

CENTRAL INDUSTRIAL AREAS LAND REVIEW UPDATE

EXECUTIVE SUMMARY

Council directed Administration to evaluate and report back on the costs and benefits of enacting the recommendations of the “Central Industrial Areas Land Review” prepared by Cushman & Wakefield Ltd. and The Planning Partnership. This report provided a summary of the economic health of Calgary’s six Central Industrial areas, and recommendations for developing an implementation strategy for their potential retention, redevelopment and provision of industrial land and premises. This report was presented to Council in 2013 September.

Administration reviewed and evaluated the consultants’ recommendations. An Implementation Team is in place to support the industrial lands within the city and has reaffirmed that The City would benefit from a strategic citywide approach to protecting and planning for industrial areas. The team is moving forward with several actions, including:

- Monitoring and evaluating industrial areas for land use amendments
- Monitoring and reviewing industrial districts in the Land Use Bylaw 1P2007 (LUB)
- Creating an evaluation tool for land use amendment applications within industrial areas
- Developing and using guidelines to address interface issues
- Creating an industrial areas website
- Consulting with industrial stakeholders

Calgary’s industrial lands continue to see redevelopment pressures. In the absence of a citywide industrial strategy, this work will bridge the gap between the Municipal Development Plan (MDP) and land use amendment applications for industrial lands and raise awareness of the role and importance of industrial areas.

ADMINISTRATION RECOMMENDATION(S)

The SPC on Planning and Urban Development recommends that Council receive this report for information.

RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2014 APRIL 09:

That the Administration Recommendation contained in Report PUD2014-0149 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 September 16 Council adopted PUD 2013-057 Central Industrial Areas Land Review and directed Administration to create an implementation team to evaluate the costs and benefits to enact the Recommendations and report back to Council through the SPC on Planning and Urban Development no later than 2014 April.

On 2012 February 28 Council adopted LAS2013-06, Office of Land Servicing & Housing (OLSH) 2013-22 Industrial Land Strategy to update the program for how City-owned lands will be developed for industrial purposes.

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On 2012 April 23 Council adopted PUD2012-09, the Land Use Planning & Policy 2012 Corporate Work Program, which included commencement of the Central Industrial Land Study.

On 2010 June 07 Council adopted Report LPT2010-29, Update on Industrial Policy and Industrial Off-site Impacts directing Administration to ensure that recent changes to the Land Use Bylaw 1P2007 were incorporated into the Central Industrial Land Study.

On 2010 April 12 Council adopted Administration's response to the Notice of Motion, Report LPT2010-19, which provided a Draft Terms of Reference for a study to review the current and future role of Calgary's inner city industrial areas. Council directed Administration to consider the item for inclusion and funding in the 2011 Business Plan and Budget adjustment process.

On 2009 December 14 Council adopted Alderman Ceci's NM2009-58, Transitioning Older Industrial Areas, directing Administration to prepare "a scope, budget and work plan for consideration by the 2010 March SPC on Land Use, Planning and Transportation for a report which outlines issues and opportunities facing inner-city industrial areas (such as Manchester and Greenview)".

BACKGROUND

The industrial sector is of prime economic interest to Calgary. At present Calgary has a healthy Central Industrial area and a large industrial land area citywide (Attachment 1). There are 15,420 hectares of land inventory area identified for industrial use. The city's Central Industrial lands make up approximately 25 per cent of the overall industrial land inventory.

The City has been active in industrial land development since the 1960s, planning and servicing City-owned assets to provide industrial land for sale. To date, the program has developed over 2,000 gross hectares of industrial land primarily in suburban business park locations. The *2013-22 Industrial Land Strategy: For the development of City-owned lands* (Office of Land Servicing & Housing) provides the framework to guide The City's program to deliver serviced industrial lands over the next 10 years.

Despite having a strategy in place for City-owned lands, The City does not have a citywide comprehensive strategy for planning for privately-owned industrial lands and the long term viability of industrial activities.

Like many major cities, Calgary is under pressure to develop non-industrial uses in prime industrial locations. The loss of prime centrally located industrial land to office, retail, community facilities and residential development has generated some land use challenges, and over time, could threaten the industrial integrity of the city's core industrial areas.

