

Land Development & Sales

Led by: Director of Real Estate & Development Services

Description

Our core service develops and sells industrial land to attract business investment and promote economic diversification and growth for Calgary.

Responding to a range of complex corporate land needs, Land Development & Sales also offers planning expertise to lead and identify strategic redevelopment opportunities.

Optimizing the value and maximizing the financial return on City-owned land under our stewardship, we offer The Corporation a long-term source of reoccurring property tax revenue.

Value and benefits

Supporting new business investment opportunities is a key driver for our service. The economic benefits are significant with increases to the non-residential tax base, business diversification and job creation which all support Calgary's economic growth.

Our serviced land is available for sale to the public at competitive market prices. Prospective customers require a variety of land types and sizes to meet their business objectives. They also expect a timely, transparent and professional transaction experience.

Our development, planning and sales teams offer customized solutions to support our customer's building approvals process. We also offer post-transaction client support with driveway installation and service connections; saving time and money for our customers. Our land sales translate into business diversification, job creation and expansion of the tax base.

Customers

- Small and medium-sized enterprises
- Large corporations
- Building developers

What we deliver

Our service provides serviced land available for sale, executes land sales transactions, installs service connections and driveways and provides development advisory services.

Partners

- Law
- Finance

163 acres Amount of industrial land sold in 2021

\$90 million Industrial sales revenue earned in 2021

\$37 million Average annual industrial sales revenue

Land Development and Sales

2022 Budgeted Gross Operating Expenditures Funding Breakdown (\$ Millions)*



* Gross operating budget may include internal recoveries that are also included in other services' gross operating cost.

Note: Internal recoveries is how The City accounts for the costs of goods or services between services

Key assets

The land under our stewardship is our asset. Without it, we could not deliver our service. Our land inventory can be organized under three categories: 98 acres of developed land, available for sale; 358 acres of land currently under some stage of development; and 2040 acres of undeveloped land.

What we have heard & what we are watching

What we have heard

The latest Service Value Dimensions Survey results reaffirm customers' and Calgarians' expectations for our developed land to be competitively priced and to support business needs with suitable land features such as location, parcel size and land use. Another significant priority, identified by 35 per cent of respondents, was our approach for a balanced land portfolio to continue building financial resiliency against market volatility. With the various economic shocks experienced over the last two years, it is not surprising Calgarians have placed a higher priority for our role in shaping a diversified land base and local economic growth.

What Council has directed

We support Council's strategic direction for a strong and diverse economy by providing a long-term sustainable source of revenue through the development and sale of City-owned land. Guided by our Industrial Land Strategy, our land sales benefit the local economy and make our city a great place to live and work. From planning and construction through to the sale of land, our service supports business investment, creates jobs and fosters Calgary's competitive advantage, which contributes to the overall quality of life for Calgarians. The City's financial sustainability is also supported by our strategic redevelopment program. This part of the service coordinates corporate opportunities and explores the development potential of City-owned land. We optimize its value through a range of preliminary and master planning initiatives.

What we are watching

Continuing demand for warehousing and distribution facilities to support the growth in e-commerce. Ensuring we offer larger parcels to support these building types is essential.

Shortening the supply chain to ensure faster delivery times and avoid supply disruptions may result in manufacturers relocating their production from abroad.

Regional competition from nearby municipalities due to differences in property tax rate and development levies.

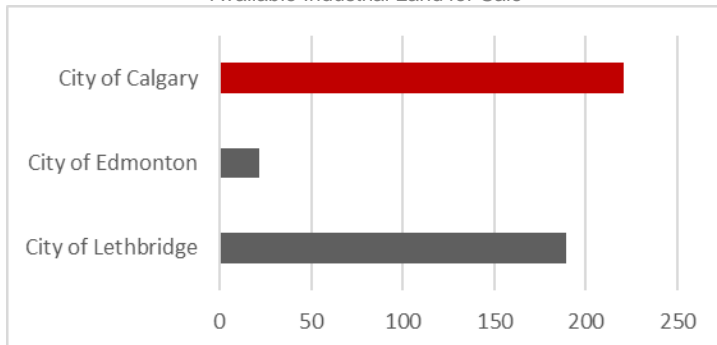
Emerging industries such as heavy industrial who are forecasted to generate high rates of employment.

Monitoring greater land development and policy requirements.

Impact of general economic conditions on development costs and land pricing.

