



NAIOP Letter

PFC2019-1062
ATTACHMENT 6

September 30, 2019

Kathy Davies Murphy
Manager, Growth & Strategic Services
Planning & Development
The City of Calgary | Mail Code 8117
P.O. Box 2100, Station M
Calgary, AB T2P 2M5

RE: Growth Monitoring, Established Areas and Industrial Strategy

Dear Ms. Davies Murphy,

Thank you for your continued efforts to include NAIOP Calgary in your stakeholder processes with respect to established area strategies and industrial considerations. Your proactive and inclusive approach to considering our members concerns is appreciated.

We understand that you and your team will soon be discussing the city's growth monitoring report with Priorities and Finance Committee (PFC). As you are aware, NAIOP Calgary's members quite concerned about the regional competitiveness of Calgary's industrial and commercial development, largely (but not solely) due to Council's ongoing deliberations and indecision on the property tax shift issue for several years now. This remains unresolved to date, and we understand that Council faces some potentially difficult decisions with respect to the property tax split and burden that is not (and likely never was) sustainable between residential and non-residential accounts. Even Council recognized in a press release on May 30, 2019 that "City Council is very aware of the significant tax burden on Calgary businesses as a result of the severe economic downturn". To date NAIOP Calgary members have still not seen a sustainable, reasonable and more balanced property tax revenue adjustment or other solution presented for discussion or engagement.

We previously wrote to Council on March 18, 2019 noting "in 2018, over 496,000 residential accounts had a taxable assessment base of about \$214.8 billion, against which municipal taxes generated revenue of about \$838M. This is contrasted against only approximately 13,800 non-residential accounts with a taxable assessment base of about \$65 billion being asked to provide just over \$1 Billion in municipal tax revenue. Essentially, this means that only 2.7% of all property tax accounts are being asked to shoulder the burden of over 54% of the entire revenue generated for municipal property taxes, despite only owning 23% of the taxable assessment base."

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NAIOP Calgary continues to find significant value in working with you and your team on all aspects of a comprehensive, city wide growth strategy that includes new communities, established areas and industrial areas in a sustainable manner. We deeply appreciate the efforts of your team in understanding the pressure points for our members and working together to find sustainable, resilient solutions.

While the growth monitoring report being presented to PFC contains a notable amount of considerations for further reflection; NAIOP Calgary would highlight the following as key considerations for the report and beyond:

- 1) We note that Calgary is not currently meeting its admittedly optimistic targets with respect to intensification outlined in the MDP/CTP at this time, and that an adjustment is likely needed here, which will have several implications throughout the growth strategy for our city;
- 2) We remain quite concerned about regional competitiveness in industrial and commercial development. As PFC and Council is likely aware, the Industrial Strategy has had to be deferred given available resources, yet it remains an outstanding and important tool for diversification and economic improvement for Calgary. Together, we need to consider appropriate levels of industrial land supply based on location and land use as well as the cost of development to attract companies to Calgary, and we recognize your interest in building the tax base. Clearly, and bluntly, other nearby jurisdictions have been more competitive and sensitive to the economics of industrial and commercial development costs, especially property taxes, and Calgary could certainly do more to address this ex-urban and ongoing issue;
- 3) We are hopeful that the industrial strategy could hopefully address outcomes such as economic diversification, regional competitiveness, building resilience and job growth in industrial areas in Calgary, leveraging services within the City limits and accessing a skilled labour market in these economically challenging times;

4) We note to PFC and Council that the industrial strategy is the last of the three strategic growth types to be addressed for a number of reasons, and developing the scope of work for industrial growth strategy now is imperative to prepare for recommendations for the next City budget cycle (2023-2026); and finally,

5) We strongly advocate for the continuation of the Established Area work beyond March 2020, as it will likely further develop funding tools and consider costs of development to reduce risks to investors in a redevelopment context and of course acknowledging that capital is very fluid and can easily find multiple alternative jurisdictions to invest in. It is important that PFC and Council recognize that Calgary is no longer, and may never be again, the “go-to” capital investment geographic location of choice. We must compete with many other municipalities in Canada and globally to attract sustainable capital investment.

We are looking forward to working with you and your team to find solutions that encourage our members and the commercial, industrial and mixed-use development industry as a whole to build upon the foundation that Calgary has in place today.

Sincerely,
NAIOP Calgary



Chris Ollenberger, P. Eng.
Chair, Government Affairs, NAIOP Calgary
National Director, NAIOP

cc: Guy Huntingford, NAIOP Calgary
John Fisher, NAIOP Calgary