Land Use Bylaw 1P2007 (LUB)

The industrial districts, uses and rules in Land Use Bylaw 1P2007 provide greater planning control than the previous Land Use Bylaw 2P80. The districts seek to preserve core industrial areas for industrial uses, while minimizing the impact of industrial uses on non-industrial neighbours. Land use regulation also attempts to optimize the use of Calgary's road system by supporting higher intensity employment areas closer to transit and road corridors and nodes.

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The Municipal Development Plan (MDP)

MDP section 2.1.2 states the objective to “Create a globally competitive city that protects and enhances the key drivers of the economy and supports ongoing business investment and expansion while attracting a growing workforce. ”The MDP policy states the City’s intent to:

- Preserve industrial lands from ongoing encroachment of non-industrial uses.
- Offer flexibility in industrial areas to support the variety of uses (both existing and future) required in industrial areas.
- Support employee intensive areas in locations next to the existing or planned Primary Transit Network while supporting primarily industrial uses.

The Central Industrial Areas Land Review

In 2012 Cushman & Wakefield Ltd. and The Planning Partnership were engaged to advise The City regarding centrally located industrial areas. The six areas investigated included Alyth/Bonnybrook, Fairview, Greenview Industrial Park, Highfield, Manchester and Meridian (Attachment 1), and are referred to in this report as the Central Industrial area.

This report provided a summary of the economic health of the Central Industrial areas along with the consultants’ recommendations for developing an implementation strategy for the potential retention, redevelopment and provision of industrial land and premises in the city’s centrally located industrial areas. This report was presented to Council in 2013 September.

Key findings in this report were that the Central Industrial areas are functional, viable, and highly sought after. These areas are important to the city’s economy and should be protected as industrial lands for industrial activities. The report concluded that applications for conversion to non-industrial uses are a result of the affordability of industrial areas relative to other lands in the established areas, rather than industrial lands losing appeal as a base for industrial activity. Although the Central Industrial areas are currently healthy and stable, future businesses may have different criteria for industrial activities, building format and; therefore, may relocate to suburban or regional locations. Given these findings the report concluded that it would be prudent for The City to proactively protect and strategically plan for the developed and vacant industrial land base.

The report also recommended substantive amendments to the LUB and MDP. Administration concluded that many of these recommendations had already been addressed through existing regulation or policy, or should not be considered without a more extensive citywide industrial study.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Council received the Central Industrial Areas Land Review report for information and directed Administration to create an Implementation Team to evaluate the costs and benefits to enact the recommendations from the consultants’ report. At the 2013 September 16 Council meeting, Administration indicated that it would use the consultants’ report as a basis to formulate its own recommendations and the required future work.

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Subsequently Administration set up an internal working group consisting of staff representing The Office of Land, Servicing and Housing, Land Use Bylaw Sustainment, Established Community Planning & Land Use Amendments, New Community Planning & Subdivision Services, and Citywide Planning & Design to undertake this work.

The Implementation Team's investigation included the following considerations:

1. Identification of key current issues and challenges in the city's industrial areas.
2. An assessment of land use amendment applications in industrial areas and ongoing or proposed City projects related to industrial areas.
3. A re-examination of the consultants' recommendations and consideration of related costs and benefits.
4. Proposed next steps for strategically planning for and maintaining healthy, viable industrial areas.

1. Issues and Challenges

Administration identified a number of key findings and challenges related to industrial areas:

- The range of uses in industrial areas is broad.
- Central areas have experienced substantial conversion of their primary industrial function.
- There is a high demand for fee simple parcels, small and medium sized lots.
- There is a perception that there is strong competition for industrial business with the region.
- Further direction would be helpful on how to approach LUB industrial land use districts.
- Industrial areas are serving an overflow function because of high land values in Calgary.
- There is a need to limit and manage office encroachment in industrial areas.
- There is a need to limit and manage commercial encroachment in industrial areas.

