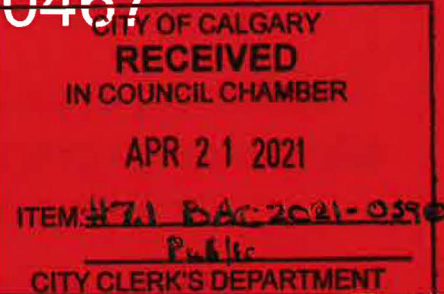


Administration Response to the Industrial Stakeholder What We Heard Report – BAC2021-0467 (BAC2021-0590)



Business Advisory Committee
April 21, 2021
ISC: Unrestricted

Issues Identified by the What We Heard report

- **Eight issues** are identified in the report (Issues 3A and 3B cover two topics each)
- Direct commentary on **six issues** will be presented, supplemental commentary on remainder can be addressed through discussion after the presentation, or offline with stakeholders

		<i>Market-focused</i>	<i>Cost-focused</i>	<i>Regulatory-focused</i>
Direct Commentary		1A Bottleneck with RE&DS increases cost for stakeholders to develop	2A High taxes are a competitive disadvantage compared to the region	3A Deliver a less complicated industrial land use bylaw districts, and allow more permitted uses
		1B No focus on the industrial market where Calgary can be best positioned	2B Remove community services portion from the Off-site Levy for industrial development	3B Approvals for applications in industrial areas take too long
Supplemental commentary		1C Land is underserviced or not serviced at all		3A Centre City Enterprise Area application to industrial
		1D Not enough city support to develop spec buildings within the industrial market		3B Vertical Build (tall buildings)

Issue 1A – Bottlenecks

Issue

Bottleneck with Real Estate & Development Services increases costs for stakeholders to develop land. The City is not able to move as quick as the private sector. Land not priced competitively. City has a non-negotiable approach. Real Estate & Development Services (Development Review Committee) review process overlaps with Land Use processes.

Response

Administration is updating its Council approved Industrial Land Strategy, re-evaluating optimum inventory levels & undertaking an operational reviews of business practices.

Action

- Updating brokers' finder's fee structure (Q2 2021)
- Providing additional flexibility on market responsive pricing for City-owned lands (*throughout 2021*)
- Review of Architectural Control process (Q3 2021)

Issue 1B – Market Focus

Issue

No focus on the industrial market where Calgary can be best positioned. Work in collaboration with industry to establish what belongs where on our land holdings. The idea of selling raw land is one that should be considered.

Response

Administration is working with the Real Estate Working Group.

Action

Real Estate Working Group mandate:

- Explore the use of Bill 7 (property tax incentives) and other incentives. *(Priorities & Finance Committee April 27)*
- Identify industrial lands that are well-positioned for attracting or relocating investment. *(Priorities & Finance Committee April 27)*
- Leverage untapped revenue potential, specifically related to one-time sale of assets. *(Priorities & Finance Committee September 7)*

Issue 2A – Taxes (RE&DS)

Issue

Foregone taxes - There are 4,000 acres of industrial land which is not paying tax is also an unfair competitive advantage.

Response

The Numbers

(source: Cushman Wakefield Industrial Area Growth Strategy Consulting report, 2021)

City-owned serviced	412 ac
City-owned vacant	1,954 ac
City-owned industrial land	2,366 ac
Privately-owned industrial land	5,020 ac

Action

Niche market focus

City-owned serviced sales inventory

small	≤ 5 ac	36 lots	80 ac
medium	5-15 ac	6 lots	38 ac
large	≥ 15 ac	3 lots	142 ac

Issue 2A – Tax Rate Disadvantage with Region (Corporation)

Issue

Higher taxes are a competitive disadvantage compared to region.

Response

In progress (Identified in Council approved Citywide Growth Strategy: Industrial Action Plan (Action C.1))

Action

Bill 7

Administration is evaluating the use of Bill 7 as property tax incentive. Recommendation to Council no later **than Q3, 2021**.

2021 Municipal Non-Residential Phased Tax Program

In March 2021, Council approved \$13 million in relief for businesses who have experienced the most significant municipal property tax increase for 2021.

Longer term solutions will also be evaluated.

Issue 2B – Community Services Portion of Off-site Levy for Industrial Development

Issue

Remove community services portion from the Off-site Levy for industrial development

Response

In Progress (Identified in Council approved Citywide Growth Strategy: Industrial Action Plan (Action C.1.i))

Action

Administration is exploring reducing or eliminating the **Recreation** and **Library** portion of the levy for industrial lands; while keeping Protective Services (Police and Fire) and Transit buses applicable to industrial levies.

