is developed, which can interfere with the extension of infrastructure and full build-out of the neighbourhood as defined by the plan.
Phasing	Criteria-based prioritization of the anticipated growth in the nodes and corridors and other growth areas at population thresholds of 1.25, 1.5 and 1.75 million people. This includes the identification of Strategize, Invest, and Nurture treatments applied to each node and corridor at the population thresholds.
Priority Growth Areas	The locations that are expected to have the most intense population growth in the current population horizon of 1.25 million people.
Redevelopment	Transformative growth and change at the District and neighbourhood levels. This includes the creation of new units or uses on previously developed or underdeveloped land in existing urban communities, including brownfield and greyfield sites.

Redevelopment Area	Development within existing residential and nonresidential areas that have completed the cycle of growth, build out and maturation, and are changing to accommodate compact, mixed use development in support of City Building Outcomes. This area is defined as generally within Anthony Henday Drive.
Residential Infill	The net new addition of housing units in an area previously developed and/or used for urban purposes.
Substantial Completion	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*.
Zoning Bylaw Renewal	A multi-year comprehensive overhaul of Edmonton's current Zoning Bylaw that rethinks how, what and why the City regulates in terms of zoning and land development. For more information visit edmonton.ca/zoningbylawrenewal.

Appendix 2: Published Workshop Summaries

December 7

December 14

January 14

March 21

April 7

April 27