

Real Estate

Led by: Director of Real Estate & Development Services

Description

Real Estate service negotiates and completes Corporate real estate transactions to maximize the economic and social benefits of The City's real estate portfolio. Surplus real estate no longer required for municipal purposes is sold; property required for capital infrastructure and community service projects is acquired; and the associated administrative, leasing and funding mechanisms that enable these activities are managed. Our service also includes management of the Revolving Fund for General Land Purchases, land policy and standards management, real estate advisory, land asset information management, coordination of strategic land planning, circulations and land transfers.

Value and benefits

Major capital projects such as road widenings, transit, civic facilities, and affordable housing require land at the right time to deliver those services. Professional land management services protect The City's assets and reduce liability. Through strategic land asset management and administration practices, we manage The City's inventory system of over 8,300 parcels to ensure land is available for the best Corporate use and to reduce operating costs. We identify the lands that are surplus to City needs and sell them to private ownership, which helps to sustain the Revolving Fund for General Land Purchases, support further land acquisitions and broaden the property tax base. These transactions would not be possible without the responsible and sustainable corporate-wide land management practices that are provided by our service.

Customers

Calgarians directly benefit from the services as land is a valuable public asset that supports the delivery of public services and infrastructure. Direct customers include internal business units requiring land, public and businesses that buy from or sell land to The City, and customers of encroachment and right-of-way agreements.

What we deliver

We provide professional land management and leasing services, strategic real estate advice, complete property acquisitions, and surplus land sales for the Corporation. Real Estate protects City infrastructure investments, reduce liability by leasing and licensing City properties, and encroachment agreements.

Partners

Law, Finance, Facility Management, and Partnerships (Housing Solutions).

30 Infrastructure Projects Supported

36 Acquisitions

\$25 million Revenue from Surplus Land Sales

\$7.7 million Leasing Revenue

Real Estate

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

Real Estate currently has a portfolio of various key land assets of approximately \$268 million. These City-owned properties are valuable assets that are held to provide long-term and strategic benefits to The City.

What we have heard & what we are watching

What we have heard

Overall, we have received positive feedback from our internal customers via in-person interviews as they are satisfied with the quality of work and service we provide. They feel we are professional and experts in our field. Opportunity for improvement was expressed around project communication and timeliness of transactions. These areas are being reviewed and addressed through the Real Property Bylaw and additional continuous improvement strategies.

What Council has directed

Economic Resilience, Invest in Infrastructure, Financing our Future: Our service continues to provide land management, advisory services that protect The City's assets; managing Corporate Land Strategy; identifying and selling surplus lands to sustain the Revolving Fund for General Land Purchases; broadening the property tax base; acquiring the land needed to deliver all infrastructure investments to support and position Calgary as a resilient city. Building Strong Communities: We aim to maximize the economic and social benefits of The City's real estate portfolio and ensure land is available for Corporate use. Downtown revitalization: We continue working with the Green Line transit and other downtown key projects. Social equity: We support land acquisitions/dispositions to assist affordable housing. Modernizing government: We review and update bylaws, policies and internal processes.

What we are watching

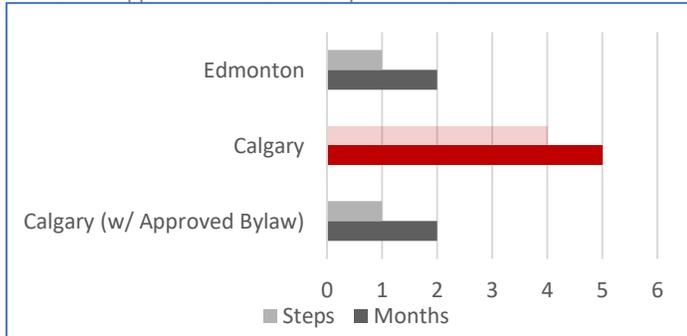
Monitoring market analytics such as, development start and stop times, absorptions of supply and demand in order to determine priorities of inventory release.

5G is a rapid growing technology demand which requires designing ways to streamline process and continue to turn requests for agreements within one-week time. Demand in 2021 for 5G (primarily streetlight poles) was in the range of 3-20 agreements per week. It is anticipated that demand will grow to 100-200 agreements per week in 2022. To address this potential increase in workload, dedicated resources will be assigned accordingly.

We are watching changes in memberships on committees, impact circulation representation, result in land steward changes/updates could impact our circulation processes.

Increasing demand and expectation for interim use of underutilized parcels by Council/Calgarians. With more expectation for these types of activation, current resource capacity will have to be reprioritized to shift daily workloads.

