

## GROWTH MANAGEMENT FRAMEWORK UPDATE - SUBSTANTIAL COMPLETION STANDARD

### Metrics, Thresholds and Supporting Information

<b>Recommendation</b>			
That the June 18, 2024, Urban Planning and Economy report UPE02126, 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 Community of Communities	<b>Relationship to Council's Strategic Priorities</b>	15-minute Districts Mobility Network
<b>Corporate Business Plan</b>	Transforming for the Future		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• The City Plan</li> <li>• Growth Management Framework</li> <li>• Growth Monitoring</li> <li>• Affordable Housing Strategy 2023-2026</li> <li>• Climate Resilient Edmonton: Adaptation Strategy and Action Plan</li> <li>• Policy C572 - Designing New Neighbourhoods</li> </ul>		

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### Related Council Discussions

- June 14, 2022 Urban Planning and Economy report UPE01029, Growth Management Framework Update
- August 29, 2023, City Operations report CO01337, Edmonton Transit Services in Newer Developing/Developed Communities
- September 12/13, 2023, Urban Planning and Economy report UPE01554rev, Growth Management Framework Update - Substantial Completion Standard - Additional Information
- September 19, 2023, Urban Planning and Economy report UPE01728, Open Space Amenities in Developing Neighbourhoods
- December 5, 2023, Urban Planning and Economy report UPE01825, Arterial Road Assessment
- January 15, 2024, City Operations report CO02130, Aligning Turf and Horticulture Resources and Service Levels
- February 27, 2024, Urban Planning and Economy report UPE01232, Potential Work Plan for Rezoning Priority Areas
- February 27, 2024, Community Services report CS02255, Affordable Housing Contribution Options - Further Information and Recommendations
- February 28, 2024, Urban Planning and Economy report UPE01841, City Plan Measurements - Updates on Targets
- March 19, 2024, City Operations report CO02242, Bus Network Service Plan Update
- June 18, 2024 Urban Planning and Economy report UPE02083, Review and Updates to the Terms of Reference for Area and Neighbourhood Structure Plans to Incorporate City Priorities, Goals and Moves

### Previous Council/Committee Action

At the June 12, 2023, City Council Public Hearing, the following motion was passed:

That, as part of the Growth Management Framework report update, Administration include information on the gaps and opportunities for the full buildout of approved neighbourhoods within the developing areas, and specifically Wernerville Country Residential Special Study Area, to achieve complete communities.

### Executive Summary

- The City Plan is a growth plan that describes aspirations for the city to be more prosperous, equitable, sustainable and vibrant. Phasing and activating growth are approaches to achieve this vision.
- Implementation of a substantial completion standard for the developing area is one tool to phase growth and will contribute to creating complete residential communities, improving the City's financial sustainability, enabling the delivery of City-funded infrastructure and supporting climate mitigation.
- A substantial completion standard would require the developing area neighbourhoods as a whole to achieve a defined level of progress towards becoming complete communities prior to Council authorizing development in the future growth area.
- A standard provides Edmontonians and industry stakeholders with clarity and a common understanding about when the future growth area will be developed.
- The proposed approach to evaluating substantial completion consists of establishing a set of required metrics and a minimum amount of progress for each metric (the threshold) for the

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developing area. Monitoring the progress towards the threshold for each metric will give Administration a clear technical basis for recommending to Council the designated time to begin statutory planning, which will ultimately result in housing in the future growth area.

- The minimum amount of progress has been calculated as 62 per cent. This is expected to be achieved in approximately five years (2029). Housing could be available in the future growth area by 2039 at the latest, based on a conservative allowance of 10 years for the first neighbourhoods to be planned and developed.
- Representatives of the land development and home building industry (industry) expressed concerns to Administration that delaying planning and ultimately development in the future growth area will negatively impact market housing affordability.
- To facilitate timely and coordinated development in the future growth area, a non-statutory servicing study should be completed to establish constraints and define the progression of development. This would not require Council authorization, but would require additional budget.
- The next steps for this work include Administration preparing the Substantial Completion Standard and working with industry on scoping the future growth area servicing study. The standard will be provided to Council via memorandum in late 2024.

