



# NAIOP Calgary Government Affairs Newsletter



February 2022

# Issues: - Top Priorities

The NAIOP GAC committee met monthly through 2021.

The following are changes to the Membership.

**Daniel Eggert (Melcor) has left the committee**

**Dallas Wingerak (Ronmor) has joined the committee**

The current committee members are:

Barry Sullivan	Chris Ollenberger	Eileen Stan
Paul Gedeye	Grace Lui	Richard Morden
Jamie Cooper	Richard Mackett	Bob Homersham
Alex Leliever	John Fisher	Bernie Bayer
Guy Huntingford		

## Latest Advocacy Items: (in priority order)

1. Non residential property taxes
2. Industrial growth strategy
3. Downtown plan
4. GOA Return-to-work policy
5. OSL levies + proposed Est. Areas pipes levy
6. Climate change initiatives
7. LAP's (Local Area Plans)
8. Greenline
9. EAGCS (Established Areas Growth and Change Strategy) + CIT (Comprehensive Investment Tools) for established areas.

# Issues: - Other

The list of other issues that we work on from time to time has been updated to reflect our latest advocacy efforts.

Each one of these issues are on-going and some do not have a firm 'end date'. Each of these files will evolve and have the potential to affect our members in material ways so we must keep an eye on what policies are being considered.

Please note the list is NOT in priority order

## Other advocacy issues

1. Councillor meetings
2. MGA & City Charters (as they relate to OSL's)
3. CMRB (Calgary Metropolitan Region Board)
4. Alberta Ecotrust & Deep retrofit Capital (building retrofits)
5. BAC - Business Advisory Committee (cut red tape)
6. Provincial Red Tape Reduction (Bill 48)
7. Storm Water Management
8. Divestment of City owned lands
9. RECA

# Quick read - Current items of interest

- On October 25th, 2021 the recently elected Council was sworn in by Mayor Gondek... except for Councillor Chu (ward 4) who she refused to acknowledge. Chu was sworn in by Justice John Rooke.
- The new Council consists of 9 new councillors, 4 returning from the outgoing Council and 2 returning from the 2013-2017 Council (<https://www.calgary.ca/citycouncil/citycouncil.html>)
- The comprehensive City reorganization is delayed until 4th qtr of this year.
- The CPAG to DART transition (planning) is moving forward ... slowly
- The Arena project came to an abrupt end on December 21st. A development permit had been approved but the CSEC were concerned with unexpected costs and decided to kill the project.
- Council was shocked by the CSEC decision. The deal was such that at key stage gates either party could back out without explanation or engagement of the resolution committee that was used for all other disputes.
- The City planning dept was combined with the City/Industry work plan and the report went to committee where it was returned to administration for further work.
- The Downtown Plan moves forward with Council approving an additional \$55M (to the previously earmarked \$45M) for office to residential conversion. There has been immediate applications for the full \$100M.
- 13 of the 14 Councillors + the Mayor have been engaged to present NAIOP's top advocacy priorities.

# New Council - Highlights

Since Council was sworn in last October there has been a number of issues that they have had to deal with. Some of these are the result of the tumultuous times we live in and some are self imposed.

This Council was united at the beginning with a commitment to collaborate with each other and get rid of the divisive politics that had plagued the previous Council. 4 ½ months into the 4 year term the Council has already split along different ideologies and the rhetoric between Mayor and Councillors has become unfortunate.

Top of mind issues this Council has been dealing with:

- The swearing in of Councillor Chu
- Declaring a climate emergency
- The demise of the arena deal with the CSEC.
- Timing and Costs for the Greenline

- Council division on key city building issues (e.g: The Arena)
- Multiple COVID related policies. (e.g: REP and masking)
- The controversy over the Mayor's chief of staff (now removed)
- Fighting with the Province over budget and public health issues.
- Crime (downtown and transit) and homelessness
- The continuing reduction in assessed value of assets in the downtown (+\$17B) and the resulting impact on city wide non-residential property taxes.

# Pandemic issues

As we work our way through the 4th wave with the Omicron variant front and centre, the biggest issue facing many of our members is the 'work from home' policy that has hollowed out many office buildings and devastated retail that relies on workers going to work.

