

**Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2018 March 14**

**ISC: UNRESTRICTED
UCS2018-0264
Page 1 of 3**

Selling Prices for Road Rights of Way in Greenfield Areas File No. 2018 Sector Rates (JM)

EXECUTIVE SUMMARY

The purpose of this report is to provide information concerning current land prices typical of those in greenfield areas. The land prices identified in this report will be used to negotiate the sale of road rights of way and where possible, the acquisition of land required for municipal purposes in greenfield areas.

ADMINISTRATION RECOMMENDATION:

The SPC on Utilities and Corporate Services recommend that Council:

1. Receive this report for information; and
2. Request the Recommendations, Report and Attachments remain confidential under Sections 23, 24 and 25 of the Freedom of Information and Protection of Privacy Act until published in the Council Agenda.

RECOMMENDATION OF THE SPC ON UTILITIES AND CORPORATE SERVICES, DATED 2018 MARCH 14:

That Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

None.

BACKGROUND

Historically Administration made presentations to the Land & Asset Strategy Committee on development land sales activity within the city. The purpose of these reports was to identify the current market value for raw unserviced future development lands within sections of the city. The identified values, or sector rates, would be used when negotiating transactions with various developers in greenfield areas. Typically these negotiations involve city road rights of way that exist legally but remain undeveloped. When a developer submits an outline plan for the area, these road rights of way are identified as areas to be purchased and incorporated into the proposed development. The sector rates are also utilized, where possible, when acquiring land for municipal purposes within greenfield areas through the development process.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

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.

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 establishing the sector rates, Real Estate & Development Services analyzed numerous sales of future development land located within the current city limits. From a development point of

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**ISC: UNRESTRICTED
UCS2018-0264
Page 2 of 3**

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view, these range from lands which are near term developable to lands that are up to ten or more years away from development. Real Estate & Development Services compared sale prices from 2014 to 2017 for the various sectors in establishing the sector rates.

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

Northwest	\$72,072.00 - \$564,579.00
North	\$53,807.00 - \$450,000.00
Northeast	\$95,012.00 - \$316,229.00
East	\$12,500.00 - \$278,607.00
Southeast	\$70,352.00 - \$232,919.00
South	\$53,420.00 - \$476,190.00
West	\$164,908.00 - \$1,455,301.00

Typically sites located in the west sector are much smaller holdings of land, usually around 5 acres, and are closer to development which is why they sell at a much higher per acre rate.

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 most instances is quite large and this is directly attributable to the location of the parcel, development timing, and the parcel size.

Based on the analysis, with more weight given to the more recent sales and to those sales representing near to medium term development timelines, the current per acre sector rates are concluded as follows.

Northwest	\$200,000.00
North	\$175,000.00
Northeast	\$215,000.00
East	\$150,000.00
Southeast	\$200,000.00
South	\$215,000.00
West	\$625,000.00

Establishing sector rates enables Administration to negotiate with developers in a fair and transparent manner while transacting quickly and efficiently.

Valuation

The sector rates were based on an internal valuation which has been endorsed by Administration's Valuation Review Committee. The comparable sales analysed are included in Attachment 2.

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Page 3 of 3**

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Stakeholder Engagement, Research and Communication

The majority of developers in Calgary are members of BILD Calgary, formerly known as the Urban Development Institute and the Canadian Home Builders' Association - Alberta, with whom Administration has negotiated the terms of the Master Development Agreement (MDA). The proposed sector rates have been provided to BILD Calgary for their review and feedback.

Strategic Alignment

As per Part XVII of the MDA, the annual sector rates will form the basis for negotiations when The City acquires unserviced lands.

Social, Environmental, Economic (External)

Social

No implications were identified.

Environmental

No concerns were identified.

Economic

No implications were identified.

Financial Capacity

Current and Future Operating Budget:

Not Applicable.

Current and Future Capital Budget:

Not Applicable

Risk Assessment

The City negotiates with developers based on the sector rates that are established for raw unserviced land in various greenfield 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.

REASON(S) FOR RECOMMENDATION(S):

Report for information.

ATTACHMENT(S)

1. Attachment 1 – Location Map of Sales
2. Attachment 2 – Land Sales Chart
3. Attachment 3 – Historic Sector Rates Graph