

Citywide Growth Strategy: Industrial

RECOMMENDATION(S):

That the Standing Policy Committee on Planning and Urban Development recommends that Council direct Administration to undertake the Citywide Growth Strategy: Industrial Action Plan as identified in Attachment 3, and report back to Council through the Priorities and Finance Committee no later than 2022 February.

RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON PLANNING AND URBAN DEVELOPMENT, 2021 MARCH 03:

That Council direct Administration to undertake the Citywide Growth Strategy: Industrial Action Plan as identified in Attachment 3, and report back to Council through the Priorities and Finance Committee no later than 2022 February.

HIGHLIGHTS

- As part of the Citywide Growth Strategy, this report provides an Action Plan to increase Calgary's economic and business competitiveness by advancing and enabling the development of Calgary's industrial lands (Attachment 3). It is a combination of strategic actions identified by a consultant's report commissioned for this work, as well as priorities identified by the multi-stakeholder Industrial Strategy Working Group. It is aligned with existing City of Calgary initiatives that have industrial growth as a focus.
- What does this mean to Calgarians? Industrial business and development are critical to the economic prosperity of Calgary. The Citywide Growth Strategy: Industrial (the "Strategy") can facilitate the growth of existing and future industrial areas. This Strategy identifies actions to help retain existing, and attract new, industrial growth and development. This work can support job creation, economic development, and diversification.
- Why does it matter? The Strategy articulates a plan for supporting growth in Calgary's industrial sector and highlights a set of actions to attract a wide range of existing and new industrial activities. The Strategy also looks to the future to help facilitate economic diversification and ensure the availability of a healthy land capacity.
- A number of related City of Calgary initiatives (described in Attachment 4) are currently exploring different ways to catalyze industrial growth; this Action Plan was designed with the intent to bring this work together to build corporate momentum, focus effort and reduce overlap.
- The recommendation proposes a report back on these related actions by 2022 February. The Strategy also looks ahead to bringing forward growth-enabling investment recommendations as part of the 2023-2026 business plan and budget cycle.
- The City can help enable growth in a number of ways, including through streamlined regulation, public investment, managing development costs, strategically positioning City owned lands, and promoting a healthy business environment. This report was prepared with these roles in mind, and helps advance Calgary's economic strategy – *Calgary in the New Economy*.
- Calgary's industrial sector continues to be an important source of jobs and is a critical contributor to Calgary's tax base.
- Strategic Alignment to Council's Citizen Priorities: A prosperous city

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- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Background

Since 2016, there have been a number of initiatives in support of the industrial sector (sector that supports industrial business), either directed by Council or initiated by Administration. This Strategy provides an Action Plan that centralizes existing efforts, and identifies additional actions in support of the industrial sector (Attachment 3).

This Strategy for industrial development, together with New Community Growth Strategy and Established Area Growth and Change Strategy, comprise an integrated Citywide Growth Strategy. This work is also part of a group of interconnected planning initiatives which support Next Generation Planning (Attachment 2). The geographic scope of this work is the existing industrial areas and the vacant and undeveloped industrial areas, which total approximately 7,000 hectares of land, or 8.5 per cent of total land area of the city. Please refer to Attachment 1 for more information on the background and previous Council direction for this work.

Calgary Economic Development (CED)'s strategy, *Calgary in the New Economy*, has four key pillars: Talent, Innovation, Place, and Business Environment. The Citywide Growth Strategy: Industrial has identified actions that help advance Place and Business Environment.

Purpose

The purpose of this Strategy is to increase Calgary's economic and business competitiveness and enable the development of Calgary's industrial lands.

The work advances goals of the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP) to ensure the availability and accessibility of lands for a wide range of future industrial activities, and to protect existing industrial areas from undue encroachment of non-industrial uses that may threaten future viability.

As with the other components of the Citywide Growth Strategy, this work aims to consider MDP/CTP Alignment, Market Demand, and Financial Impacts in decision-making.

Importance of a Vibrant Industrial Sector

Industrial areas play a crucial role in Calgary's economic prosperity, and contribute approximately 15 per cent of Calgary's total municipal tax revenue, or around \$300 million annually. Industrial areas also supply many employment opportunities for the citizens of Calgary and the region. In 2020, Calgary's industrial areas supported over 66,000 jobs, accounting for 11 per cent of jobs in the city. Industrial sub-sectors such as manufacturing, wholesale trade, transportation, and warehousing are projected to generate approximately 85,000 total jobs by 2041. As these sectors drive industrial land demand, there is an anticipated need for roughly 600-900 net new hectares of lands to accommodate industrial growth by 2041. The City needs to be ready to facilitate this growth. This Strategy considers actions that can support the timely development of existing and vacant and undeveloped industrial lands.

