

WE ARE NAIOP



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President's Message

Welcome to NAIOP's Government Affairs Committee newsletter. Here you will find important information on government initiatives that affect Calgary's commercial real estate industry.

NAIOP's Government Affairs Committee is composed of established leaders within Calgary's commercial real estate sector, dedicated to improving conditions for their industry. The committee members volunteer their time to participate as stakeholders on behalf of NAIOP members to provide feedback on public initiatives.

In this issue, read about our committee's work on:

- Reviewing urban development processes, fees, and timelines;

- Advocating for streamlined and evidence-based regulations across the planning continuum; and
- Several new City of Calgary-led initiatives.

Our Achievements

Together with other industry groups including BOMA and BILD Calgary Region, NAIOP has successfully advocated for positive changes that benefit our city's development industry.

The ongoing Industry/City Work Plan continues to identify improvements to local planning and regulatory processes which reduce costs and uncertainty, while improving communication between stakeholders.

Following successful NAIOP advocacy,

City Council has approved changes to the Downtown Parking Strategy (bringing about an end to cash-in-lieu), and introduced the Centre City Enterprise District to streamline development approvals.

Furthermore, NAIOP continues to promote industry interests in other initiatives, including the new Guidelines for Development in Proximity to Rail, the forthcoming City Charters, and recent proposed changes to Calgary's Urban Design Review process.

Thank you for your continued support.



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Industry/City Work Plan

The third progress report on the Industry/City Work Plan was submitted to City Council in June 2017, highlighting progress over the previous six months.

Several projects, initiatives, and process improvements have been implemented through the Work Plan to reduce delays and increase certainty for industry.

In early 2016, City Council directed Administration to review key land development challenges and opportunities in partnership with private sector stakeholders.

This was a direct result of the 2016 off-site levy bylaw, which industry representatives supported in exchange for a commitment to ongoing dialogue on critical issues.

Administration was to collaborate with industry on six key initiatives: establishing a developer advisory committee, phasing growth/land supply, established area strategy, funding growth, process improvements strategy, and industrial strategy.

Over the past year-and-a-half, the Industry/City Work Plan has reviewed and suggested

changes to improve the efficiency of Calgary's planning process. The previous six initiatives have been condensed into four, with corresponding working groups established under a City of Calgary developer advisory committee. These current initiatives are: New Community Growth Strategy, Established Area Strategy, Industrial Strategy, and Continuous Process Improvements. Each working group is composed of industry representatives, including NAIOP, and members of City Administration.



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New Community Growth Strategy

Key initiatives include: reviewing the Growth Management Overlay (GMO) removal process, potentially allowing Outline Plans to proceed prior to securing infrastructure financing, and exploring infrastructure financing alternatives.

The New Community Growth Strategy working group examines appropriate ways to fund and manage new urban growth. This includes reviewing how the City's Growth Management Overlay (GMO) is used in relation to Outline Plans and land use applications. From industry's perspective, Outline Plans should be allowed to proceed in advance of infrastructure funding. This could significantly improve planning process efficiency, given the extended timelines needed to secure financing. City Council will be discussing the proposal at their July 31 meeting.

The working group has also implemented improvements to the GMO removal process, as well as criteria for the same. City Administration has received and evaluated eight GMO removal proposals from industry. Other key initiatives include infrastructure prioritization (completed in Q4 2016 and Q1 2017), and exploring alternative land servicing funding arrangements. Funding through front-ending agreements (Construction Finance Agreements) is being discouraged. The working group is seeking creative methods to advance development where the infrastructure is not currently budgeted for by The City.

Established Area Strategy

Key initiatives include: increased reporting transparency for development levy funds, monitoring Development Permit-stage fees and levies, and capacity mapping for water utilities.

