

2021 Industrial Action Plan: Progress Update

To increase Calgary's economic and business competitiveness and enable the development of Calgary's industrial lands

This attachment outlines the progress of actions in the 2021 Industrial Action Plan since its approval by Council on 2021 March 22. Four actions are **complete**, seven actions are **on schedule**, and three actions have **adjusted timelines**.

- **Complete** refers to actions that have been fundamentally completed and are either in implementation stage or no further action is required.
- **On Schedule** refers to actions that are track for completion during the set timelines. No major issues are anticipated for these actions.
- **Adjusted Timelines** refers to actions that are complex, require more time for completion, and therefore the timelines have been adjusted to align with the timelines of related initiatives.

A. Development Enabling Regulatory Improvements

Action A. 1.i: *With industrial stakeholders, pilot an Industrial Direct Control land use district that increases flexibility for industrial use.*

Timelines: Q2 2021 to Q3 2021

Current Status: Complete

Progress Update:

- In collaboration with BILD, NAIOP and other industrial stakeholders, a Direct Control District (DC) was created for piloting with new industrial land development.
- This DC removes redundant application processes and provides more land use options enabling landowners, tenants, and developers to respond and adapt to current market conditions.
- It provides land use options that are available in industrial districts (Industrial General (I-G), Industrial Business (I-B), and Industrial Commercial (I-C))
- To date, three developers have expressed interest to take advantage of this DC.

What's Next:

- Administration will track and monitor the uptake of the pilot DC.
- Lessons learned from the Pilot will inform future industrial district updates to the Land Use Bylaw.

Action A. 1.ii: *Prioritize the review and update of industrial districts (Part 8) of the Land Use Bylaw.*

Timelines: Q2 2021 to Q2 2022

Current Status: On schedule

Progress Update:

- Administration has identified the following five targeted actions that could be implemented by the Q2 2022 milestone:
 - Consolidating certain industrial uses;
 - Eliminating the need for Development Permits during certain change of use applications;
 - Refining Permitted/Discretionary uses for certain districts and uses;
 - Refining the concept of major street adjacency; and
 - Relaxing development permit standards required for certain uses.
- Actions address key challenges raised by industrial stakeholders:
 - An outdated Land Use Bylaw complicates business and tenancy changes, and often requires Land Use Amendments and complex Development Permit reviews for uses that are compatible in industrial areas; and
 - Overly prescriptive approval processes and development standards add complexity and costs to many industrial development projects.
- More comprehensive changes to the industrial districts will be coordinated with the upcoming work to renew the Land Use Bylaw. This approach will ensure that industrial updates are compatible with those made across other districts.
- In December 2021, the targeted actions were discussed and confirmed with industrial stakeholders.

What's Next:

- In Q1 2022, Administration will coordinate to prepare actions for implementation and will update the industrial stakeholders on the progress of the work.
- By end of Q2 2022 implement the targeted actions.

Action A.2: *Update and strengthen industrial policies in the Municipal Development Plan to reinforce that industrial uses be the primary use within industrial areas.*

Timelines: Q1 2022 to Q4 2022

Current Status: On schedule

Progress Update:

- Discussing common approaches and how aspects of the Industrial Area Growth Strategy Consulting Report February 2021, by Cushman and Wakefield Report (PUD2021-0150) could be implemented in the Municipal Development Plan.
- In December 2021, discussed and confirmed the approach with industrial stakeholders.

What's next:

- Next steps will entail reviewing and fine-tuning existing MDP policies and coordinating with the Land Use Bylaw team to ensure consistency between land use bylaw and MDP.

Action A.3: *Identify the importance of industrial development to internal and external stakeholders during policy exercises that impact industrial areas such as Airport Vicinity Protection Area (AVPA) related projects, and local area plans*

Timelines: Q3 2021 to Q2 2022

Current Status: On schedule

Progress Update:

- Administration has developed strategic considerations that supports consistent decision-making on proposed land use redesignations away from industrial uses.
- These considerations have informed decision making on several industrial redesignation applications.
- These considerations were discussed with industrial stakeholders in November 2021.

What's Next:

- Administration to incorporate stakeholder feedback to further refine these considerations

Action A.4: *Monitor industrial indicators to determine if industrial growth has been enabled and competitiveness increased. Indicators include, but are not limited to, industrial land absorption, available land supply, regional growth share, and economic diversification indices.*

Timelines: Ongoing

Current Status: On Schedule

Progress Update:

- Data indicators have been incorporated into the Citywide Growth Strategy Monitoring Report (IP2021-1668) to track the status of Calgary's industrial sector.
- Administration has established relationships with third party forecasters to monitor and track national and regional industrial activities.