Sales Approval Process for Surplus Land Sold at Market Value



City of Edmonton Real Estate Branch

Comparing our service

Edmonton takes up to 2 months for land sale approval which, depending on value, includes approval by a Director/Manager or Executive Committee. Currently, Calgary's Real Estate service line takes up to 5 months for land sale approval for most surplus property, which includes up to 4 steps and separate approvals. Calgary's Real Estate service line has recently brought forward an amendment to the Real Property Bylaw to allow administration to expediate the land sale approval process. The approved Bylaw will come into effect December 1, 2022.

Measuring performance & where we want to go

For Council Approval

— Actuals ■ Expected Future Performance

Story behind the curve

PM1: Revenue generated from surplus parcels sold (millions of dollars)



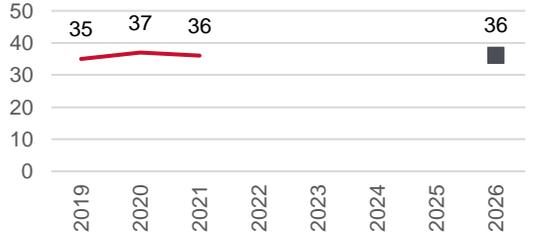
Revenue that is generated from surplus real estate sales is an important measurement of the financial sustainability for the business unit and to the Revolving Fund for General Land Purchases. During the last cycle for 2019-2022, surplus revenues fluctuated as a result of the COVID-19 pandemic. This external factor heavily influenced buyers willingness to purchase properties during uncertain times. The 2026 target is a projection based on available surplus land to be identified for disposition from The City's current land inventory.

PM2: Revenue generated by active leasing agreements (millions of dollars)



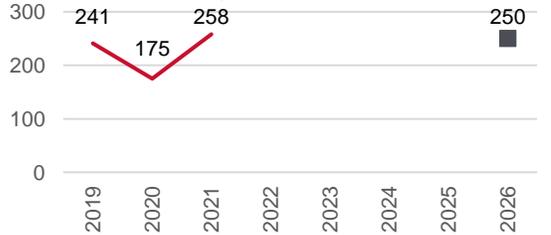
Leasing revenue is another key measurement of the financial sustainability for the business unit and to the Revolving Fund for General Land Purchases. The revenues from these active leases were affected during the last business cycle due to the economic restrictions and impacts of the COVID-19 pandemic. The expected future performance for 2026 is based on an ideal projection of active leases.

PM3: Total number of transactions tied to social contributions



The number of transactions that are supporting social contributions related to non-market housing, not-for-profit, and charitable organizations. The 2026 expected future value is using the average from 2019-2021 totals.

PM4: Total number of real estate transactions (includes sales, acquisitions, leases, licenses, utility right of way, easement, restricted covenant, option to repurchase, or any other real estate transactions)



This new performance measurement captures all the total number of various types of transactional work that Real Estate is involved in. It is a representation of the ongoing enabling work that is completed to support the Corporation and Calgarians. The 2026 expected future performance is an indication of the amount of annual demand for transactions associated with the Real Estate service line. At this time, there will be ongoing activities to clarify an additional meaningful measure for the near future.

What we plan to do

Result for 2023-2026

Real Estate will continue to acquire property for approved capital infrastructure and community service projects. These acquisitions will be coordinated with project timelines, land requirements, and budgets. Selling surplus property, no longer required for municipal use, will also continue to be a main focus. These sales will either fund future land purchases or advance affordable housing and non-profit projects. A third focus is the ongoing leasing of property, as an interim measure, until it is required for City projects.

How we are going to get there

Provide efficient and effective land administration through polices and business practices. This includes managing corporate land inventory, encroachments, land titles, land support and general utility right-of-way agreements, while continually improving standards and bylaws to reflect changes within the Corporation.

Increasing the value and benefit that Calgarians receive from The City's land inventory. This will be achieved through reduction in maintenance costs, disposition of surplus properties, as well as activating and creating interim uses for underutilized parcels for social/environmental return and increased general revenue and tax opportunities.

Generates revenue that contributes to the Revolving Fund for General Land Purchases, which funds future acquisition budgets and activate properties within communities. Properties are held for future use to ensure amenities that The City would provide (food vendors at sporting facilities) are available to communities by leasing Corporate real estate to the public.

Property management of corporate real estate holdings held for future municipal infrastructure.

Streamline business processes to improve efficiency and speed of transactions. Improve the clarity of lease and license agreements and related information for Corporate approvals. Continuously improve risk management, audit trails and repeatability of lease and license transactions through Corporate lease and license standardization.

Strengthen The City's reputation through enhanced people and culture initiatives, compliance in safety, reporting, and enhanced governance. Drive the business forward by modernizing policies, processes, technology, and strategies to keep ahead of shifting demands with innovative marketing techniques, market analytics and data driven metrics.