The Established Area Strategy working group focuses on reducing the costs, timelines, and barriers to redevelopment in established communities. Accomplishments to date include greater reporting detail on Centre City Levy funds, an exhaustive inventory of Development Permit-stage fees and charges, and a pilot water utility mapping project in a single Calgary community (Killarney). The working group is moving forward to evaluate the Centre City Levy, letters of credit (security) charges and fees, as well as expanding the utility pilot project to two more neighbourhoods in 2017. In addition, the working group is examining central industrial areas for the purposes of increasing light industrial growth. Calgary's inner city industrial areas are under increasing pressure to redevelop into non-industrial uses.

Industrial Strategy

Key initiatives include: monitoring industrial land supply, and improving transportation infrastructure serving industrial areas. Future work will focus on reviewing sanitary pipe sizes, and exploring development levy changes to better reflect the lower servicing requirements in industrial areas.

The Industrial Strategy working group is evaluating ways to improve Calgary's industrial development process and the city's overall competitiveness as an inland port. To inform future work, the working group has compiled an industrial land supply report detailing land use and ownership patterns. City Council has also approved funds toward enhancing the Glenmore Trail and 68 Street SE intersection to improve goods movement within the southeast industrial area, as well as enhancements to Airport Trail and Country Hills Boulevard in the northeast industrial area. Future work will focus on reviewing sanitary pipe sizes in industrial areas, and moving forward with the development of a complete industrial strategy for Calgary.

Short-term initiatives include: a simplified change of use process, and better administration of the Construction Complete Certificate (CCC) and Final

Acceptance Certification (FAC) processes. Mid-term initiatives include uniting Calgary Economic Development, NAIOP, BILD Calgary Region, and other stakeholders to educate Calgarians on the importance of industrial growth and its connection to lower residential property taxes. Another initiative being explored is a tailored levy to reflect lower water and sewage requirements in industrial areas, and the 'double-dip' for library and recreation centre levies on both home and business owners.

Continuous Process Improvements

Key initiatives include: changes to the Construction Completion Certificate/Final Acceptance Certificate process, standardizing CPAG comments and conditions, and compiling CPAG staff contact information.

The Continuous Process Improvements working group examines the entire development process to identify enhancements serving both customers and The City. Reducing delays and uncertainty is a key focus area. A review of the Construction Completion Certificate/Final Acceptance Certificate (CCC/FAC) process has been completed and improvements are now being implemented. A standardized library for comments and conditions has been compiled to provide additional clarity to private sector stakeholders. As well, a database of CPAG generalists and specialists has been created to ensure ease of communication.



Photo credit: [Bill Longstaff](#)

Centre City

Downtown Parking Strategy

Downtown office developers will soon be allowed to build parking to full Land Use Bylaw ratios. This is a significant achievement for development advocates, and a positive change for industry.

City Council has in principle approved changes to the downtown parking policy, and directed Administration to bring forward amendments to the Land Use Bylaw, Area Redevelopment Plans, and other relevant policies by Q1 2018. This is

the first time in over 30 years that industry has successfully advocated for changes to downtown parking regulations.

The cash-in-lieu program is being concluded. Instead, developers will have the option to either build parking to the full ratios allowed under the Land Use Bylaw or to reduce stalls constructed by up to 50% by contributing to a dedicated fund for improving downtown cycling, pedestrian, and public realm improvements. Once the City-owned East Village parkade

is completed, the remaining cash-in-lieu funds will be exhausted. Existing City-owned parkades will be maintained to honor previous parking reductions made under the cash-in-lieu program.

These positive developments are a direct result of continued NAIOP advocacy over the last two years, in this case working closely with BOMA Calgary. We thank The City of Calgary, all NAIOP members, as well as BOMA staff, for their work to bring about these changes.

Centre City Levy

In response to industry concerns, City Administration has begun reporting on Centre City Levy fund management in greater detail. NAIOP and other industry groups welcome this increase in transparency.

On June 14, the City of Calgary's SPC on Planning and Urban Development (PUD) received the 2016 Centre City Levy annual report. This levy, in place since 2007, includes fees for enhancing pedestrian, recreation, transit, utilities, and other

infrastructure in the Centre City.

