

Substantial Completion

Industry Engagement Summary

December 2023 and April 2024

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Industry Engagement Summary - December 2023

A hybrid engagement session was held with development industry representatives on December 14, 2023 to review the emerging methodology for calculating the refined dwelling unit capacity of developing area districts. The methodology was developed in response to feedback from the development industry in 2022 and 2023. In particular, industry indicated that determining residential completion based on dwelling unit statistics from approved statutory plans did not consider regulatory flexibility and housing type outcomes driven by market demand.

The December 2023 engagement was part of developing and enhancing the substantial completion methodology following the presentation of the overall approach to Urban Planning Committee in August 2023. The scope of the engagement was focused on the revised methodology for calculating dwelling unit capacity. The session included a presentation which reviewed the refinements Administration had made to the technical approach in calculating the required residential completion metric that will form part of the substantial completion standard.

The methodology for calculating a refined capacity involves identifying the remaining supply of undeveloped residential land. This is then used as the basis for estimating the remaining dwelling unit capacity, which is one component of establishing the total dwelling unit capacity of each district. The other component of the total capacity is the number of units already developed or in development, which is measured through lot absorption and building permit data. The result is a refined capacity that reflects the market demand that led to existing development, and that considers the current potential of the remaining undeveloped land.

To demonstrate the draft methodology, four neighbourhoods in the southwest district were used as examples during the engagement session. These examples are provided in the slides linked above.

Key Themes

The following section provides an overview of feedback provided by participants, organized by each of the components of work presented. Feedback received by email from invitees who were not able to attend online or in person has been integrated into the following sections (unless otherwise noted).

Methodology

Engagement Session Questions for Participants

- When is the right time to conduct secondary analysis for a given neighbourhood? Criteria could include the size of remaining parcels zoned agriculture and the age of the neighbourhood plan. What would appropriate thresholds be?
- What do you think of these two criteria? Do you have other suggestions?

Industry Feedback

- Representatives asked if secondary analysis reflects what has been built and assesses the remaining residential capacity. Administration confirmed that it was.
- Representatives asked if the overall approach has remained the same since the report to Urban Planning Committee in August 2023, and if only the approach to calculating remaining residential capacity has changed. Administration confirmed that it was.
- It is important to get the methodology right for refining residential capacities as it forms part of the required metrics. Attendees expressed appreciation for the proposed updated methodology, although there remains opposition to the substantial completion standard overall.
- Completion should be evaluated by quadrant rather than by district. The southwest quadrant should be deemed complete now and planning for the Future Growth Area should begin. Other areas of the city could be looked at later. If city quadrants were used as the basis for evaluating substantial completion, Administration could prioritize doing secondary analysis in the quadrants that are close to completion, e.g. southwest.
- Alternatively, the secondary analysis methodology could be applied to all developing area neighbourhoods.

Administration Responses

- On the basis of the August 2023 report to Urban Planning Committee, Administration is proceeding with evaluating substantial completion for all districts that contain developing area neighbourhoods.
- The goal of secondary analysis is to arrive at a refined capacity for each district, which will be reevaluated annually, using current data on remaining land and development to date.
- The use of statistics from approved statutory plans is most accurate at the initial stages of neighbourhood development. As the neighbourhood develops, a supplementary methodology is needed to capture the impact of market forces and regulatory flexibility.
- Further work is needed to determine if focusing secondary analysis is needed on neighbourhoods that are expected to have larger differences in remaining capacity than shown in plan statistics. These results would have a greater impact on achieving

completion as compared to neighbourhoods that have remaining residential capacity that are more aligned with plan statistics.

Neighbourhood and District Capacity

Industry Input

- Adjustments are needed to Glenriding Ravine to refine the designated land uses (park at south end, portion of high density site planned for commercial, anticipated density of Covenant Health site) and adjust the refined capacity. Intended land uses may not be feasible based on accessibility and developability of some parcels.
- An industry representative commented that Allard is over capacity if secondary suites are considered. City staff indicated that low density residential (including suites) had been looked at and the neighbourhood remains below NSP capacity.
- Concern from some industry representatives that refined capacity could imply that we are not building out to the Edmonton Metropolitan Region Board densities.
- Substantial completion has to account for homebuyer preferences. People who want to live in the southwest will not want to live in Horse Hill. People will move to Beaumont if the Southwest district is built out and the Future Growth Area is not available.
- When UDI provided examples of built out neighbourhoods to City staff, Allard was randomly chosen, not specifically because of how developed it is. All neighbourhoods should have secondary analysis.
- Completing secondary analysis for the whole city seems like a waste of time, e.g. when an area reaches a threshold e.g. 50% of planned capacity, then start doing secondary analysis.
- Establish what is allowed at what completion levels, e.g. at 60%, start planning, at 80% start approving plans.