This is expected to lower costs and enable development.

There could be unintended consequences for other levy payers, hence the scope is intended to fully explore these considerations.

Q2 2021 – estimated Q1 2022

Issue 3A – Land Use Bylaw Complexity

Issue

Deliver a less complicated industrial land use bylaw district, and allow more permitted uses in industrial areas.

Response

In Progress (Identified in Council approved Citywide Growth Strategy: Industrial Action Plan (Action A. 1.i. & ii))

Action

Administration is currently:

- Working with stakeholders to pilot an Industrial Direct Control land use district that increases flexibility for industrial uses by **Q3, 2021**
- Reviewing and updating the industrial districts (Part 8) of the Land Use Bylaw is currently underway: **Q2, 2021 to Q2, 2022**

Issue 3B – Development Approvals

Issue

Approvals for applications in industrial areas take too long

Response

In Progress (Identified in Council approved Citywide Growth Strategy: Industrial Action Plan (Action C. 2. ii))

Action

1. Recognize that targets do not meet industry needs in current economic environment.
2. Complete overhaul of the approvals framework, major technology and process investments in the implementation phase.
3. Offer customized timelines for industrial development

Historically high performance – 88% Multi-disciplinary development applications where decision timeline commitments were met.

Thank you

- Administration thanks contributors for their feedback through the What We Heard report – there is strong alignment generally on the need to enable industrial growth

Addressing main issues is underway

- Main issues are being addressed by initiatives within the Citywide Growth Strategy: Industrial and the work plan for the Real Estate and Development Services business unit

Newly identified Issues

- Administration will continue to engage with the industrial stakeholders to better understand newly identified issues (1D and 3B)

Monitoring

- Through the Citywide Growth Strategy: Industrial Action Plan, work will continue and progress will be monitored

That the Business Advisory Committee receive this verbal report for the corporate record, including that Administration will continue to work on the actions identified in this verbal report which will continue to be informed by the 2021 March 17 Industrial Stakeholder What We Heard report.

Supplemental Slides

Administration response on following slides:

1C: Land servicing balance

3A: Centre City Enterprise Area

Further clarification to be sought from stakeholders:

1D: Importance of industrial pre-fabricated (spec) buildings

3B: Vertical Build (Tall building)

Issue 1C – Land Servicing Balance

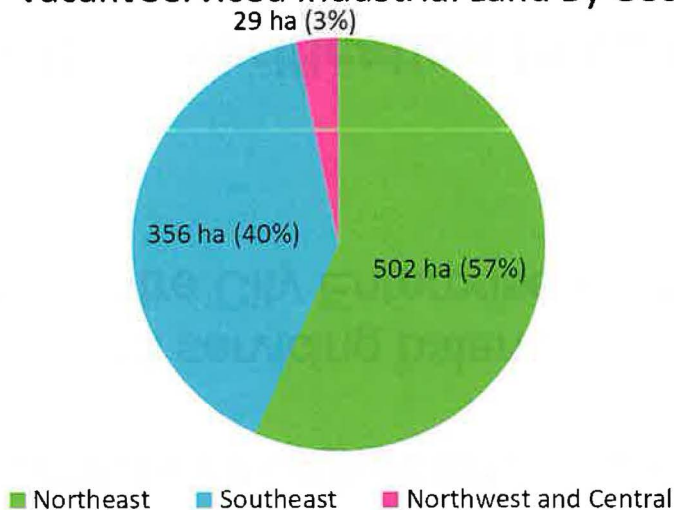
Issue

There should be a balance to service land. It must have the appropriate level of servicing to attract prospective tenants. Currently the east side of the city is not serviced.