NAIOP and BOMA have worked tirelessly on insisting that the Province lifts the mandatory work from home restriction as it hurts the economy, many businesses and doesn't provide for alternatives being offered to some sectors (e.g: the REP).

As we know the Province has halted the REP as part of stage 1 and in stage 2 (March 1st (If pandemic metrics are trending down)) will lift a number of other restrictions including indoor masking, removal of capacity limits on large venues and entertainment venues and most importantly the mandatory work from home order.

This is excellent news for many of our members.

# Non-Residential Property Taxes

As members know, the top priority is, and has been for a while, non-residential property taxes.

Board Chair (Ryan Sirski), Past Chair (Robert Homersham), GAC Chair (Chris Ollenberger) and Dir. Strategic Initiatives (Guy Huntingford) along with participation from other NAIOP members have met with the Mayor and Council and reiterated to each of them how important it is that they create a long term program to deal with non-residential property taxes, rather than the annual 'bandaid' where Council dips into reserves and caps the pain felt by non-residential tax payers. To date that number is over \$260M since 2016.

We received unanimous concern and a pledge to really look for a sustainable solution. Without assessment reform and the continuing loss of assets value in the core, the problem persists and it is likely that more reserves will be used in 2022 as the budget is already stamped.

For the 2023-26 budget, the following are recommendations we provided in our meetings:

- The province currently receives 29% of the total municipal property taxes. Work with the Province to reduce this amount and allow the City to keep more of the property tax collected.
- Continuing the work started in 2019 to move more of the Property tax burden from non-residential to residential taxpayers (e.g:45% non-residential, 55% for residential).
- Work with the City assessment team to ensure complete transparency for non-residential Property Tax calculations.
- Currently a non-residential taxpayer pays \$3.42 for every \$1 paid by a residential taxpayer. Reduce this ratio to 2.80:1. This is in line with the Calgary Chamber proposal.
- Implement changes to the MGA to allow alternate forms of taxation for municipalities to use beyond simply relying on property taxes, user fees, franchise fees and grants.
- Reduce revenue requirements (reduce the City budget)

# Industrial Growth Strategy

The Industrial Growth Strategy moves forward. Albeit very slowly.

Administration recently provided an update to Council (accepted unanimously) detailing progress to date and the workplan for the next 12+ months. See the link below for access to the detailed report and attachments. Attachment 6 is NAIOP's letter of support for the strategy and our concerns with regard to timing (project creep).

<https://pub-calgary.escribemeetings.com/Meeting.aspx?Id=9b46a3a3-8aed-4cd6-99f7-9c897ef84604&Agenda=Merged&lang=English&Item=68&Tab=attachments>

In recent months these are the highlights:

- The City team working on MDP revisions says that the CW (Cushman Wakefield) report on the state of industrial lands/policies is being used for changes. LUB (land Use Bylaw) revisions are also considering the CW report.

<https://www.calgary.ca/content/dam/www/pda/pd/publishingimages/calgaryindustrialsector/IAGS-Consulting-Report%20-%20FINAL.pdf>

- The City has added climate issues to the strategy tasks.

- The LUB team says they have targeted actions for LUB revisions.
  - Consolidate Uses (help expedite DP's)
  - Provide increased flexibility for development
  - Steamline standards
- Note: Industry would like to see consolidation of LU districts, not just Uses. City agrees, but says the consolidation of Uses is easier and Districts will get addressed along with other LUB issues (e.g: residential).
- The LUB team is looking at a short term staged approach (target is end of Q2 2022) to expedite DP's for industrial lands. Industry supports this initiative but has asked for the metrics the City will utilize to gauge success.
- The Direct Control district that was a collaboration between the industry working group and the LUB team is being piloted now.
- The working group continues to engage with the Assessment team and the Corp. finance team to advocate for non-residential property tax reform.



# Downtown Strategy

NAIOP Calgary was one of the stakeholders that supported the Downtown Plan, so we were pleased to see the previous Council approve the plan and earmark \$200M to seed the plan.