## REPORT

### The City Plan Alignment

The City Plan establishes a vision for Edmonton as a vibrant and sustainable community of two million people and describes the systems, networks and tools required to achieve that vision. Transformational shifts in the growth pattern and the market are needed to realize The City Plan. New dwelling units will continue to be added to the redeveloping and developing areas as the city approaches a population of 1.5 million. These units will increasingly be located in the redeveloping area (i.e. The City Plan sets an annual infill target rate of 35 per cent at the 1.25 million population horizon and 50 per cent at 1.5 million). To support the shifts, policies, regulations and infrastructure are needed.

The City Plan establishes three residential development pattern areas: the redeveloping area, the developing area and the future growth area. Industrial neighbourhoods are identified separately. Of the 295 residential neighbourhoods in Edmonton, 96 are in the developing area. Nine of Edmonton's 15 districts include developing area neighbourhoods. Attachment 1 provides a map showing the development pattern areas and industrial lands, and lists the 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). This direction supports the intention of ensuring that growth is managed with regard to long-term fiscal impacts. While this requirement does not apply to industrial development, which can occur at the pace required provided it is in compliance with The City Plan, Administration understands the link between servicing residential and non-residential lands, and the implications of servicing and sequencing on

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the pace of industrial development in the Rabbit Hill district. Preliminary servicing studies will consider the interaction between residential and non-residential servicing and the need to advance non-residential development.

Edmonton experienced rapid population growth in 2022 and 2023, which was faster than anticipated when The City Plan was developed. This accelerated growth needs to be met with a strategic and adaptable approach to ensure the City is ready to support the growth with adequate funding for services, amenities and infrastructure, so that Edmonton can welcome new residents to complete communities (see Attachment 2 for further details).

The pace and location of development in the future growth area is influenced by the timing of City Council's authorization, the Terms of Reference update and approval of statutory plans. Statutory plans provide a vision for future development and identify infrastructure requirements.

### **Rationale for Substantial Completion**

Municipal 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 increase net levy requirement that is eight per cent lower than required under the Business as Usual Scenario (i.e. historical growth patterns)<sup>1</sup>. To achieve these benefits, the City needs to make choices about where and when residential growth happens. By accelerating the addition of dwellings in existing areas and phasing growth in new areas, the City can ensure existing infrastructure is used more efficiently and that amenities, including community recreation facilities, transit services and parks, can be provided in those areas before focusing on new areas. By intentionally timing the authorization of planning in the future growth area, the City can responsibly manage new expenditures in the future growth area while continuing to provide amenities, services and infrastructure in the developing area.

The Substantial Completion Standard will also include direction to report on additional information that describes the amount of current and planned facilities, services and amenities in the developing area. In this way, the Substantial Completion Standard can be a tool to contribute to achieving complete communities in the developing area. The provision of complete residential communities and a development pattern that aligns with The City Plan also enables a more equitable city, reduces greenhouse gas emissions and delays premature conversion of agricultural land for urban development.

To realize the growth aspirations in The City Plan, the future growth area is required to accommodate a citywide population of two million or more. Establishing a substantial completion standard will help facilitate the eventual growth of the future growth area as envisioned in The City Plan by providing clarity to the development industry and community regarding the conditions under which statutory planning for the future growth area will be authorized. Developing new neighbourhoods is a complex process that requires diligent planning (including servicing studies and community engagement), municipal collaboration and private capital. The developing areas will continue to provide development opportunities, taking direction from approved plans. New plans for

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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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the future growth area will be prepared following policy guidance from The City Plan and the forthcoming revisions to the Terms of Reference for Neighbourhood and Area Structure Plans (see June 18, 2024 Urban Planning and Economy report UPE02083, Review and Updates to the Terms of Reference for Area and Neighbourhood Structure Plans to Incorporate City Priorities, Goals and Moves).

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

The proposed approach to evaluating the substantial completion of the developing area consists of a set of required metrics and a threshold that will apply to the developing area, plus a series of tracked metrics that provide additional information about the amount of infrastructure, services and amenities in the developing area.