What's Next:

- Administration will continue to monitor industrial land supply and development activities to ensure adequate land supply to accommodate future industrial growth.
- Improving data gathering strategies remains a continuous focus.

B. Public Realm, Infrastructure and Servicing Investments

Action B.1: *Identify and prioritize investments that enable growth and enhance regional goods movement as part of budget preparation and adjustments. Ensure investments that benefit industrial are considered as part of the 2023-2026 service plan and budget cycle, including as priorities are set early in the year, progressing to when final decisions are made in November 2022.*

Timelines: February 2022 to Q4 2022

Current Status: On Schedule

Progress Update:

- A Business Case template has been developed which will help Administration and stakeholders identify and prioritize investment opportunities for consideration with the 2023-2026 service plan and budget cycle.

What's Next:

- In discussion with the Industrial Strategy Working Group, Administration will:
 - identify and prioritize short term, medium term, and long-term infrastructure investment to enable industrial land development; and
 - bring back investment recommendations as part of the integrated Citywide Growth Strategy, in coordination with the 2023-2026 business plan and budget cycle.

C. Cost

Action C. 1: Property Taxes (Industry priority): Identify and evaluate solutions for improving the competitiveness of Calgary's non-residential tax rate for the industrial sector.

Align with other City of Calgary growth and business friendly initiatives, including the Financial Task Force (FTF), the Council-led Business Advisory Committee (BAC) and the Administration-led Real Estate Working Group (REWG)

Timelines: Q2 2021 to Q4 2021

Current Status: Adjusted Timelines

Progress Update:

- The Real Estate Working Group investigated two potential solutions: (1) the use of property tax incentives that were provided through Bill 7 amendments to the MGA and (2) an industrial grant program to incent new development, specifically larger facilities. The Real Estate Working group believed that the industrial grant program was the better option. When the Real Estate Working Group consulted stakeholders, there was a desire for broader based tax relief and stakeholders expressed concern that preferential treatment was being provided for new developments. Given the stakeholder feedback, no further action on incentives is currently planned.
- One way to decrease non-residential property tax would be to lower the non-residential property tax rate, which would likely require increasing the residential property tax rate. A scoping report on the appropriate distribution between the non-residential property tax classes was presented to Council in December 2020 and Council will have the opportunity to provide direction on this matter before the end of Q2 2022.
- Administration is also investigating: (1) options relating to the smoothing of assessments to prevent large increases in tax; and (2) the creation of non-residential sub-classes that would help mitigate the effects of tax shifts. It is important to remember that The City is not currently empowered to implement these approaches. These investigations are currently underway, and results will be shared in Q1/Q2 of 2022.
- **2021 Non-residential phased tax program** was approved to cap eligible property owners' non-residential municipal tax increase to 10% of their 2021 amount in which industrial property owners were the main beneficiaries of the program.
- 91 Businesses in Greenview Industrial BIA benefited from **2021 Business Improvement Area tax credit**
- On 2021 June 1 Council approved a \$15.9 million package to provide targeted financial relief to sectors hardest hit by the pandemic. Some of these businesses are located in industrial areas.

What's Next:

- In Q2 2022 Council will have an opportunity to direct Administration on a scoping report on the appropriate distribution between the non-residential tax classes.
- In Q1/Q2 2022, Administration will share the results of the ongoing investigations related to non-residential property tax.

Action C. 2. i: *Ensure the costs and benefits to the industrial sector of the off-site levy calculations and processes are considered in the Off-Site Levy Bylaw Review work.*

Timelines: Q4 2021 to February 2022

Current Status: Adjusted Timelines

Progress Update:

- The timing of the off-site levy bylaw report for Council has been updated to Q3/Q4 2022, therefore the timeline of this action has been adjusted to align with the timelines of the Off-site Levy Bylaw Review.
- The levy eligible industrial areas are included in the Off-site Levy Bylaw Review work that is currently underway.
- Preliminary exploration related to temporary cost relief for industrial areas was completed and concluded that more work needs to continue as part of the ongoing off-site levy bylaw review.

What's Next:

- Administration continues to evaluate the community services infrastructure component of the Off-Site Levy for industrial lands, and the potential for a differential rate.

Action C. 2. ii: *Identify and review development standards, approvals and fee structures that support the financial feasibility of industrial development. (This action has three components).*

Timelines: Q3 2021 to Q4 2022

Current Status of Three Actions:

Development Standards: Adjusted Timeline

Development Approval: Complete

Fee Structure: Complete

Progress Update:

Development Standards

- Through several discussions with the industrial stakeholders in 2021, a number of development standards issues that impeded industrial development were identified.
- Water Resources continues to work with BILD and NAIOP to develop a shared understanding of stormwater management issues and needs including pond design changes and the exploration of the low energy release concept. Outcomes of the discussions will be incorporated into the update to the Stormwater Management and Design Manual.
- Water Resources continues to advocate with Alberta Environment to get more clarity on water reuse requirements and policy as it pertains to wetland sustainment and treatment and monitoring requirements for stormwater reuse and better coordination of Water Act Approvals.