The first \$45M from the seed money has been bolstered by an additional \$55M for office to residential conversions. Many applications have been received and the \$100M has been allocated. While we are supportive of this initiative, we believe that the future of Downtown requires a myriad of different initiatives (e.g.: demolition of current inventory, public realm upgrades, attraction of new businesses into existing space, relocation of postsecondary facilities and a concerted effort to deal with crime and homelessness.)

Our current recommended actions:

- An enhanced governance model that provides more stakeholders input into the execution of the plan. Once RESAC (Real Estate Sector Advisory Committee) have given input, formally engage the broader industry groups (NAIOP, BOMA, BILD-CR & CCA) to provide further refinement and expertise. We are the actual city builders.
- Engage industry in approaching the Province and the Federal government about securing additional funding.

Note: On Feb 15th the NDP pledged \$100M in matching funds to spur the downtown revitalization initiatives. We are watching the UCP reaction.

# OSL's (Off Site Levies)

After 2 years of work to get to a new Off site Levy Bylaw, this is the status as at the end of January 2022.

- The city has released an updated timeline for the remainder of work required to achieve a new OSL Bylaw. (see pg 15)
- The City has released two surveys, one for greenfield water levies (<https://engage.calgary.ca/OSLindustryportal/waterlevy>) and one for a proposed established areas reactive pipes levy. (<https://engage.calgary.ca/OSLindustryportal/EALevy>) Thank you to all NAIOP members that engaged with the surveys.
- The City has decided to use a new methodology to calculate the water levy. They call it the capacity model. See comparison of old and new methodologies (<https://engage.calgary.ca/OSLindustryportal/waterlevy>)

- The City has decided that the Center City Levy and the Sanitary plants levy is out of scope for this Bylaw revision.
- The greenfield and established areas water levy discussions will continue over the next few months.
- The community and protective services levy will have its second working group session at the end of February. As stated in previous newsletters, NAIOP is advocating that the community services (rec centres, libraries..etc) portion of the levy should be removed in industrial areas development.
- The transportation working group has yet to meet. It appears there will be limited time to debate the proposed levy rates before the new Bylaw is finalized.
- The City has committed to industry information sessions if requested.

# Climate change initiatives

The City of Calgary has passed a motion declaring a climate emergency. The vote was 13-2 with Sean Chu and Dan McLean voting against.

There has been a lot of questions as to why Council decided to proceed with this direction immediately after being sworn in.

Whatever one's opinion, the City has stated that this was a necessary step to align with most major Canadian municipalities who have already declared emergencies, align with major oil and gas companies that have set the goal of net zero by 2050, send a message to prospective businesses considering Calgary as the place to settle and invest that Calgary is serious about the issue of climate change and most importantly, provide access to federal funding related to climate related initiatives.

While in principle NAIOP understands the City's goal, it has aligned with other industry associations (BILD, BOMA, CCA) and expressed our concerns in writing (see pg 16)

The City has a number of working groups dedicated to climate change initiatives and policies. There is an overall climate panel that looks at all climate related issues. There is another group that looks at climate mitigation and another that looks at climate adaptation.

The City is hiring a further 18 staff to work exclusively on climate initiatives. This will indicate to members how important driving to net zero by 2050 is to the City.

Developers should be prepared to field a number of climate related questions and requests when applying for a D.P.

Encouragingly, private industry and capital are moving into the building retrofit space. A private company called Deep Retrofit Capital recently presented to NAIOP and other industry groups on their initiative to bring significant private investment to commercial building energy retrofits in the Calgary market. This C-PACE market is already well established in the US, but not in Canada.

# LAP's (local area plans)

Next LAP's will be Heritage and Westbrook.

Inglewood was supposed to be included but administration has put it aside for now.

In the queue are Riley and Greater Forest lawn.

At this writing only Northhill (first LAP) has been approved.

# Green Line

NAIOP continues to meet monthly with Darshpreet Bhatti. Darshpreet is the new CEO for the Green Line. He has been very accessible and forthcoming with our Group.