City's capital funding of critical regional infrastructure in southeast industrial Calgary.

Available Industrial Land for Sale



City of Lethbridge website, City of Edmonton website, Real Estate & Development Services Land Inventory for Future Development.

Comparing our service

The chart reflects the number of acres of available industrial land for sale. Land inventory levels can vary dramatically between different municipalities depending on their unique land development approaches. Levels may periodically spike and decline based on market demand and constraints on adding new supply. Calgary will continue to supply industrial land in response to market conditions.

Measuring performance & where we want to go

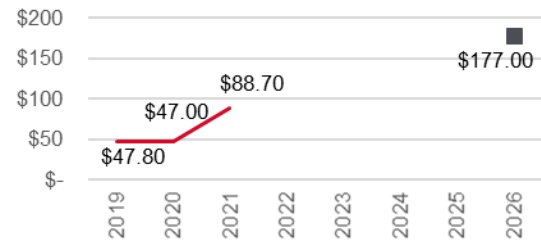
For Council Approval

— Actuals ■ Expected Future Performance

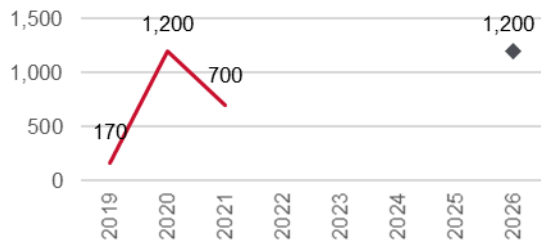
PM1: Industrial land sales (millions of dollars)



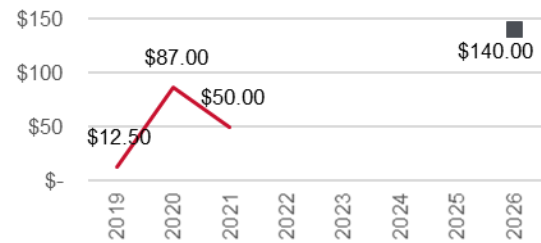
PM2: Increase in assessed value from land improvements (millions)



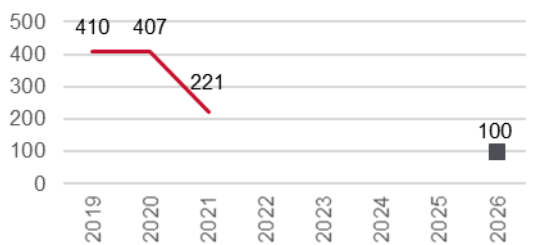
PM3: Number of permanent jobs created



PM4: Private capital investment (millions)



PM5: Amount of serviced industrial land available for sale (acres)



Story behind the curve

Our sales transactions often include major industrial sales investment decisions which can extend transaction timelines and consequently influence the transaction values from year to year. A rolling 10-year average of sales revenue is a more accurate metric and informs the expected future performance value.

Increased land value from site improvements including new building structures adds to the non-residential tax base. The benefit is tax base growth and greater tax revenue. If the expected future performance value is reached earlier, it implies the industrial market is strong and we need to be actively developing more land.

Our land development and sales activity leads to new business creation resulting in new jobs created. The more land we sell, the more jobs created and resulting economic benefit for the city. Data will be based on a job creation estimate provided by the land purchaser. If expected future performance is reached earlier, it implies the industrial market is strong and we need to be actively developing more land.

This measure illustrates investor confidence in the city's industrial market. The more land our service sells, the assumption is, the more taxable industrial built space is being constructed. Formerly calculations were based on average lot coverage and investment per square foot. Data will now be provided by the purchaser. If the expected future performance value is reached earlier, it implies the industrial market is strong and we need to be actively developing more land.

Industrial land for sale means there is land available to respond to market demand which will generate economic benefit for the city. We have mitigated the possibility of the expected future value of sales being achieved earlier than 2026. We did this by undertaking two phases of development in Great Plains Starfield Industrial Park to ensure a steady supply of serviced industrial land.

What we plan to do

Result for 2023-2026

Our focus is developing and selling the land we steward to help generate economic growth in the city, through business diversification and expansion of the non-residential tax base.

How we are going to get there

Enable businesses to start, grow and invest in our city and support Calgary's economic resilience. We will accomplish this through the development and sale of serviced land opportunities located in Great Plains Starfield Phase 1.