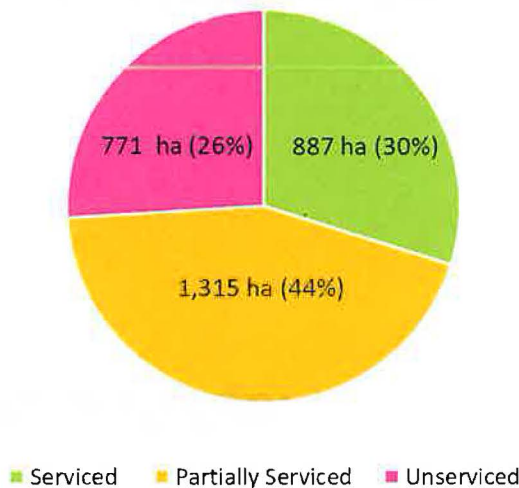
Response

City services are available to a significant amount of industrial lands in the northeast and southeast sectors, according to Cushman & Wakefield

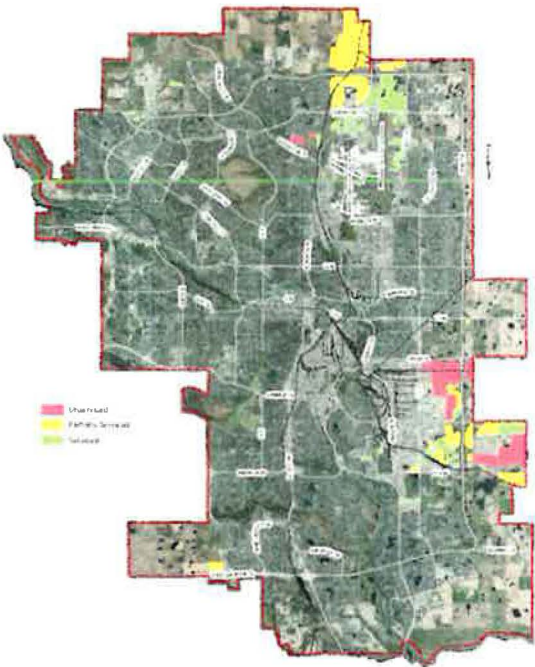
Vacant Serviced Industrial Land By Geography



Vacant Industrial Land by Servicing



Vacant Industrial Land by Servicing Status



Source: Cushman & Wakefield Report

Action

Administration will continue to monitor the uptake of serviced, partially serviced, and unserviced lands to ensure availability

Issue 3A – (Centre City Enterprise Area)

Issue

There is positive feedback on the Centre City Enterprise Area (CCEA). There is an opportunity to use the rationale behind the model towards the industrial areas.

Response

- In industrial areas, the issue is the list of uses in the industrial district
- The CCEA exemptions would only ease change of use for the uses that are already listed in a district, but would not make it any easier to access uses listed in another district
- The CCEA wouldn't solve the fundamental problem of overly specific land use districts
- CCEA is not for new buildings, it is for existing buildings
- Regulation of industrial uses are much more important than retail due to safety reasons

Action

Administration will continue to monitor the success of the CCEA, and its applicability to other areas of the City

Issue 1D – Importance of industrial pre-fabricated (spec) buildings

Issue	Not enough city support to develop spec buildings within the industrial market
Response	Administration will work with industrial stakeholders to better understand newly-identified issues
Action	Administration to work with stakeholders to understand the issue, and report back to BAC through a memo

Issue 3B – Vertical Build (Tall building)

Issue

To take raw, un-zoned, un-serviced land takes years to build vertical because The City takes so long. Rocky View County has so much land whereas The City has option to build vertical. This should have changed 10-20 years ago when businesses started to leave. If the land meets all the requirements, permits should not take 6-12 months to process.

Response

Administration will work with industrial stakeholders to better understand newly-identified issues

Action

Administration to work with stakeholders to understand the issue, and report back to BAC through a memo

Real Estate & Development Services - Purpose

“MAKING THE MOST OF CITY LAND FOR CALGARIANS”

What does this mean?

- The Corporation relies on RE&DS to buy, sell and lease City land
- Fair market value land transactions
- Maximize City land value to ensure future fiscal sustainability

Core Programs

- Industrial and Business Parks
- Redevelopment Sites
- Non-Market Housing Land Sale Program
- Surplus Properties Management & Sales

How we operate & What we contribute

- Self-supporting (95% of operations supported by real estate proceeds)
- Affordable housing funding (5% of industrial sales revenue)
- Revolving Fund for land purchases (open space, road widening, mixed use sites)

Upcoming Reports Touching on Industrial Issues

Real Estate Working Group	PFC 2021 April 27
Financial Task Force Implementation Update	Q2 2021
Bill 7 Recommendation to Council	Q3 2021
Pilot Direct Control District	Q3 2021
Update on Off-Site Levy Bylaw review work	Q1 2022
Industrial Action Plan Report back to PFC	No later than 2022 February
Updated Industrial Districts	Q2 2022