General Administration Responses

- Some neighbourhoods are not ready for secondary analysis because they are not far enough along in the development process for secondary analysis to show a capacity that is significantly different from the approved plan capacity.
- The secondary analysis methodology includes a quality control step to ensure that building permit data that applies to lots is captured correctly, e.g. row housing project may be covered by one building permit but often includes multiple units (that are not always noted on the permit).
- The sample neighbourhoods in the presentation were based on the neighbourhoods that UDI highlighted in the summer, neighbourhoods with underdeveloped sites, and locations in Southwest District.
- Key question that City staff are grappling with is when is the appropriate time to conduct secondary analysis - age of plan or large Agricultural Zones (AG) parcels.
- Lead time needed to undertake planning activities in the future growth area based on absorption rates that can vary from year to year.
- Reminder that the approach to substantial completion considers thresholds that vary by District, based on historic and anticipated development trends and are as low as 15% in Horse Hill. Thresholds for district completion will not be set at 100%, so impacts of

non-participating lands on capacity (if not quantified) could be managed through this allowance.

General Questions and Answers

- How is the Ellerslie District considered in substantial completion when part of it is in the future growth area?
 - Metrics will apply only to the parts of Ellerslie District that are in the developing area. The future growth area part of Ellerslie is not considered.
- There are times when land owners refuse to sell, which blocks sites from developing. Non-participating landowners can block sites from developing because servicing runs through their lands. How does substantial completion address non-participating landowners?
 - Substantial completion requires publicly available information for analysis. Land owner development preferences are not tracked by the City. Regular discussions with land owners each year would be needed to determine what the land owners intent is at that time.
- What's the end goal of substantial completion? Is it as simple as not opening up the future growth area until the City reaches 1.5 million people?
 - The goal is to present progress on substantial completion to Council annually as per The City Plan including reporting on required metrics. In addition, tracked metrics will be reported on as a way to provide data related to some of the City's capital and operating responsibilities in the developing area. Reporting on both sets of metrics will enable Council to decide on the appropriate time to authorize statutory planning in the future growth area.
 - Implementation of a substantial completion standard is one tool the City can use to phase growth. Phasing and activating growth work together to create the City's growth management framework, which has a goal of contributing to making Edmonton more prosperous, equitable, sustainable and vibrant. In particular, a substantial completion standard is expected to contribute to creating complete communities, improving the City's financial sustainability, helping meet planned infrastructure commitments and supporting climate mitigation.
 - In past engagements with industry, it has been noted by Administration that the benefit of establishing a Standard is that it provides clarity, transparency and predictability to Council and Industry on when the future growth area will be recommended for statutory planning.
- What Plans in Effect will you be looking at? i.e. ASP or NSP level?
 - Where there is an NSP, the NSP is used. Where there is not yet an NSP, but there is an approved ASP, the ASP is used.
- Will the substantial completion standard be based on the entire City, rather than by sector/quadrant?
 - The City Plan introduced districts as a new planning geography. Each district is a collection of neighbourhoods that have similar characteristics. District Plans have been the topic of significant engagement. The plans that were used as the basis of the most recent engagement are available [online](#). Updated plans that reflect input

from the late 2023 engagement and Council direction from the August Urban Planning Committee are expected in Spring 2024. Substantial completion will be evaluated at the district level. Statistics for each neighbourhood in a district will be consolidated, and the total for the district will be evaluated. A district could be deemed complete before some of its neighbourhoods. Each district will be evaluated independently, based on its own growth history and trends. This is important so that each district reaches its respective substantial completion levels in the same time frame.

- The following comments were received by email from an industry representative who was not able to attend the session (additional email comments are incorporated above):
 - Substantial completion does not take into consideration “developability” and cost of development (i.e. Decoteau and other lands). If land is not already acquired in advance of this new mandate, it will drive up the cost of raw land when new areas are “deemed” approved (creates a potential land auction).
 - Substantial completion has the potential to be rather subjective depending on who is doing the analysis. Is there an appeal process? This would help address the accountability aspect.

Industry Engagement Summary - April 2024

A hybrid engagement session was held with development industry representatives on April 17, 2024 to present and discuss:

- the complete results of refining the dwelling unit capacity of each developing area neighbourhood as a result of secondary analysis. Secondary Analysis provides an update to the capacity statistics in Neighborhood and Area Structure Plans based on completed dwellings and remaining designated residential land.
- the amount of development at which Administration would recommend that Council authorize statutory planning in the future growth area (i.e. the threshold) and the associated timing.

The list of tracked metrics was also provided to industry representatives.

Key Themes

The following section provides an overview of feedback provided by participants for each of the components of work presented.

Secondary Analysis

Engagement Session Questions for Participants

- Is there anything about secondary analysis and refined capacity methodology we can clarify?
- Do you have any questions about the materials shared in advance?

Industry Feedback

- Industry did not raise any concerns with limiting secondary analysis eligibility to neighbourhoods that had at least 50% of low density residential dwellings complete.
- Industry inquired about using actual built neighbourhood densities, rather than Neighbourhood Structure Plan (NSP) terms of reference densities to estimate the remaining number of dwellings, but did not advocate for a change in approach.

Developing Area Completion Threshold

Engagement Session Questions for Participants

- What can be clarified about the threshold?
- How quickly can homes become available in the future growth area once statutory planning is authorized?
- Is there a preference between a firm or flexible approach to the threshold?
- What are the risks of this new threshold approach?
- What could be adjusted and why?