2. Land Use Amendment Applications in Industrial Areas

Administration evaluated land use amendment applications from 2012 January to 2014 February in industrial areas, as well as the ongoing or proposed City projects related to or affecting Calgary's industrial areas. Of the 29 applications reviewed, most of the changes in land use were from one industrial district to another industrial district, as indicated:

- Thirty-eight percent (38%) changed one form of industrial land use to another form of industrial land use, other than I-C (for example I-G to I-B).
- Thirty-eight percent (38%) of the applications were in a current industrial land use changing to an industrial commercial district (I-C).
- Twenty-one percent (21%) of the applications designated new industrial land use districts that were formerly a non-industrial land use district.
- One application went from a Direct Control District (with Industrial influence) to a commercial district (C-COR2).

3. The Central Industrial Areas Land Review Recommendations: Costs and Benefits

Administration reviewed the costs and benefits of enacting the recommendations in the consultants' report. A detailed summary of the report's recommendations and Administration's cost benefit evaluation is provided in Attachment 2 of this report.

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Administration concluded that many of the consultants' policy and regulation recommendations are already incorporated within the MDP and LUB, and as such, does not recommend proceeding with the proposed amendments. Given their potential wide-reaching impact, a more comprehensive citywide industrial study would need to be undertaken prior to considering any major MDP or LUB amendments.

Further, risks or potential impacts of policy amendments or new policy development include:

- Unintentionally making it more onerous for developers and industrial land owners to develop or redevelop businesses or sites, even to meet desired City outcomes.
- Discouraging future investment in these areas.
- Unexpected costs related to utilities and infrastructure capacity from ad hoc development that is not aligned to the overall City direction for industrial areas and activities, growth management and investment, and other planning initiatives.
- Considerable staff resource requirements.

The consultants' report suggested a framework to protect industrial areas from land use conversions, recognizing that the long-term viability of large contiguous areas could be jeopardized by conversions to non-industrial uses. Highlights included ensuring land use conversion applications are comprehensively analyzed and reviewed using good planning rationale. Further recommendations include the need for:

- Criteria to evaluate applications, including where conversions are appropriate (or not).
- Guidelines to address interface issues.
- Strategies to support and increase job intensities or transition suitable areas to a more mixed use environment.

Administration will continue to implement these recommendations.

4. Proposed Next Steps

The findings of the evaluation reaffirm that The City would benefit from a more strategic citywide approach to protecting and planning for industrial areas.

Administration proposes that the Implementation Team continue to work together and undertake several immediate actions, including developing the evaluation tool to guide land use applications, as well as website based communication initiatives, such as an "Industrial Lands Dashboard", to raise awareness of the role and importance of industrial areas.

Information about re-investment, lease rates and building permit activities in the report suggests that landowners are continuing to re-invest in their buildings in the Central Industrial area. The Implementation Team will monitor these factors to determine if these conditions change and whether additional policy resources would be required.

The Implementation Team concluded that further monitoring is also necessary to determine the impact of current policy and regulation, the likely effectiveness of additional policy and regulation, and whether to proceed with additional and more comprehensive, citywide industrial focused planning research and analysis.

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Administration anticipates that the development and use of criteria to evaluate applications will provide guidance and consistency in the review of land use amendment applications and associated policy amendments, by bridging the gap between MDP policies and applications.

Although the MDP and other local area plans contain policy to maintain and sustain industrial land supply in both suburban and central areas, Administration agrees that there is a need for better strategies to guide the long-term future of industrial areas. This includes strategies to identify lands no longer required or appropriate for industrial use, and support redevelopment of those lands for more intense employment or mixed-use development. Where industrial uses continue to be appropriate, strategies to support their retention and redevelopment should be formulated. Planning efforts should also better address interface issues with neighbouring residential communities.

Administration will continue to monitor the health and viability of industrial areas. Further work may be required, should the Implementation Team's monitoring actions identify trends indicating change in the industrial areas. This work could include:

- Strategies to support more efficient or intense forms of employment on existing well-located industrial lands.
- Additional policy guidance and tools that preclude the conversion or loss of the most critical or primary employment lands.
- Formal scoping of a comprehensive citywide industrial strategy.

These initiatives would require further coordination with key stakeholders and consultants to better understand:

- Local and regional markets.
- The impacts or opportunities related to the different forms, locations and types of industrial development within specific geographic locations.
- Industrial trends.
- Incentives or strategies supporting local economic development, redevelopment and viability of Calgary's industrial areas to meet City objectives, such as higher intensity industrial-employee areas.

