

## Risk Summary

This attachment outlines the risks associated with the recommendations in this report.

### 1. Competitiveness on Costs between Calgary and Regional Municipalities

There are risks of not addressing the financial elements of the Industrial Action Plan. These include 1) improving the competitiveness of Calgary's non-residential tax rate for the industrial sector, and 2) reducing levy rates for industrial development.

Over the past 15 years, an increasing amount of the Calgary Region's industrial market has shifted from inside Calgary to surrounding municipalities. Forecasts indicate this trend will accelerate in 2022 and beyond. Surrounding municipalities have notable tax advantages and more cost-effective land prices and development charges which are attracting industrial developers that are relocating from Vancouver and Toronto markets.

However, there is a mirrored risk of addressing these elements, because doing so will impact The City's revenue levels, which then impacts The City's ability to fund its priorities generally and the overall distribution of the tax burden.

### 2. Erosion of Calgary's Industrial Land Base

Competition and encroachment from non-industrial uses are putting considerable pressure on industrial lands; this should be managed strategically. Since 2009, 464 hectares of industrial lands were converted to commercial or other non-industrial uses. In most cases industrial land conversion are permanent. Once an industrial parcel is re-designated to non-industrial land, it is very difficult and unlikely, to get that industrial land back. Thereby, The City has been experiencing a net loss of industrial land within its borders.

It is also important to have a variety of available industrial land parcel sizes to accommodate all types of industrial development including warehouse and distribution facilities which are best accommodated via large industrial designated parcels. The recently completed consulting reports including *Industrial Area Growth Strategy Consulting Report February 2021* by Cushman & Wakefield Report, and *January 2021 Transportation & Logistics Value Proposition Report* by Conwy recommended that there is increasing demand for large parcels, and The City should resist conversion of larger industrial parcels. In 2021, Administration received several land use redesignation enquiries and applications for industrial to non-industrial uses as a result of the updating of the Airport Vicinity Protection Area regulation. Non action may result in a decrease in the non-residential tax base in the city and impede long term strategic growth of the industrial sector.

This risk is mitigated by refining the strategic considerations Administration uses when evaluating these conversions and applying these considerations to support consistent decision making.