Industry Input

- Industry raised questions about how changes in the dwelling unit numbers (that are expected to result from annual updates to the refined capacity) would be reflected in the threshold.
- The ten year allowance for the development process does not include pre-work needed for servicing studies before area structure plan applications can be submitted. Industry representatives indicated that they are not willing to invest money in the FGA (including the cost of servicing studies) without knowing when they will get a return on that investment.
- Industry representatives at the meeting indicated that they would not expect any of their colleagues to do the pre-work and undertake the cost of studies without Council authorization of planning for the FGA. Furthermore, land purchasing would not happen before (Council) authorization of FGA planning.
- Consolidating ownership is necessary for greenfield development and the lands in the FGA have fragmented ownership, so land assembly is expected to take some time. If Council approves the substantial completion standard, the uncertainty associated with when the development process (including statutory planning) can begin would prevent the start of pre-work. More certainty about when development can start in the FGA is needed to remove the risk of investment in FGA planning. Industry wants to know when the first rezoning application can be approved.
- Land sales in Leduc and Beaumont have been going up in response to the ongoing substantial completion work in Edmonton. Efforts to attract residents to Edmonton could be in vain if people choose to move to Leduc and Beaumont as a result of this project. Edmonton may not be able to accommodate newcomers within its borders. This result is more development in the region.
- Industry questioned the need for a completion threshold and believes we are already past the point where statutory planning of the FGA should begin.
- A Master Drainage Plan is needed for the FGA. Some felt this work should be done by the City to prevent one developer taking the lead and allocating land uses to benefit themselves and not others (e.g. by making assumptions about parks and major transportation and utility corridors being located on land owned by others). One suggestion was that the City could lead the study, and recoup the costs by assessing future developers for their portion of the cost of the servicing study.
- Sizing sanitary trunks for Decoteau requires knowing what's happening south of 41 Avenue. The City needs to stop pretending that development stops at 41 Avenue SW.
- One representative suggested that the annexation study could be used as a reference/template for the high level servicing study that needs to be completed. Another representative noted that that planning is now out of date.

- Lands in the FGA need to be incorporated into current planning to avoid future connectivity issues. Industry provided an example of 170 Street which is currently aligned to run through a cemetery because no work has been done south of 41 Ave.
- Industry representatives recommended being nimble in case the time until we have to prepare the future growth area gets compressed. This means getting started so that we are ready for growth. The City has the opportunity to provide certainty on opening the future growth area, which is in its control.
- The City should use the Housing Accelerator Fund to provide homes where people want to live. People have preference for different parts of the city and are unlikely to move to another part of the city. The fund should be used to provide housing for immigrants and newcomers, including in the developing area.
- Substantial completion discussions have lasted about 18 months and the City has not reached common ground with industry. That time would be better spent promoting growth rather than stifling it.
- Industry asked about the purpose or intent of substantial completion. Rather than phasing growth to improve the City's financial viability, industry questioned the need for large recreation facilities, and suggested that developers can build libraries and fire halls for substantially less than the City. Industry would provide that service in exchange for the City opening up the FGA.
- Industry asked for confirmation on the June content to Urban Planning Committee and understands that Administration will be recommending to Council that no statutory planning occur for approximately 5 years. Industry disagrees with the proposed approach to substantial completion.

Summary of Clarifications Provided to Industry by Administration

- The number of dwelling units to be completed at the threshold is converted to a percentage and used to calculate needed zoning for commercial services (already complete) and parks (290 hectares of active parks required to reach substantial completion).
- 38,860 dwelling units need to be completed before recommending to Council to authorize statutory planning in the FGA. Based on average absorption rates, this may take about 5 years.
- Administration took a combined bottom up and top down approach to estimate completion level of the developing area at the threshold. Absorption rate is based on 2012 to 2019. 2011 was a very low growth year. 2020 rates were impacted by COVID. These years were not included for the absorption rate calculations.
- In the future, the completion rates for dwelling units and parks will be calculated at year end. Administration will wait until the end of 2024 for the next update.

- Development process allowance focuses on planning and development steps that need Council approval to start work.
- Factors which contribute to construction timing include market demand and availability of skilled labour.
- The purpose of substantial completion work is to provide clarity and certainty of The City Plan policy. Substantial completion is nested under financial viability in The City Plan and we have to address the needs for facilities and infrastructure in the whole developing area. The City Plan is a growth plan. It's about sequencing and timing and satisfying The City Plan policy which is framed around the financial aspects. The City supports growth from a financial perspective.
- A FGA servicing study would need to have funding allocated for the work to begin. The servicing study would identify constraints, locations of transportation and other corridors, and location of utility tie-ins.
- Administration has made adjustments to the approach to address industry's concerns while recognizing the City Plan policy for substantial completion of the developing area prior to growth in the FGA.

Tracked Metrics

Industry Input

- Concerned about the potential of tracked metrics to indirectly cause a delay in commencing FGA planning and development.