Promote economic diversification and growth for Calgary by supporting new business investment through the sale of serviced industrial land in Point Trotter Industrial Park Phase 1.

Attract new business investment and promote economic diversification and growth for Calgary through the sale of serviced industrial land in East Lake Industrial Park.

Improve the quality of life for Calgarians by offering more housing and commercial options through the sale of lands in Aurora.

Create great places to live, work and play for Calgarians through the redevelopment and sale of lands from our Midfield Heights urban village site.

Create great places to live for Calgarians through the marketing and sale of lands at Richmond Green.

Remove barriers to business investment and offer more housing options for Calgarians through the planning and feasibility analysis of the former RB Bennett school site.

Attract new business investment and promote economic diversification and growth for Calgary through the redevelopment of lands at South Hill.

Operating budget needed to achieve results

For Council Approval

Breakdown of net operating budget (\$000s)

	2023		2024		2025		2026	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Previous Year's Net Budget	442		442		442		442	
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		-		-		-		-
Revenue Changes	10,895	-	-	-	-	-	-	-
Internal Recoveries Changes	(1,270)	-	-	-	-	-	-	-
Inflation	480	-	120	-	50	-	(70)	-
Operating Impact of Previously Approved Capital	-	-	-	-	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	(10,557)	-	(120)	-	(50)	-	70	-
Service Increases	452	-	-	-	-	-	-	-
Transfers to/(from) reserves	-	-	-	-	-	-	-	-
Transfers to/(from) services	-	-	-	-	-	-	-	-
Total net budget	442	-	442	-	442	-	442	-

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditures	56,609	46,984	-	46,984	46,984	-	46,984	46,984	-	46,984	46,984	-	46,984
Recoveries	(8,271)	(9,541)	-	(9,541)	(9,541)	-	(9,541)	(9,541)	-	(9,541)	(9,541)	-	(9,541)
Revenue	(47,896)	(37,001)	-	(37,001)	(37,001)	-	(37,001)	(37,001)	-	(37,001)	(37,001)	-	(37,001)
Net	442	442	-	442	442	-	442	442	-	442	442	-	442

Note: Figures may not add up due to rounding.

Capital budget needed to deliver service

For Council Approval

Activity	Investment Name	2023 Request (\$000s)	2024 Request (\$000s)	2025 Request (\$000s)	2026 Request (\$000s)	2027+ Request (\$000s)	Total Request (\$000s)
Annual Investment Program(s)							
		-	-	-	-	-	-
Program(s)							
		-	-	-	-	-	-
Projects(s)							
480851	Service Connections Driveways	-	1,000	1,000	1,000	-	3,000
402610	Glenmore and 68 Intersection	3,000	-	-	-	-	3,000
480854	South Hill	2,000	2,000	2,750	-	-	6,750
402160	Great Plains Starfield	-	-	-	150,000	-	150,000
402080	Midfield Heights	3,000	2,000	-	-	-	5,000
Sub-Total (New Budget Requests)		8,000	5,000	3,750	151,000	-	167,750
Previously Approved Budget Remaining		96,509	46,250	45,250	-	-	188,009
Total Capital Investment		104,509	51,250	49,000	151,000	-	355,759

Explanation of capital budget requests

Projects(s)

Activity 480851: Service Connections Driveways

Servicing and driveway installations. Supporting our customer's business needs as part of our post-transaction customer service.

Funding From: Capital Reserves (\$3,000 thousand)

Contributing Services: None

Operating Impact: None

Activity 402610: Glenmore and 68 Intersection

Major intersection upgrade. Addressing a development agreement obligation to develop Point Trotter Industrial Park.

Funding From: Capital Reserves (\$3,000 thousand)

Contributing Services: None

Operating Impact: None

Activity 480854: South Hill

Vacant land redevelopment. Redeveloping a City-owned asset to maximize the financial return for The City.

Funding From: Capital Reserves (\$6,750 thousand)

Contributing Services: None

Operating Impact: None

Activity 402160: Great Plains Starfield

Major industrial park development. Maintaining The City's supply of industrial for sale in response to current market conditions.

Funding From: Capital Reserves (\$150,000 thousand)

Contributing Services: None

Operating Impact: None

Activity 402080: Midfield Heights

New urban village development. Providing a higher quality of life for Calgarians through more housing options.

Funding From: Capital Reserves (\$5,000 thousand)

Contributing Services: None

Operating Impact: None