Three required metrics are included. These components of city building are largely within industry's control, which means that they can be provided in response to market conditions. Required metrics are compared to a threshold. When the threshold is met for all three metrics, Administration would recommend to Council that statutory planning in the future growth area be authorized. The required metrics are unchanged from the report presented to Urban Planning Committee in August 2023 (UPE01554rev), and are:

- Residential development
- Commercial services
- Active parks

Administration will also report on a set of tracked metrics related to services, facilities and infrastructure that contribute to complete communities and are primarily or partially in the City's control. The tracked metrics can be used to demonstrate progress on the City's commitments in the developing area, the development of complete communities, and inform the City's investment and operating budget priorities. Tracked metrics would not be compared to a threshold. Progress on tracked metrics would not impact the timing of Administration's recommendation to Council to advance statutory planning in the future growth area.

Since the last report on the Substantial Completion Standard to Urban Planning Committee in August 2023, the following changes have been made to the tracked metrics based on input from Committee and stakeholders:

- Affordable housing in every district as per the 16 per cent long-term target established in the Affordable Housing Strategy 2023-2026.
- Cumulative redeveloping area infill percentages have been added. Tracking these metrics are examples of integrated implementation of The City Plan.
- Constructed schools have replaced school sites, as constructed schools reflect a later stage of the neighbourhood development process. School site assembly is included in the required parks metric.
- Arterial roads and developed parks will be future tracked metrics, once work in progress on data assembly and integration is complete.

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A summary of the required and tracked metrics, including progress to date, is provided in Attachment 3.

### Residential Development Metric and Developing Area Dwelling Unit Capacity

The developing area's residential completion is based on a comparison of the number of dwelling units expected at full build out of each neighbourhood to the number of existing dwelling units. The number of planned dwelling units from statutory plans is not an accurate representation of expected number of dwelling units, so Administration established a more accurate method of estimating the number of dwellings expected at full build out of developing area neighbourhoods (referred to as the "refined capacity"). After considering the refined residential capacity, Edmonton had 153,770 dwelling units in approved plans in the developing area that had not been built as of August 31, 2023; over 70,000 of these dwelling units are single detached homes. The refined capacity anticipates that all undeveloped land will eventually develop according to statutory plans; non-participating lands were not excluded from the refined capacity calculation as Administration is not able to track the intent of owners of undeveloped land but recognize this may need to be considered in some situations. Refined capacity will be updated annually to reflect build out.

Existing dwellings are based on lot registration data (for low density units) and building permit data (for medium and high density units). The residential metric is calculated by dividing the existing dwelling units by the refined capacity.

### Threshold for Required Metrics

Administration is proposing that a single threshold be applied across the developing area to determine when it is deemed substantially complete. A threshold of 62 per cent completion is recommended. This percentage was calculated using a combination of:

- Existing residential development, the refined dwelling unit capacity, and development projections that reflect historical growth patterns.
- Anticipated residential absorption during the time required to plan and prepare the future growth area (10 year planning period).
- An allowance for a 5 year supply of dwelling units in the developing area after dwelling units are available in the future growth area.

The derivation of the threshold and other milestones are illustrated in Attachment 4. While the threshold was calculated using numbers related to dwelling units, the threshold would also apply independently to the commercial services and parks metrics, as those forms of development are closely linked to residential development.

The time required to bring housing to market following Council authorization of statutory planning is typically industry-driven. A 10-year period has been incorporated into the threshold. This duration will help to mitigate unpredictable challenges that could be associated with sustained periods of high growth or site servicing, and allows sufficient planning time for a large area such as the future growth area. Using a developing area wide threshold reduces the impact of non-participating landowners that may be more prevalent in certain districts.



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As of August 31, 2023, the residential completion rate in the developing area neighbourhoods is 49 per cent (Attachment 3). Residential development is expected to reach the threshold in five years (2029), and the active parks metric is expected to be achieved in the same timeline. The commercial services required metric has already met the threshold.

Administration will monitor and analyze the required and tracked metrics annually. Reporting on the required metrics will provide a clear technical basis for making recommendations to Council on the appropriate time to begin development planning in the future growth area.