Acquire real estate to deliver capital infrastructure and community service projects, including streamlining intake of files from Planning & Development Services.

Enable redevelopment and increase the tax base while supporting Calgary's growth and revitalization by marketing and selling City-owned surplus lands.

Increase the amount of below market housing in Calgary by partnering with Housing Solutions to support the continued implementation of the Non-Market Housing Land Disposition Policy.

Supporting internal clients for Corporate projects by providing real estate expertise such as, land acquisition strategy for capital projects, expropriation, and valuation.

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	2,836		2,836		2,836		2,836	
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		-		-		-		-
Revenue Changes	19,869	-	2,400	-	2,000	-	3,000	-
Internal Recoveries Changes	(3,078)	-	60	-	60	-	90	-
Inflation	112	-	184	-	204	-	187	-
Operating Impact of Previously Approved Capital	-	-	-	-	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	(18,372)	-	(2,664)	-	(2,264)	-	(3,277)	-
Service Increases	1,469	-	-	-	-	-	-	-
Total net budget	2,836	-	2,836	-	2,836	-	2,836	-

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total									
Expenditures	68,890	52,099	-	52,099	49,639	-	49,639	47,579	-	47,579	44,489	-	44,489
Recoveries	(4,984)	(8,062)	-	(8,062)	(8,002)	-	(8,002)	(7,942)	-	(7,942)	(7,852)	-	(7,852)
Revenue	(61,071)	(41,802)	-	(41,802)	(38,802)	-	(38,802)	(36,802)	-	(36,802)	(33,802)	-	(33,802)
Net	2,836	2,836	-	2,836	2,836	-	2,836	2,836	-	2,836	2,836	-	2,836

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)							
480856	Enhanced Rationalization	325	1,300	1,300	1,300	-	4,225
Program(s)							
402065	Demo & Abatements	-	350	-	-	-	350
403350	Business Processes	-	250	-	-	-	250
402070	Land Inventory	-	-	100	-	-	100
403000	Gen Land Improvements	-	250	250	250	-	750
403300	Gen Land Sale Servicing	-	-	-	300	-	300
Projects(s)							
403781	Tech Advancement	1,000	500	250	250	-	2,000
Sub-Total (New Budget Requests)		1,325	2,650	1,900	2,100	-	7,975
Previously Approved Budget Remaining		18,975	-	-	-	-	18,975
Total Capital Investment		20,300	2,650	1,900	2,100	-	26,950

Explanation of capital budget requests

Annual Investment Program(s)

Activity 480856: Enhanced Rationalization

Rationalization and preparation of land inventory for sale for service sustainability, increased non-residential tax contribution, reduction of costs. Identifying surplus properties available for sale. The costs to maintain these properties will be reduced once sold.

Funding From: Capital Reserves (\$4,225 thousand)

Contributing Services: None

Operating Impact: None

Program(s)

Activity 402065: Demo & Abatements

Assets held for municipal infrastructure that require demolition or abatement as the portfolio deteriorates or is required for capital projects, etc. Required should The City need to demolish or abate the portfolio of properties.

Funding From: Capital Reserves (\$350 thousand)

Contributing Services: None

Operating Impact: None

Activity 403350: Business Processes

Modernizing leasing and property management systems, processes, and other core function that supports the delivery of services to the Corporation. The new operating system will take time to be fully integrated. Ideal state would be to have every component working efficiently and effectively.

Funding From: Capital Reserves (\$250 thousand)

Contributing Services: None

Operating Impact: None

Activity 402070: Land Inventory

Land Inventory and Data Application (LInDA) upgrades and circulation programs. This is the system for City-owned land inventory management system. Required as this is the land inventory management system for City owned land.

Funding From: Capital Reserves (\$100 thousand)

Contributing Services: None

Operating Impact: None

Activity 403000: Gen Land Improvements

Value added component of general land sales investment prior to sales process that helps increase revenue opportunities. Value added work on surplus land sites to maximize returns to The City.

Funding From: Capital Reserves (\$750 thousand)

Contributing Services: None

Operating Impact: None

Activity 403300: Gen Land Sale Servicing

Used for consultants for appraisals, surveys, road closure, subdivision, or other costs to prepare property for sale, and to close on transactions. Required to prepare property for sale.

Funding From: Capital Reserves (\$300 thousand)

Contributing Services: None

Operating Impact: None

Projects(s)

Activity 403781: Tech Advancement

Customer Relationship Management (CRM) system implementation for Marketing, Land Titles, Encroachment, and related business processes. Outdated technology that impacts daily work. Ideal state would be to modernize the technology/processes and decommission dated systems.

Funding From: Capital Reserves (\$2,000 thousand)

Contributing Services: None

Operating Impact: None