Development Approvals:

- In response to stakeholder concerns, Administration has developed strategies to improve the approval timeline including fully digital processes, enhanced accountability for both the City and applicants, accessible information and standards, and customized timelines. These strategies have resulted in meeting timelines on all applications types ~85% of the time and reduced median days to approval for development permits 30% in the past year.
- Strategies to improve decision making process include the ongoing work such as Rethink CPAG, enhanced comment tracking and decision-making portal, enhanced accountability, and enhanced issue support.
- Strategies to prioritize industrial applications include piloting two major industrial files through a risk management approach – mutual trust, significant resources expended, shared accountability mutual benefit (significant investment and jobs), enhanced coordination between Development Permit and Building Permit applications, and customized timelines. These strategies have resulted in issuing stripping and grading permit in less than a month which include one-week review, 3 weeks legislated advertising, the Development Permit and Partial Building Permit was issued the day the appeal period was over.
- Administration intends to introduce the learnings from these strategies into our standard process.

Fee Structure

- To support the financial feasibility of industrial development and as part of the overall 5% Planning & Development fee reduction, the base fee for industrial land use amendment applications was reduced from \$6,483 to \$0. This is effective January 1, 2022.

What's Next:

Development Standards

- In response to issues related to Pre-Serviced Utility Service Connections, Water Resources will develop a work plan. Complete terms of reference in Q1 2022; Estimated project completion for late Q2 2022
- In response to issues related to Stormwater Management/ Storm Ponds, Water Resources will:
 - undertake an update to the Stormwater Management and Design Manual in 2022.
 - key upcoming project milestones include: 1) Finalize project scoping (early Q1 2022); 2) Planned stakeholder engagement in Q3 2022 and 3) Project completion in Q4 2022/Q1 2023.
- In response to issues related to transportation in industrial areas, Transportation will:
 - undertake and update of the Complete Street policy in 2022
 - key upcoming project milestones include: 1) Finalize project scoping (Q2 2022); 2) Planned stakeholder engagement in Q2-Q4 2022; and 3) Project completion is expected in Q4 2022.

D. Public Lands

Action D. 1: *Through the Real Estate Working Group, monitor the industrial land market in order to assess how The City can position its lands to achieve the goal of enabling development.*

Timelines: Ongoing

Current Status: Complete

Progress Update:

- The Real Estate Working Group advised Administration that The City should explore the disposition of certain long-term industrial land holdings.
- By having an available supply of development ready land for sale in public land inventory, Real Estate & Development Services (RE&DS) was able to quickly facilitate the development of 3.6 million new square feet of industrial development in Calgary.
- RE&DS invested over \$15M to upgrade the intersection of Glenmore Trail and 68th Street SE. This major investment allows for the continued development of the Point Trotter Industrial Park as well as the upcoming Great Plains Starfield Industrial Park.
- The second phase of the Point Trotter industrial development was fully serviced and released to the market for sale in 2021. This brings an additional 114 acres of fully serviced industrial land to the market.

E. Business Environment

Action E. 1: *Work with Calgary Economic Development (CED) and industrial stakeholders to increase Calgary's competitiveness and improve awareness of the city's advantages, including to help attract key industrial clusters and facilitate the incubation of new clusters*

Timelines: Q2 2021 to February 2022

Current Status: On Schedule

Progress Update:

- Administration is in the process of creating a marketing strategy to increase awareness of Calgary's competitive advantages to attract new industrial investment.
- The marketing strategy will highlight the innovative ways The City is working to support the industrial sector including the Actions in the Industrial Action Plan.
- The marketing strategy will be shared with Calgary Economic Development (CED) to inform CED's engagement with potential investors.
- Calgary.ca will shortly include an interactive map showing industrial parcels in the city that are available for development.

Action E.2: *Work with Business Advisory Committee to expedite industrial development approval process to support of the industrial sector to remain regionally competitive.*

Timelines: Q2 2021 to Q4 2021

Current Status: Complete

Progress Update:

- On 2021 April 21 Administration reported to Business Advisory Committee (BAC) in response to stakeholder's concerned contained in "What We Heard Report (BAC2021-0467)".
- On 2021 July 9, Administration shared a follow up memo to BAC, responding to two outstanding concerns raised by the industrial stakeholders.