

Citywide Growth Strategy: 2023 Industrial Action Plan

RECOMMENDATION:

That the Infrastructure and Planning Committee recommend that Council direct Administration to undertake the proposed Citywide Growth Strategy: 2023 Industrial Action Plan as identified in Attachment 2.

RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2023 MAY 10:

That Council direct Administration to undertake the proposed Citywide Growth Strategy: 2023 Industrial Action Plan as identified in Attachment 2.

HIGHLIGHTS

- This report provides a progress update on the 2022 Industrial Action Plan, approved by Council on 2022 February 15 to help enable strategic, sustainable industrial growth in Calgary, and seeks direction to undertake the proposed Citywide Growth Strategy: 2023 Industrial Action Plan as identified in Attachment 2.
- **What does this mean to Calgarians?** Enabling industrial development increases Calgary's strategic growth and industrial competitiveness both regionally and nationally and is crucial to the economic prosperity of Calgary. Industrial areas support 10 per cent of total jobs in Calgary and contribute 15.1 per cent of Calgary's total municipal tax revenue. The growth-enabling initiatives identified in the Industrial Action Plan are intended to increase the non-residential tax base and support job creation and economic diversification.
- **Why does this matter?** Calgary should leverage or increase its industrial growth advantages to accelerate growth and increase its share of regional and national industrial markets. Further growth is possible by partnering with industry, streamlining land use policies and regulations, delivering infrastructure investments in industrial areas, reducing development costs, positioning public land to realize industrial development, and promoting industrial opportunities in Calgary.
- Over the past year, industry partners and Administration have collectively made progress on the 2022 Industrial Action Plan (Attachment 3) and will continue this collaboration to advance new actions outlined in the 2023 Industrial Action Plan, such as removing additional planning barriers, exploring alternatives to enable investment and supporting regional collaboration.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The purpose of this work is to enable strategic and sustainable industrial development in Calgary, including in both existing and undeveloped industrial areas. This work advances goals of the Municipal Development Plan and Calgary Transportation Plan to ensure the availability and accessibility of lands for a wide range of industrial activities, and to protect existing industrial areas from undue encroachment of non-industrial uses that may threaten future viability. This work is one component of the Citywide Growth Strategy – the other two components being new communities and established areas.

Citywide Growth Strategy: 2023 Industrial Action Plan

On 2021 March 22, Council approved the Citywide Growth Strategy: Industrial report and Industrial Action Plan ([PUD2021-0150](#)) in support of enabling industrial growth. Details of Council direction related to this Strategy can be found in Attachment 1.

Importance of a Vibrant Industrial Sector

The industrial sector plays a crucial role in Calgary's economic prosperity by offering a broad range of well-paying jobs, supporting the broader regional, provincial, and national economies, contributing to non-residential tax base, and providing services to other local businesses. The industrial sector has been performing exceptionally well over the past two years with declining vacancy rates and increasing rental rates. Calgary's industrial vacancy rate decreased from 4.0 per cent in Q4 2021 to 2.3 per cent in Q4 2022. During the same period, the rental rate increased from \$8.31 per square foot to \$11.79 per square foot (source: [Colliers International](#)).

This important sector provides many employment opportunities for the residents of Calgary and the region. In 2022, industrial areas supplied approximately 54,500 high-quality jobs, accounting for 10 per cent of total jobs in Calgary. Industrial sub-sectors such as manufacturing, wholesale trade, transportation, and warehousing are projected to generate approximately 92,200 total jobs by 2076. See Attachment 4 for more detail.

Industrial lands contribute approximately 15.1 per cent of Calgary's total municipal tax revenue, or around \$327 million annually. The total taxable assessed value of all industrial properties in Calgary was approximately \$17.2 billion in 2022 and \$18.3 billion in 2023. This represents 32 per cent of taxable non-residential property value, and 6 per cent of the total taxable property value in the city in 2023.

The 2023 Industrial Action Plan will position Calgary to accommodate projected industrial growth and jobs, modernize local area policy, and help The City respond to land use redesignation enquiries for industrial lands in a clear, strategic and responsive way.

2022 Industrial Action Plan: Progress Update

The 2022 Industrial Action Plan was made up of 11 priority actions within six categories of opportunities (A-F) where The City can positively influence the industrial sector. Nine actions are complete, one is on track for completion, and one action is ongoing annually. Attachment 3 outlines progress on the 2022 Industrial Action Plan in more detail, and below is the summary:

A. Development enabling regulatory Improvements

1. **Complete:** Amended industrial districts in the Land Use Bylaw to streamline the development process and reduce the need for redesignations.
2. **Complete:** Amended industrial policies in the Municipal Development Plan to encourage retention of large industrial parcels.
3. **Complete:** Created criteria to evaluate proposed land use conversion from industrial to non-industrial uses. Conducted post-pandemic analysis of industrial lands and activities.
4. **Complete:** Incorporated a set of consistent data indicators into the annual Citywide Growth Strategy Monitoring report to track industrial development trends.