Below is the latest information from our discussions:

- The market dynamics are very different now than when the project was approved.
- There are a host of large transportation projects worldwide.
- Do date there are 5 companies that have shown interest.
- The key to attract the right Co. is the risk equation and whether it works for them.
- At this point the timing is:
  - Q1 2022 RFQ
  - Q3 2022 RFP - to include detailed pricing
  - Close of RFP and awarding the contract Q1 2024
  - Trains on rails 2028-29
- The beltline utility relocation project is on target for Q2 2022.
- The staging and Integration team is doing well with an agreement on the Eau Claire lands/station progressing along.
- The 2nd St station agreement must be in place by the end of Q1 2022. There is no plan B. Discussions cont'.
- No change to the 4th street station
- Centre St station will now be on a different piece of land as financial concerns caused the change.
- The 7th St station is still in flux.
- Supply chain and materials escalation has caused delays but is welcome to stop budget creep.
- Darshpreet says that none of what is occurring is a surprise (latest budget/spend No's presented to Council). He is not concerned and remains optimistic about the project. His real concern is competition for Co's bidding on the RFP. The more the better.

# Established Areas Growth & Change Strategy (EAGCS)

The work on the EAGCS continues with an expected report (recommendation) to Council at the end of the first quarter

There has been limited engagement since the last newsletter.

The working group continues to explore different funding options:

- Bonus Density (developer funded)
- Property Tax uplift (city funded)
- Property Tax allocation (city funded)
- Developer pipes levy (developer funded)
- Redirect capital budget savings (city funded)
- Community amenity contribution (developer funded)
- Grants, Sponsorships & User fees (community funded)

In our meetings with the Mayor and Councillors we advocated for the property tax allocation as the only guaranteed and sustainable funding source.

It should be noted that Council approved \$30M for phase 1 public realm upgrades. The money was allocated to 15 public realm projects across 17 communities. Upgrades include, missing sidewalk and pathways, traffic calming, pedestrian safety, parks and community recreation facilities.

The intent of continued sustainable funding for established areas is to use market trends analysis (Where is development and density occurring and/or other key considerations) to evaluate which of the 180 communities needs public realm upgrades the soonest. The City and the market trends working group are analysing the data and will take recommendations for the next round of communities to the established areas advisory committee. There have been over 100 possible projects identified.

While a number of communities identified will be part of upcoming LAP's, there is no direct correlation to this request for funding. The request encompasses all established areas.

# Thanks!

Contact us:

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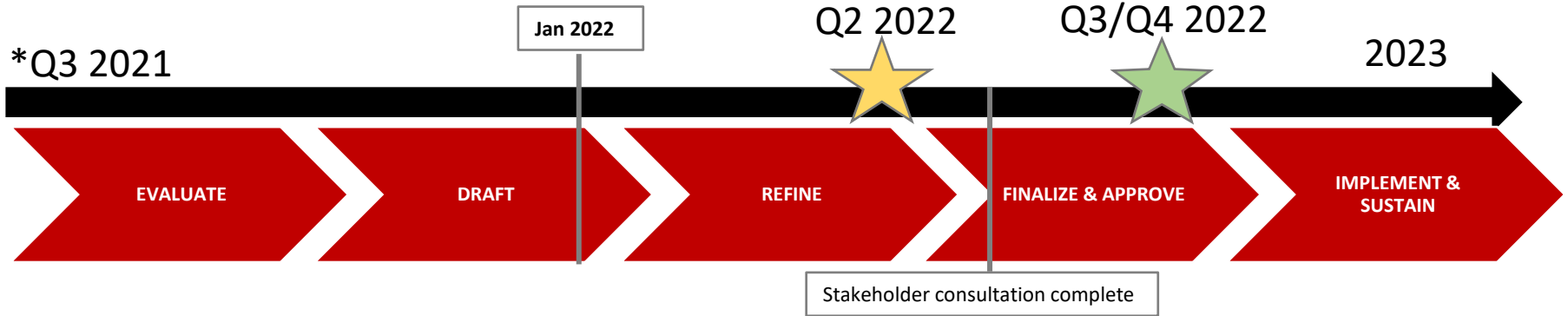
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# Off-site Levy Bylaw Review