The 2016 levy amount was \$4,710 per metre of a development's frontage on avenues (east-west). In total, \$2,590,520 was collected and \$4,347,515 was spent this past year. In total, \$7,208,972 remains in reserve. Major projects included the 8th and 1st Street SW underpass enhancements, and contributions towards Calgary's new Central Library. Annual reports now include detailed breakdowns of money collected and spent, including funds spent by project. Amounts are further disaggregated by

levy sub-categories, and by budgeted and actual amounts. The Centre City Levy is slated for review in 2017-2018, as part of the Industry/City Work Plan. In this case, NAIOP advocacy has resulted in increased transparency around one of the many development fees collected by The City of Calgary.

NAIOP is also advocating for a more comprehensive review of levies, fees, and changes affecting downtown development. It is our preliminary view that there is some overlap.



Photo credit: [Bernard Spragg](#)

Centre City Enterprise District

The approved Centre City Enterprise District removes certain permit requirements in the downtown core. These amendments to the Land Use Bylaw took effect June 26, 2017.

Following advocacy by NAIOP members participating in Calgary Economic Development's Real Estate Advisory Committee, City Council approved the proposed Centre City Enterprise Area

at their June 14, 2017 meeting. Effective June 26, 2017 Development Permits are generally no longer required for changes of use, exterior alterations, and small additions within the Commercial Core, Downtown West, and the Beltline community districts. This increases certainty, and reduces leasing transaction timelines in these areas.

Some limited exemptions apply, including for buildings listed on the Inventory of

Evaluated Historic Resources and potentially high-impact uses such as liquor stores and nightclubs. Chinatown, Eau Claire, and East Village are excluded from the Enterprise Area due to their residential character and new policy recently established for those neighbourhoods.

A similar program is now being pursued by NAIOP for the balance of the city, including industrial and suburban office areas.

Development in Proximity to Rail

Over the past three years The City has worked closely with private sector stakeholders to develop a made-in-Calgary policy framework for development near railways. Key objectives include protecting public safety and buildings, while maximizing development potential.

In response to the 2013 Guidelines for New Development in Proximity to Rail Operations, released by the Federation of Canadian Municipalities ("FCM") and the Railway Association of Canada, City Council has directed Administration to develop policy for development near rail corridors.

In consultation with development and rail industry representatives, The City has retained Dillon Consulting to conduct

a Baseline Risk Assessment (BRA) for development in proximity to rail. Using an empirical approach, the assessment will compile generalized freight risk and other engineering data to better understand Calgary's risk context. The BRA's study area is the CP freight corridor extending through the Sunalta, Centre City, and Inglewood/Ramsay communities. Work on the BRA commenced in May, and will continue through Q3 2017.

Once the BRA is complete, a Development and Rail Policy will be prepared and presented to Calgary City Council for approval. Until the policy framework is completed, an Interim Approach will be applied to development applications in proximity to rail corridors. Core objectives include public safety, protecting buildings,

facilitating emergency access to the rail corridor, and optimizing the development potential of lands in proximity to rail consistent with the Municipal Development Plan.

The Interim Approach is flexible and will be updated to respond to findings from the Baseline Risk Assessment. The Interim Approach will be used to guide applications until a Rail Policy is adopted by City Council. As a separate but parallel process, an Access Strategy is being prepared in consultation with The Calgary Fire Department, Calgary Emergency Management Agency (CEMA), CP Rail and CN Rail. The strategy will identify key locations on public lands which must be retained to provide emergency rail corridor access.



Photo credit: [Trains in Calgary](#)



Photo credit: [daveblogs007](#)

Green Line Update

On June 26, by a 12-3 vote, City Council approved the entire Green Line alignment and station locations, from Seton in the south to 160th Avenue in the north.

NAIOP, together with BOMA and BILD Calgary Region supports the complete vision of the entire line, with extensions as funding permits, including a fully underground alignment through the downtown area from 16th Street North to Macleod Trail in the Beltline.

Industry strongly supports the underground alignment in the Centre City, both in the downtown core and in the Beltline, to prevent the division of communities by transit infrastructure, maintain active street level activity (including retail/restaurant uses) and to retain assessed values along the route. Alternative surface and elevated configurations would have been severely detrimental to office projects and associated retail/service space along the proposed 2nd Street SW route.