### Preparing the Future Growth Area

Significant effort by the City, utility companies and developers is required to ensure infrastructure is planned efficiently and an orderly growth pattern is attained. Several critical, standard steps including technical studies, plans, design and approvals are required to see the first homes welcoming Edmontonians into the future growth area. This work will include consideration of the future New Southwest District Node and the non-residential areas in the Southwest and Ellerslie districts designated as 'strategize' on Map 11 A and B (Activation Approach 1 to 1.5 million) of The City Plan.

Growth can be unpredictable, which necessitates a proactive approach to starting initial non-statutory planning studies. A high level servicing study of the future growth area would inform Council authorization and statutory planning. Additionally, by undertaking non-statutory planning prior to substantially completing the developing area, the City and industry will be well-positioned to respond in a timely way should growth outpace current estimates. Roles and responsibilities for a servicing study are yet to be confirmed as well as the resources required.

### **Implementation and Next Steps**

Substantial completion implementation will be formalized through an administrative standard, which will be shared with Council via memorandum by Q4 2024. The standard will establish the monitoring and reporting processes for the metrics to track completion. Administration expects to update the standard once the developed parks and arterial roads tracked metrics are ready for reporting.

Administration will monitor and report annually on the completion status of each metric. When the threshold is met for each required metric, Administration will recommend authorization of statutory planning. In the event a developer seeks authorization to begin statutory planning before the threshold is met, the annual report will be used as input in developing a recommendation to Council.

The use of a standard as a tool to achieve policy outcomes is defined in the Corporate Policy Framework. A standard can be easier to modify than other governance tools, such as Council Policies. According to the Corporate Policy Framework, Council Policies are commitments to residents and the community, are aspirational in nature and provide Administration with strategic direction. Council policies can set direction or can be used to provide further strategic direction by activating Policy Directions in The City Plan.

Concurrent with the development of the standard, Administration will explore the scope of a high-level servicing study which would define the development opportunities and constraints of the

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future growth area. Engagement with industry is essential to defining the scope and the roles of Administration and industry in completing the servicing study. Administration may prepare and advance a budget adjustment to Council for consideration.

### **Gaps and Opportunities for the Buildout of Developing Area Neighbourhoods**

Non-agricultural development that predates formal neighbourhood planning in the developing area is typically accommodated in its Neighbourhood Structure plan (NSP) by maintaining its land use and excluding it from the net developable area. This is the case for the residential areas of Big Lake Estates, Wernerville, and parts of The Uplands and Windermere NSPs in the developing area. Since the NSPs do not indicate more dwelling units, non-residential uses or parks in these areas, the calculation of the required metrics for substantial completion is not affected by these areas.

Redevelopment would require amendments to the relevant NSP to ensure alignment with the overall vision for the neighbourhood. Redevelopment occurs under the right conditions, including the absence of cost-prohibitive development constraints (e.g. unfavourable geotechnical conditions or contamination), financing (whether public or private), market demand and active landowners. Redevelopment may not occur or be delayed because landowners choose not to or are not able to develop.

Administration prepared a Council memo in February 2023 outlining two options for advancing the redevelopment of Wernerville in a holistic manner. Both processes would require broad community engagement/involvement, the completion of technical studies (i.e. servicing, transportation, ecological, etc.), and the creation of a land use concept and applicable policy to be integrated into the NSP, ASP and District Plan. The options are described in Attachment 5.

### **Community Insight**

The initial phase of engagement on substantial completion included an internal technical committee and representatives of the development industry. Following the Urban Planning Committee meeting on August 29/30, 2023, the engagement approach was expanded beyond the development industry to include information sharing and engagement with a broader set of stakeholders.

Information sessions were held with stakeholders in November and December 2023 with:

- Edmonton Energy Transition Leadership Network
- Edmonton Federation of Community Leagues
- Edmonton Food Council
- Edmonton Transit Service Advisory Board
- Energy Transition Climate Resilience Committee
- Edmonton Youth Council

Each stakeholder group expressed interest in the topic, and identified their areas of focus and interest. All groups supported the use of tracked metrics to advance strategy implementation and to help advance complete communities.