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B. Infrastructure Investment:

1. **Complete:** Identified seven growth infrastructure investments for consideration in the Citywide Growth Strategy in the 2023-2026 Service Plan and Budget discussions ([IP2022-0545](#)). Two of seven projects received funding, which meant much of the desired transportation investment was not funded.

C. Reduce the Cost of Development:

1. **Complete:** Several reports delivered to Council about Non-Residential Tax Assessment. Legislative changes to the Municipal Government Act can create a more enabling tax scenario for this sector.
2. **On Track:** The Off-site Levy Bylaw review continues to consider rates and other aspects of the levy for industrial land development.
3. **Complete:** New ability for industrial developers to pre-service developing lands. This reduces the number of road and utility cuts that are made and reduces extra permits, costs, and time for land development.
4. **Moved to 2023:** Review of Complete Streets Policy.

D. Public Lands:

1. **Complete:** Based on this review, The City is actively bringing on 313 hectares of industrial land in the southeast to re-supply a tight market.

E. Business Environment:

1. **Complete:** Updated [Calgary.ca](#) with an interactive map and available parcels to promote development opportunities.

F. Climate:

1. **Ongoing:** Identified and evaluated opportunities to support industrial users in advancing climate goals.

Proposed 2023 Industrial Action Plan

Attachment 2 outlines the proposed 2023 Industrial Action Plan that builds on Council's ongoing effort to support Calgary's industrial sector. The Plan includes six priority actions across four categories that identify where The City can positively influence industrial development:

Category	Priority Action for 2023
A. Development-enabling regulatory improvements	<ol style="list-style-type: none"> 1. Review the Nose Creek Area Structure Plan to explore a mix of uses without compromising its industrial importance 2. Pursue targeted amendments to modernize existing industrial Area Structure Plans to help enable development
B. Infrastructure Investment	<ol style="list-style-type: none"> 3. Explore alternative funding and financing tools for key transportation upgrades in strategic industrial areas
C. Reduce the cost of Development	<ol style="list-style-type: none"> 4. Evaluate potential incentive opportunities to support existing and new industrial development

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D. Business Environment	5. Collaborate with Rocky View County on a joint economic development framework for an industrial growth corridor along Calgary's southeast boundary.
E. Climate	6. Develop climate-lens tools in support of industrial applications.

The 2023 actions will remove additional planning barriers and enable new development by improving the policy environment, examining alternatives to realizing investments in the transportation network, evaluating potential incentives programs for existing and new industrial projects, enabling regional collaboration, and working with developers to find mutually beneficial ways to support climate goals.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required |

Administration continues to collaborate with internal and external partners through the Industrial Strategy Working Group. This group supports the ongoing work of the Industrial Action Plan and continued prioritization of impactful actions.

IMPLICATIONS

Social

This work supports [Council's Social Wellbeing Policy](#) by promoting equitable and inclusive growth in the city, by supporting the development and intensification of non-residential properties, thereby increasing well-paying, accessible employment opportunities in different areas of the city, including those adjacent to residential areas.

Environmental

This work helps advance the goals of the [Climate Resilience Strategy](#) by identifying and evaluating opportunities to support industrial users in achieving their climate goals and advancing The City's climate goals. This effort will include the development of climate-lens tools for evaluating industrial applications (e.g., Green Buildings) and broader initiatives such as the Land Use Bylaw renewal and the long-term District Energy Strategy.

Economic

Growth is expected in several industrial sub-sectors that will account for the largest gains in employment over the 2021-2076 forecast period, and the sector has seen recent strength that is expected to continue. The industrial sector is uniquely positioned to support the diversification of Calgary's economy, and that of the Calgary Metropolitan Region.

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Service and Financial Implications

Some of financial implication associated with this work include the Off-Site Levy Bylaw review work that was part of 2022 Industrial Action Plan that may consider rates for industrial land development. Two of the actions in the proposed 2023 Industrial Action Plan (Attachment 2) is to evaluate and explore alternative funding and financing tools for key unfunded transportation upgrades in strategic industrial areas and to evaluate potential incentive opportunities for industrial development. These two actions are just exploratory work may lead to financial recommendations through future reports.

RISK

There are two risks associated with this work:

1. Risk of not investing in infrastructure upgrades in strategic industrial areas will result in reduced development opportunity, and potential loss of market share to surrounding municipalities.
2. Risk of continuing to respond one by one to redesignation enquiries and applications for industrial to non-industrial land uses, related to the updating of the Airport Vicinity Protection Area regulation. Conversion requests have significant detrimental effects on the long term supply of industrial land, the functional characteristics of an industrial area, and the balance of employment and residential development in the city. In most cases conversion is permanent. A thoughtful, flexible, consistent review approach that acknowledges market conditions and changing circumstances, but respects the strategic importance of industrial land, can mitigate this risk.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Proposed 2023 Industrial Action Plan
3. 2022 Industrial Action Plan: Progress Update
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalglish	Planning & Development Services	Approve
Carla Male	Corporate Planning & Financial Services	Consult
Chris Arthurs	People, Innovation & Collaboration Services	Inform
Michael Thompson	Infrastructure Services	Inform