

**ANNUAL REPORT ON SELLING PRICES – FUTURE DEVELOPMENT LANDS
FILE NO: 2017 SECTOR RATES (JM)**

EXECUTIVE SUMMARY

The purpose of this report is to provide information concerning current land prices typical of those in greenfield areas.

ADMINISTRATION RECOMMENDATIONS:

The SPC on Utilities and Corporate Services recommends that Council:

1. Receive this Report for information; and
2. Request the Recommendations, Report and Attachments remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* until published in the Council Agenda.

**RECOMMENDATION OF THE SPC ON UTILITIES AND CORPORATE SERVICES,
DATED 2017 APRIL 26:**

That Council Receive this Report for information.

PREVIOUS COUNCIL DIRECTION/POLICY

None

BACKGROUND

Historically Corporate Properties & Buildings made presentations to the Land and Asset Strategy Committee on development land activity within the city. The purpose of these reports was to identify current market value for raw unserviced future development lands. The identified values, or sector rates, would be used when negotiating transactions with various developers in greenfield areas. Typically these negotiations involve city road allowances that exist legally but remain undeveloped. When a developer submits an outline plan for the area, these road allowances are identified as areas which must be purchased by the developer. These rates are also utilized, where possible, when acquiring land for municipal purposes within greenfield areas.

Establishing sector rates for various sectors of the city enables The City to negotiate with developers on lands that are acquired or disposed of in a fair and transparent manner.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

It is important to note that these sector rates are target prices only. The City cannot require that a land owner negotiate at these values. If a land owner wishes to not negotiate using sector rates, Administration would then negotiate on a site specific basis and analyze comparables that are similar to the subject property.

In established communities and brownfield areas, transactions will be negotiated on a site specific basis taking into account the specifics of the subject property.

ANNUAL REPORT ON SELLING PRICES – FUTURE DEVELOPMENT LANDS
FILE NO: 2017 SECTOR RATES (JM)

Historically Administration sold road rights of way in line with the development phasing of the new community and would also account for portions of the road rights of way which would be coming back to The City in the form of internal road or reserve. This was a very inefficient way of transacting. The changes which were implemented now required the purchaser to purchase the entire road right of way, no more ad hoc transactions, and that the purchase price is based on the gross area of the road right of way with no more discounts for land coming back to The City in the form of dedications as the market value already takes into account the impact of the dedication. This is a more streamlined approach to transacting and accurately reflects market value.

Valuation

In establishing the current rates, Real Estate & Development Services analyzed numerous sales of future development land. These sales comprise lands located within the current city limits. From a development point of view, these range from lands which are near term developable to lands that are up to ten or more years away from development. Real Estate & Development Services compared sale prices from 2014 to 2016 for the various sectors in establishing sector rates.

The ranges found within the various sectors are as follows and are expressed on a per acre basis:

Northwest	\$72,072.00 - \$540,720.00
North	\$66,323.00 - \$450,000.00
Northeast	\$95,012.00 - \$316,229.00
East	\$66,838.00 - \$174,788.00
Southeast	\$70,352.00 - \$367,438.00
South	\$50,151.00 - \$476,190.00
West	\$164,908.00 - \$1,091,476.00

Typically sites located in the west sector are much smaller holdings of land, usually around 5 acres, and sell at a much higher per acre rate.

During the past few years there has been little or no sales activity in the Southwest sector therefore this area was analyzed in conjunction with the south sector.

The range in some instances is quite large and this is directly attributable to the location of the parcel, development timing, and the parcel size.

Based on our analysis, the current per acre sector rates, which have remained unchanged from the 2016 sector rates, are as follows and are most representative of the price for lands that are considered near term.

Northwest	\$170,000.00
North	\$170,000.00
Northeast	\$190,000.00
East	\$140,000.00

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FILE NO: 2017 SECTOR RATES (JM)

Southeast	\$200,000.00
South	\$200,000.00
West	\$625,000.00

Stakeholder Engagement, Research and Communication

The majority of developers in Calgary are members of BILD Calgary, formerly known as the Urban Development Institute and the Canadian Home Builders' Association - Alberta, with whom Administration has negotiated the terms of the Master Development Agreement (MDA). The proposed sector rates have been provided to BILD Calgary for their review and feedback.

Strategic Alignment

As per Part XVII of the MDA, the annual sector rates will form the basis for negotiations when The City acquires unserviced lands.

Social, Environmental, Economic

Social

No implications were identified.

Environmental

No concerns were identified.

Economic

No implications were identified.

Financial Capacity

Current and Future Operating Budget:

Not Applicable

Current and Future Capital Budget:

Not Applicable

Risk Assessment

The City negotiates with land owners based on the sector rates that are established for raw unserviced land in various sectors of the city. By engaging in this process The City is fair and transparent when purchasing and selling land. Without establishing sector rates it would be necessary for repetitive research to be conducted, by The City and the developer, for each transaction and thereby increasing time spent by both parties to determine values.

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REASONS FOR RECOMMENDATIONS:

Report for information.

ATTACHMENTS

1. Location Map of Sales
2. Land Sales Chart