

INFORMATION ON CURRENT SELLING PRICES – FUTURE DEVELOPMENT LANDS
FILE NO: 2016 SECTOR RATES (JM)

SUMMARY/ISSUE

Report to Land and Asset Strategy Committee concerning current land prices typical of those which would be acquired or sold in greenfield areas.

PREVIOUS COUNCIL DIRECTION/POLICY

Land and Asset Strategy Committee at its meeting of 2013 April 25 dealt with LAS2013-25, Information on Current Selling Prices – Future Development Lands, and this report comprises the update to that report for 2016.

ADMINISTRATION RECOMMENDATIONS:

That the Land and Asset Strategy Committee:

1. Receive this report for information
2. That the Recommendation, Report and Attachments remain confidential under Sections 23(1)(b), 24(1)(a), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act*.

It is important to note that these sector rates are target prices only. The City cannot require that a land owner negotiate at these values. If a land owner wishes to not negotiate using sector rates, Administration would then negotiate on a site specific basis and analyze comparables that are similar to the subject property. The majority of developers in Calgary are members of the Urban Development Institute with whom Administration has negotiated the terms of the Master Development Agreement (MDA). As per Part XVII of the MDA, the annual sector rates will form the basis for negotiations when The City purchases unserviced lands.

In established communities and brownfield areas, transactions will be negotiated on a site specific basis taking into account the specifics of the subject property.

In 2014, sector rates were not established due to a very limited number of new sales transactions as well as limited resources being available to complete the analysis. Administration made the decision to use the sector rates from the previous year.

INVESTIGATION

Historically Corporate Properties & Buildings made presentations to Land and Asset Strategy Committee on development land activity within the city. The purpose of these reports was to establish values for future development lands to be used when negotiating transactions with various developers in greenfield areas. Typically these negotiations involve city road allowances that exist legally but remain undeveloped. When a developer submits an outline plan for the area, these road allowances are identified as areas which must be purchased by the developer. These rates are also utilized, where possible, when acquiring land for municipal purposes within greenfield areas.

In 2015, sector rates were not established as Administration was working with industry to develop a more open process in setting sector rates. Also, the fundamentals of how road rights of way were being transacted were changing. Collaboration and buy in from industry was key to these changes being successful.

Historically Administration sold road rights of way in line with the development phasing of the new community and would also account for portions of the road rights of way which would be coming back to The City in the form of internal road or reserve. This was a very inefficient way of transacting. The changes which were implemented now required the purchaser to purchase the entire road right of

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way, no more ad hoc transactions, and that the purchase price is based on the gross area of the road right of way, no more discounts for land coming back to The City. This is a more streamlined approach to transacting and accurately reflects market value.

IMPLICATIONS

General

Establishing sector rates for various sectors of the city enables The City to negotiate with developers on lands that are acquired or disposed of in a fair and transparent manner.

Social

No implications were identified.

Environmental

No implications were identified.

Economic (External)

No implications were identified.

BUSINESS PLAN/BUDGET IMPLICATIONS

Not Applicable

RISKS

The City negotiates with land owners based on the sector rates that are established for various sectors of The City. By engaging in this process The City is fair and transparent when purchasing and selling land. Without establishing sector rates it would be necessary for repetitive research to be conducted, by The City and the developer, for each transaction and thereby increasing time spent by both parties to determine values.

VALUATION

In establishing the current rates, Real Estate and Development Services analyzed numerous sales of future development land. These sales comprise lands located within the current city limits. From a development point of view these lands range from lands which

are near term developable to lands that are up to ten or more years away from development. Real Estate and Development Services compared the average sale prices for the various sectors in establishing sector rates.

Of the 82 sales transactions listed in the attachment, approximately 34% of the sales occurred between 2014 – early 2016.

The ranges found within the various sectors are as follows and are expressed on a per acre basis:

North	\$84,310 - \$490,000
Northeast	\$55,500 - \$316,229
Northwest	\$70,027 - \$200,000
West	\$462,185 - \$1,849,315
South	\$50,151 - \$305,951
Southeast	\$40,715 - \$367,438
East	\$76,891 - \$169,801

Typically sites located in the west sector are much smaller holdings of land, usually around 5 acres, and sell at a much higher per acre rates.

During the past few years there has been little or no sales activity in the Southwest sector therefore this area was analyzed in conjunction with the South sector.

The range in some instances is quite large and this is directly attributable to the location of the parcel (development timing), amount of land available for development within the sector and the parcel size.

Based on our analysis, the current per acre sector rates are as follows:

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Sector	2016
North	\$170,000
Northeast	\$190,000
Northwest	\$170,000
West	\$625,000
South	\$200,000
Southeast	\$200,000
East	\$140,000

ATTACHMENTS

1. Location Map of Sales
2. Land Sales Chart

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