

Real Estate

Led by: Director of Real Estate & Development Services

Service 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.

Service Updates

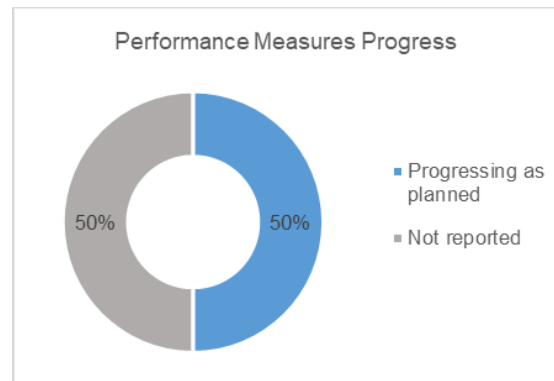
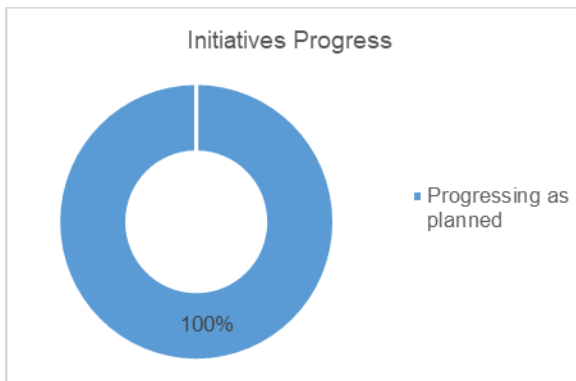
Key service results

Significant progress was made on the following projects:

- Land at five locations was made available for sale to eligible non-profit housing providers through the fourth non-market land sale in support of The City's Non-Market Housing Land Disposition Policy. These sites will provide an estimated 276 new homes to Calgarians to increase The City's affordable housing inventory.
- All land required to begin main construction on the Green Line has been acquired. Further remaining land requirements may still be identified through the development phase.
- The Land System Realignment Program (LSRP) completed Phase 1 – Plan, including development of a formal corporate charter and program documentation. This project is on schedule and on budget.

Demand to support City-wide initiatives has risen, requiring additional staff to accommodate the volume of work. This has resulted in reprioritization and timeline adjustments for less time-sensitive work. With the high priority placed on non-market sales and leasing opportunities to alleviate the housing crisis, and a number of requests to access the Revolving Fund Reserve, the overall sustainability of the service line may be compromised.

Progress summary



Risk(s) impacting the progress

Resource capacity risks due to increasing demands for real estate services

Risk of declining revenues required to sustain the Revolving Fund Reserve, compromising The City's ability to purchase land to support future capital projects



Measuring Our Performance

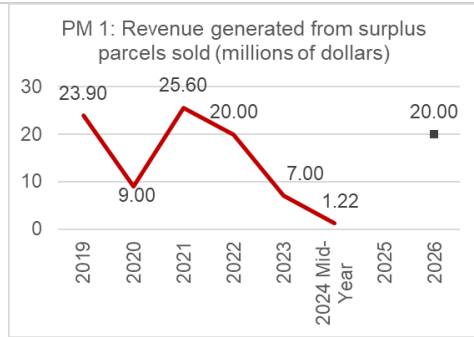
Legend

- Actuals
- Expected Future Performance
- ➔ Progressing as planned
- ⊖ Not progressing as planned

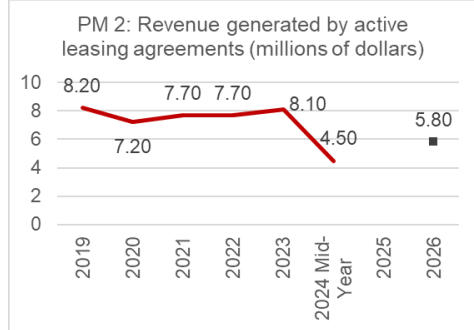
Performance Measures

Story behind the numbers

Status



There was approximately \$1.22 million in revenue generated from surplus parcel land sales in the first six months of 2024. The ongoing priority placed on making City-owned land available for affordable housing requires parcels to be sold for below market value, which otherwise would have contributed to additional revenues to the Revolving Fund Reserve. Additionally, the focus in the first half of 2024 has been the launch of the first phase of Constellation Industrial Park and Midfield Heights (both supporting the Land Development & Sales service line), Franklin Station, and the launch of the fourth Non-Market Land Sale.



Active leasing agreements generated just over \$4.5 million in revenue in the first half of 2024 alone. The leasing team continues to focus on renewals and ensuring a fully leased portfolio, including placing increased priority for non-market leases to affordable housing providers and nominal lease offerings to civic and non-profit partners.