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Suggestions included:

- Performing full cost accounting of new neighbourhoods
- Requiring all developers to build amenities that are currently only provided voluntarily by developers in new neighbourhoods
- Better aligning transit service provision and residential development progress
- Tracking grocery stores and community gardens

Information emails were also sent in November 2023 to the Edmonton Metropolitan Region Board, Multicultural Health Brokers, HomeEd, and Homeward Trust with an offer to provide an information session. Administration did not receive requests to meet or feedback from those organizations.

The Edmonton Insight Community was also engaged through an online survey to gather feedback from participants on important aspects of complete communities. Results are available in Attachment 6.

Representatives of the development industry continue to be engaged. The draft methodology for the approach to calculating refined residential capacity was reviewed in December 2023. The development industry was supportive of the approach to refining the dwelling unit capacity. A second engagement session with representatives of the development industry was held in April 2024. This session presented the overall refined residential capacity of the developing area, the approach to setting thresholds, and an update on the tracked metrics. Industry remains strongly concerned about delaying development in the future growth area and expressed their desire for certainty around the timing of opening the future growth area, and its impact on their ability to meet housing demand. Industry has indicated that until Council authorizes statutory planning in the future growth area, industry's perceived risk of advancing land assembly and pre-statutory planning analysis in the future growth area are high, and that those activities will not proceed. A What We Heard report summarizing industry engagements is available in Attachment 7.

### GBA+

The City Plan values of Belong, Live and Access are most relevant to the substantial completion standard through ensuring social infrastructure, such as recreation centres, are integrated into communities. The required and tracked metrics have been influenced by GBA+ research and information sharing (described in the Community Insights section). The City will measure progress towards achieving complete communities, which contributes to whether residents can complete their daily needs within their district. Complete communities can enable better outcomes for diverse communities and marginalized groups by ensuring that amenities and services needed for daily living are within reach.

Equity measures and GBA+ research considered throughout the development of the standard include:

- Very low income and low income households have limited choice in housing location due to housing and transportation costs.<sup>2</sup>

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<sup>2</sup> Holmes, N., Kneebone, E. (2015). [The Growing Distance Between People and Jobs in Metropolitan America](#).

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- Employment location can influence certain populations' job opportunities due to accessibility factors. Groups most sensitive to job accessibility are women and older workers.<sup>2</sup>
- The March 19, 2024 City Operations report CO02242 Bus Network Service Plan Update notes that safe and reliable transit services are critical as equity-deserving groups rely on transit as their primary mode of transportation outside of peak commuting hours.
- Public libraries promote community health through mitigating social exclusion by providing space and some social support for vulnerable populations.<sup>3</sup>
- Statistical trends since 2001 indicate that many newcomers to Canada are choosing to live in suburban neighbourhoods within Edmonton's developing area.<sup>4</sup> Individuals immigrating to Edmonton diversify the community's demographics and influence how spaces and places in these neighbourhoods are used.
- According to the City of Edmonton's Affordable Housing Needs Assessment, affordable housing is needed for very low and low income families/individuals. Renters, low-income households with children, persons of colour, and persons with disabilities are most affected by rental price changes.

Continued evaluation and analysis of GBA+ considerations will be employed throughout the remainder of the project.

### Environment and Climate 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.

Attachment 8 provides an overview of environmental and climate intersection points between the proposed growth management approach, including phasing and activation of growth, 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 intensive growth. In general terms, premature development in the future growth area will not support the City's climate resilience goal and will make it more difficult to achieve this goal.

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<sup>3</sup> Philbin, MM., Parker CM., Flaherty MG., Hirsch JS. (2019). [Public Libraries: A Community-Level Resource to Advance Population Health](#)

<sup>4</sup> Gadtoula, A. (2023). [Why Immigrants Answer When Edmonton's Suburbs Call](#)

### Attachments

1. City Plan Development Pattern Areas and Developing Area Neighbourhoods by District
2. 2024-05-31 Memo to Council - Infrastructure and Housing for a Growing Population
3. Proposed Developing Area Metrics and Progress
4. Future Growth Area Development Milestones
5. Options for Advancing Wernerville Redevelopment
6. Edmonton Insight Community November 2023 Mixed Topic Survey Results
7. Industry Engagement Summary December 2023 and April 2024
8. Environment and Climate Review