Citywide Growth Strategy: Industrial Action Plan

To gain a better understanding of challenges and opportunities facing the industrial sector in Calgary, a professional consulting firm was retained to provide current context and identify evidence-based recommendations. Combining the consultant's recommendations (Attachment 5) with direct input from the multi-stakeholder working group and existing City initiatives, this

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report proposes an **Action Plan** to enable industrial development, and is organized under the following topics that The City can influence:

A. Development enabling regulatory improvements

1. *Streamlining Land Use Bylaw Industrial Districts (industry priorities)*
 - i. *Pilot a flexible industrial based Direct Control District; and*
 - ii. *Prioritize industrial districts in the review of the Land Use Bylaw.*
2. *Update the industrial policies in the Municipal Development Plan;*
3. *Evaluate the impact of the proposed changes to Airport Vicinity Protection Area (AVPA) Regulations on the industrial sector; and*
4. *Monitor industrial development activities to determine if industrial growth has been enabled and competitiveness increased.*

B. Public realm, infrastructure and servicing investment

1. *Identify and prioritize growth-enabling investments in industrial areas for the 2023-2026 business plan and budget.*

C. Cost

1. *Property Taxes (industry priority): Enable growth by exploring stakeholder concerns regarding property tax policy. Partner with internal departments to develop a corporate approach; and*
2. *Development Cost (industry priority): Explore development costs (including off-site levies, development standards, approvals and fee structure) to ensure they are competitive and support growth.*

D. Public lands

1. *Through the Real Estate Working Group, assess how The City can position its lands to achieve the goal of enabling development.*

E. Business environment

1. *Work with Calgary Economic Development (CED) and industrial stakeholders to increase Calgary's competitiveness and improve awareness of the city's advantages; and*
2. *Work with the Business Advisory Committee (BAC) to advance necessary process improvements in support of the industrial sector.*

With an acceptance of Attachment 3, Council will help advance a common plan with stakeholders, and establish accountability with a report back by 2022 February. Attachment 6 also outlines future actions that are either sequential to those in Action Plan or are not yet resourced to undertake within the Action Plan timelines.

Stakeholder and Corporate Alignment

Industrial stakeholders have clearly communicated the importance of leveraging Calgary's advantages in order to remain regionally competitive, while raising concerns related to municipal costs of development experienced by developers and builders, and ultimately tenants. Calgary's advantages include:

1. Strategic location as a distribution centre, and its multimodal logistics network of air, rail, and highways;
2. A large and growing labour force;
3. High quality services and utilities, including transit, water and power networks;

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4. Availability of vacant serviced industrial lands in multiple locations, with a range of parcel sizes and land use options; and
5. A network of established and existing industrial businesses that can serve as a suppliers and buyers of goods and services to new industrial businesses.

Since 2016, Administration has been working with stakeholders to explore a number of opportunities to enable industrial growth. This report provides a progress update for the most recent actions (Attachment 7).

Alignment with Related City Initiatives

This work aligns with other City of Calgary initiatives that also have facilitating industrial development as part of their mandates. These related initiatives share a common goal of enabling industrial growth, but are considered distinct due to different timelines, governance structures, and geographic scopes. Attachment 4 contains a schematic of these related initiatives in support of the industrial sector: Citywide Growth Strategy, Financial Task Force, Real Estate Working Group (REWG), Real Estate & Development Services 2013-2022 Industrial Land Strategy, Off-site Levy Bylaw Review, Land Use Bylaw Priorities 2021, regional strategy, Business Advisory Committee, and Financial Task Force. These related initiatives are focused on property tax, development cost, land use regulations and policy, and industrial attraction and business friendly actions.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☐ Public Communication or Engagement was not required
- ☒ Public/Stakeholders were informed
- ☒ Stakeholder or customer dialogue/relations were undertaken

In 2016, a multi-stakeholder Industrial Strategy Working Group was established. That group continues to exist today, and has helped guide the scoping of this Strategy and identification of priority actions. This is a diverse group of internal and external stakeholders, comprised of members from land development associations (BILD & NAIOP), industrial land owners and developers, Calgary Economic Development, professional consultants, industrial brokers, Calgary Airport Authority, and cross departmental Administration representatives. Stakeholder letters are anticipated prior to this report coming to Planning and Urban Development Committee.

Recognizing a need to align this work with related City initiatives, Administration will regularly seek out and provide updates to the Real Estate Working Group, Off-site Levy Bylaw Review team, Calgary Goods Movement & Logistics Advisory Group. Administration has informed Calgarians about this work through updates on www.calgary.ca/industrialareas. Additionally, Administration will provide updates to the Council-led Business Advisory Committee to ensure alignment as the committee focuses on exploring improvements to the competitiveness of industrial lands.

IMPLICATIONS

The social, environmental, and economic impacts of this Strategy are summarized in Attachment 8.

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Service and Financial Implications

No anticipated financial impact

There is no direct financial impact from this report. However, this Strategy will explore investment opportunities in support of industrial areas, and there may be capital and operating impacts associated with future recommendations. Additionally, how The City responds to concerns about the municipal costs of development incurred by developers and builders may also carry a financial impact for City revenues.

RISK

Attachment 9 provides a summary of risk associated with this work.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Planning Calgary Now and for the Next Generation
3. Citywide Growth Strategy: Industrial Action Plan
4. Integration of City of Calgary Initiatives and Committees Supporting the Industrial Sector
5. Industrial Growth Consultant Report
6. Strategic Actions Not Currently Resourced in Action Plan
7. Progress Update on Recent Actions
8. Summary of Social, Environmental and Economic Implications
9. Risk Summary

Department Circulation

General Manager	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning & Development	Approve
Chris Arthurs	Deputy City Manager's Office	Consult
Carla Male	Chief Financial Officer Department	Consult