This work should be done prior to considering any substantial policy or regulation amendments.

Stakeholder Engagement, Research and Communication

Continued stakeholder discussion, including The City's Management Market Intelligence Group, and other key stakeholders will assist Administration in developing decision-making criteria, monitoring factors influencing the health of the city's industrial areas and identifying issues that may require changes to policy and regulation.

Strategic Alignment

This report contributes to a better understanding of industrial development and complements Administration's work in pursuit of the MDP, Calgary Transportation Plan and the Primary Transit Network goals through land use policy plans and application reviews; in greenfield industrial locations, as found in the Office of Land Servicing & Housing (OLSH) 2013-22

Approval(s): Stanley, Rollin concurs with this report. Author: Carbol, Denise
City Clerks (C. Smillie)

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Industrial Land Strategy; and in the Land Use Planning & Policy monitoring document *Employment Areas Growth & Change Reports*. The recommended approach also supports coordinating the following work and activities of various inter-departmental action teams and corporate project teams:

- Corridor Program
- RouteAhead: A Strategic Plan for Transit in Calgary
- Growth Management Framework
- North Central LRT Study
- SETWAY Design Work
- Next City Initiatives: Transforming Planning
- Citywide Commercial/Retail Study

Social, Environmental, Economic (External)

Administration will incorporate a Triple Bottom Line perspective in the proposed citywide industrial strategy, future supporting initiatives and program work, and in all follow-up practices.

Social

Careful consideration of where industrial development is appropriate allows The City to better maintain the interface with nearby residential development, thus promoting better relationships between communities and businesses. Appropriate conversion of nearby industrial areas may result in communities with new employment opportunities, goods and services.

Environmental

The approach proposed in this report balances preserving primary industrial areas and function with select redevelopment and supports better management and comprehensive planning of vacant and developing areas. Supporting new development within established communities maximizes use of existing infrastructure and services and can aid in achieving a more compact urban form. Maintaining the industrial nature of these areas will help to maximize use of existing intermodal transportation linkages to and within these areas and limit the need for additional transportation infrastructure and suburban land absorption.

Economic (External)

Industrial lands have a key role in providing higher wage, quality industrial jobs. Industrial areas allow for a broad range of owner-occupied industrial and local and innovative business activity. This economic activity is important and contributes to Calgary's economy and tax base.

Financial Capacity

Current and Future Operating Budget:

The proposed industrial work can be completed with existing staff resources and through the current operating budget. However, should Administration undertake a more comprehensive industrial strategy in the future, external expertise may be required in the following areas:

- Industry and business needs and preference evaluation
- Economic and market trends analysis
- Communications and stakeholder engagement

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Hard costs for these services would be estimated following a more detailed project charter. Any resulting budget requests will be brought forward through the Priorities and Finance Committee.

Current and Future Capital Budget:

None

Risk Assessment

Without continued monitoring, and the initiatives proposed in this report, the city's industrial areas will continue to be at risk for:

- Eroding the long-term viability of larger contiguous industrial areas if land use redesignations from industrial to non-industrial land uses are not carefully considered.
- Lack of certainty to assess the suitability of non-industrial land use applications.
- Delays in approvals process due to lack of consistent direction for land use amendments in industrial areas.

Positive results will require the coordinated action and collaboration of several City Business Units and community, industrial and other special interest stakeholders.

REASON(S) FOR RECOMMENDATION(S):

Administration recommends maintaining existing efforts to retain industrial lands in Calgary and will continue with the Implementation Team and its mandate.

It is important that the Implementation Team continue to work together and undertake several immediate actions as outlined in this report, including, but not limited to:

- Monitoring/evaluation of land use amendments and land use districts;
- Developing the evaluation tool to guide land use applications, and
- Developing as website based communication initiatives, such as an "Industrial Lands Dashboard", to raise awareness of the role and importance of industrial areas.

These efforts will provide greater consistency and guidance on planning applications and future local area planning work within industrial areas.

ATTACHMENT

1. Central Industrial Land Review Study Area
2. Summary of Central Industrial Land Review Area Recommendations and Cost Benefit Analysis