In the Beltline, City Council approved the “transition to 10th avenue” at-grade option. Though an underground alignment along 12th Avenue east of MacLeod Trail to the Elbow River would have been preferred, the area is particularly challenging given land ownership patterns, policy reviews underway, and the impact of potential high-profile projects in the area.

Urban Design Review Panel

City Administration undertook a comprehensive review of the Urban

Design Review Panel. NAIOP and several of its members participated as stakeholders. These changes would expand the Panel’s scope of work, and potentially introduce an additional source of delay in the development approvals process.

NAIOP and other industry stakeholders have been working with The City to improve the Urban Design Review Panel (UDRP) process. Changes are intended to provide collaborative discussion on public realm architecture and urban design best practices.

City Administration is looking to move this review to earlier in the development permit process. Industry supports this initiative, however City Administration and council’s Planning and Urban Development (PUD) committee have also recommended that UDRP comment on Outline Plans. NAIOP and BILD do not support this. We are of the view that the current process for approving Outline Plans is sufficient, and that UDRP’s expertise is currently weighted more towards architecture than planning.

NAIOP and BILD successfully lobbied council to defer these proposed changes to the UDRP process so that industry can engage in further consultation. Changes to the UDRP process were referred to the SPC on PUD’s July 21 meeting for further discussion, and were then approved by Council at their July 24 meeting.

Climate Smart Cities Calgary Study

Building on previous efforts, The City has commissioned a study on local greenhouse gas emissions reduction, to inform an updated emissions reduction plan.

The City of Calgary is partnering with the University of Calgary and the University of Leeds to develop scenarios for local greenhouse gas reductions. Results will include prioritized lists of recommendations for emissions reduction and suggested implementation strategies. The study’s results will inform an updated municipal Climate Change Mitigation Plan, and will be completed by November 2017.

Four working groups have been created for the study: Building and Energy Systems, Land Use and Transportation, Waste and Consumption, and Natural Systems and Water. Each committee will examine and make recommendations regarding their subject matter areas. NAIOP has put forward representatives for each working group. The first engagement sessions were held on June 13.

NAIOP is advocating for a rationale approach to data collection and climate change scenarios. NAIOP members use leading edge technology on an ongoing basis to reduce environmental footprints. There is concern that a prescriptive GHG reduction program could be implemented, harming industry with little environmental benefits.

New CPC Report Procedure

City Administration has recently made changes to Calgary Planning Commission’s report submission procedure. Changes are designed to increase customer involvement and quality control. Planning application reports must now be completed three weeks prior to the scheduled CPC hearing date. File Managers are also now required to circulate draft reports to applicants prior to CPC hearing dates. The changes are a direct result of the Continuous Process Improvements initiative of the Industry/City Work Plan, of which NAIOP is part.

Non-residential Phased Tax Program

City Council has approved a temporary phased tax program to reduce 2017 non-residential property tax increases outside the Centre City.

Due decreased downtown property values, there will be a shift in the non-residential property tax burden to parcels outside of the core. To mitigate the impact of the resulting increases in tax, City Council has proposed a \$45 Million program to limit property tax increases.

In NAIOP's opinion, while this program will serve to mitigate the effect of the shift in tax burden away from the downtown for 2017, the program is not sustainable for the long term. It is unlikely that Centre City non-residential property values will increase in the near term, and The City cannot continue to defer property tax income.

Unless City Council is prepared to address the imbalance in tax burden borne between the non-residential and residential sectors, we anticipate that, in the absence of the MGA or Charter City legislation allowing The City to allocate tax burden to multiple commercial classes, non-residential properties outside the core will ultimately absorb the entire burden of the reduced downtown assessment base.

NAIOP GAC members will continue to advocate for sound fiscal management with fair and transparent taxation of non-residential properties.