Timeline & Milestones  
As of Dec 30, 2021



### January to Mid-February 2022 Consultation Milestones:

- ✓ Off-Site Levy Bylaw Review Portal Page (Broad industry engagement) – First Week of January 2022
  - First surveys to launch – Established Area Local Sized Linear Levy and Water Resources Greenfield
  - Community Services introduction survey to launch in mid January
- ✓ Water Resources Greenfield Working Group – 1 consultation
  - Water and Wastewater Linear Rate Review and Refinement – End of January 2022\*\*
- ✓ Established Area Local Sized Linear Levy Working Group- 1 consultation
  - Residential & Industrial Rate Calculation – Mid-February 2022\*\*
- ✓ Community Services Working Group - 2 consultations
  - Fire & Police Stations (Methodology, Cost & Rate Calculation) – January 20, 2022
  - Recreation Centers & Public Libraries (Methodology, Cost & Rate Calculation) - mid February 2022
- ✓ Transportation Working Group - 1 consultation
  - Introductory session - End of February 2022

### Remaining 2022 Consultation Milestones:

- ✓ Water Resources Greenfield Working Group - 4 consultations from March to May 2022
  - Linear Drainage - 1 consultation (Methodology, Cost & Rate Calculation)
  - Treatment Plants – 2 consultations
  - Transition Considerations & Wrap Up
- ✓ Established Area Local sized levy Working Group - 1 consultation from March to May 2022
  - Wrap Up
- ✓ Community Services Working Group - 2 consultations, March - April 2022
  - Final Review of CS Rate (all infrastructure types)
  - Transition Considerations & Wrap Up
- ✓ Transportation Working Group - 5 to 7 consultations Q1- Q2 2022
  - Methodology, Cost & Rate Calculation
  - Transition Considerations & Wrap Up
- ✓ Large format consultation sessions as required



Strategic Council



Committee/ Council

\* All dates are tentative and subject to change.

\*\* Water Resource BU lead position currently in hiring process which may have impacts on timing





Date: 17-Dec 2021

Claire Beckstead  
Dick Ebersohn

P.O. Box 2100, Station M  
700 Macleod Trail South  
Calgary, AB  
T2P 2M5

**Re: Climate Mitigation**

Dear Claire and Dick,

NAIOP Calgary, BOMA Calgary, Calgary Construction Association & BILD Calgary are sending you this letter to express our concern as it relates to the City of Calgary's climate mitigation model and associated targets.

First and foremost we appreciate being asked to attend the climate mitigation workshops. The workshops are well managed and very informative.

Further, our organizations are supportive of the City of Calgary climate strategy and we recognize the significant role that the built environment will play in this moving forward. The updated strategy will allow administration clear direction for targets and aligns the City with the large energy companies and other Canadian jurisdictions that have already set net zero by 2050 as their goal.

At an industry follow up meeting to yesterday's workshop we all expressed the same concern. The numbers that are falling out of the model are not realistic in the short term and we believe that ensuring Calgarians are onside with the climate mitigation direction is crucial. The numbers must be such that it encourages necessary changes and does not cause Calgarians to dismiss the goals as impossible to achieve. If people feel the very fragile economy and the slow recovery is being jeopardized in favour of climate mitigation goals it will undermine the huge effort that

your team and many stakeholders have made to date. There must be a balance and recognition that people's priorities are currently their jobs, COVID and the economic recovery.

Our industry has an important part to play on the road to net zero by 2050. We are all committed to helping meet this goal. Our industry continues to innovate and we are building new building stock to a very high standard (in many cases beyond regulated requirements) while also investing in energy-reducing retrofits on older properties. Commercial properties are also heavily subscribed to voluntary energy benchmarking programs, both industry and city-led. We do appreciate that the big reductions in GHG will come from retrofitting existing building stock. This includes residential, commercial and industrial.

We are also acutely aware that no one industry or entity can get us to the 2050 target. It requires an approach that includes all levels of government and an engaged private sector as well as the general public. We must be careful not to let our climate targets and the path to net zero to override other economic and social realities.

Sincerely, on behalf of, NAIOP



Guy Huntingford  
Director Strategic Initiatives  
NAIOP Calgary

Sincerely, on behalf of, BOMA



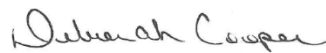
Lloyd Suchet  
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