Accessibility Certificate Program

The Rick Hansen Foundation is working to develop an Accessibility Certification program for commercial and institutional building design. The program uses an empirical ranking system to recognize accessible built environments. A pilot project is currently underway in Victoria, BC and the lower mainland. NAIOP has been engaged as a stakeholder to aid in the program's continued development.

Corporate Approvals Team EXPO

The City's Corporate Approvals Team continues to demonstrate its willingness to adopt a collaborative approach when working with industry stakeholders.

The City of Calgary's Corporate Approval's Team hosted a forum at City Hall on February 22. The purpose of the forum was to educate and inform those involved in the approvals process of the initiatives currently underway that will have an impact on how future developments are planned and approved.

There were several tables set up with City staff members showcasing current policy work as well as process improvement initiatives and other City led projects. The result was an interactive session which resulted in productive dialogue between industry participants and City staff.

One of the takeaways from this event was a sense that there is a genuine interest and willingness by the Corporate Approvals Team to work with industry more collaboratively. NAIOP GAC members fully support this initiative and will continue to advocate for initiatives that contribute to a more effective and efficient approval process.

Development Permit Extensions

City Council has approved extended Development Permit commencement timelines, in addition to extended renewal periods. Under Land Use Bylaw amendments approved by Council on June 12, developers will have up to 6-7 years to begin construction (up from 4-5 years) under approved permits, and be eligible for two consecutive renewal periods of up to two years each. This proposal is a result of the Industry/City Work Plan's Continuous Process Improvements initiative, of which NAIOP is a part.

Health Impact Assessment/ HealthyYYC

At its May 29 meeting City Council approved the Terms of Reference for HealthyYYC, a new initiative to explore how health principles can be integrated into Calgary's planning and urban development systems. A committee composed of Administration and external stakeholders will be created to explore the issue and develop recommendations. Administration will report back to Council in 2019.



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MGA Amendments and City Charters

Following three rounds of changes to Alberta's municipal government legislation, the province and the Cities Calgary and Edmonton have turned their attention to City Charters. Details on the Charters however have yet to be released.

In recent years there have been many changes to Alberta's municipal government legislation. Three distinct rounds of consultation and legislative change have occurred, resulting in the Municipal Government Amendment Act (Bill 20) in 2015, the Modernized Municipal Government Act (Bill 21) in 2016, and finally An Act to Strengthen Municipal Government (Bill 8) in 2017. Regulations arising from these legislative changes are currently being drafted, with the second tranche of regulations released on July 24. This tranche did not include regulations governing City Charters.

These changes have significant implications for Alberta's development industry. The

scope of off-site levies now includes libraries and recreation centres. Levies may now be charged separately and over time. An enabling framework for City Charters has been introduced, as well as taxation tools to incentivize brownfield redevelopment. Municipalities are now required to clearly identify how plans relate to one another, and can now set their own development decision-making timelines. These are only some of many changes.

City Charters for Calgary and Edmonton are currently being drafted, to be enacted through regulations. Bill 20 introduced the broad framework for City Charters, and includes provisions allowing City Councils to make bylaws modifying or replacing prescribed sections of the Municipal Government Act, or other enactments. If there is an inconsistency between the Charter and the MGA or other statutes the Charter would prevail.

Little specific information has been released on the powers the Cities of Calgary and

Edmonton are seeking, or which the provincial government intends to grant. Based on the province's City Charters overview document, under discussion is increased influence over building codes, increased flexibility in the subdivision process, and expanded authority to regulate the form and content of land use bylaws. Changes in any of these areas could result in increased costs for the province's development industry, and reduced affordability for end users.

NAIOP will continue to advocate for increased stakeholder involvement in the City Charter process, and against any initiative that could result in additional burdens on land development. Once the proposed Charters have been finalized, there will be a 60-day period for public and industry review and comment. NAIOP will inform members once the comment period has begun.

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Events

Save the date for these upcoming chapter events. Registration is available at NAIOPCalgary.com/Events.

September 28 - Fall Market Update

November 22 - Calgary Real Estate Excellence (REX) Awards

December 6 - NAIOP Annual General Meeting



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