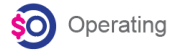













Progress on Service Delivery












PROGRESS STATUS



FUNDING TYPE



Initiative 1		Impact Area: City-wide	Funding Type:  
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.			
UPDATE 	Land Administration is on track with the development of a Customer Relations Management (CRM) software system for Encroachments to manage customer interactions and data. The Land Inventory and Data Application (LInDA) usability upgrades that were implemented in 2023 continue to enhance the service's ability to respond to land inventory inquiries and map requests in a timely manner, with 164 full circulations and over 275 map requests completed to date in 2024. No additional upgrades to the application were required in the first half of 2024.		
Initiative 2		Impact Area: City-wide	Funding Type: 
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.			
UPDATE 	Real Estate has been contributing to multiple housing priorities, including: the identification and delivery of surplus properties for disposition under the upcoming fifth and sixth Non-Market Land Dispositions, the delivery of two City-owned sites to be leased for transitional family housing, the identification of one City-owned site for high complexity housing, and the feasibility review of potential acquisitions for future non-market housing.		
Initiative 3		Impact Area: City-wide	Funding Type: 
Generates revenue that contributes to the Real Estate Revolving Fund Reserve, 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.			
UPDATE 	With the integration of lease management software with Peoplesoft, the credit and collections team are now involved in collecting outstanding rents. All tenants with arrangements for rental arrears are now up to date. In addition, approximately \$500,000 in further costs were recovered from certain key tenants in the first half of 2024. The team continues to ensure vacant units are in leasable condition and rented within market rates. Six units were returned from Calgary Housing which have now all been renovated and rented.		
Initiative 4		Impact Area: City-wide	Funding Type:  
Property management of corporate real estate holdings held for future municipal infrastructure.			
UPDATE 	An RFP is underway for the building condition assessment for residential properties. Building condition assessments for commercial properties are complete, with consultant reporting forthcoming. Progress continues on an RFP for maintenance including snow removal, landscaping and general maintenance services. An RFP was awarded in Q2 2024; the service provider will be carrying out proactive planned maintenance on HVAC systems and service calls. Leasing has prepared a list of approved vendors for basic repairs to enable quick service for carpet cleaning, painting, flooring installations, etc.		
Initiative 5		Impact Area: City-wide	Funding Type: 

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.		
UPDATE 	The Yardi lease management software integration with Peoplesoft went live in 2024 Q1. All tenants were notified of a new process for rent payment and arrears collection. Also, an agreement template for third-party signage is complete. Review of the leasing intake process with intention to automate the intake process and integrate it into the current Customer Relations Management (CRM) system is ongoing to create a one stop shop from a prospective tenant's initial lease inquiry to lease completion. Further business process review and automation were initiated.	
Initiative 6	Impact Area: City-wide	Funding Type:  
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.		
UPDATE 	Several Equity, Diversity, Inclusion and Belonging (EDIB) events were implemented to promote and emphasize the advantages of cultural diversity in the workplace. Development of the Customer Relationship Management (CRM) system to facilitate a centralized business process flow for the Encroachments group has progressed as planned over the first six months of 2024. In addition, event planning and communications for the sales launch of both Constellation Industrial Park and the Midfield Heights development site has been streamlined and automated.	
Initiative 7	Impact Area: City-wide	Funding Type: 
Acquire real estate to deliver capital infrastructure and community service projects, including streamlining intake of files from Planning & Development Services.		
UPDATE 	Real Estate continues to support infrastructure and community service projects which includes acquiring properties related to the construction of the 6 ST SE underpass, various Fire Hall sites and transit stations. While a focus on housing has been a priority for Real Estate for 2024, other projects are still proceeding as planned, including the expansion of Bonnybrook Wastewater Treatment Plant to support population growth, continuous 5A Network improvements, and responding to on-going initiatives as brought forward by Council.	
Initiative 8	Impact Area: City-wide	Funding Type: 
Enable redevelopment and increase the tax base while supporting Calgary's growth and revitalization by marketing and selling City-owned surplus lands.		
UPDATE 	The Real Estate Sales team successfully negotiated the sale of 3420 Sarcee Road SW, a portion of the Richmond Green Park which is expected to close in 2024 Q3. Additionally, work is underway with the Sales team on several remnant land transactions which are anticipated to close later in 2024. These sales will enable redevelopment on surplus land and increase The City's tax base.	
Initiative 9	Impact Area: Ward 3, Ward 4, Ward 9, Ward 13	Funding Type: 
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.		
UPDATE 	Over the first half of 2024, Real Estate has evaluated the viability of four parcels for potential future sales in 2025. These parcels are projected to yield approximately 160 housing units. Additionally, the service is exploring the possibility of incorporating an additional parcel into the Non-Market Land Sale Program, pending further approval.	
Initiative 10	Impact Area: City-wide	Funding Type: 
Supporting internal clients for Corporate projects by providing real estate expertise such as, land acquisition strategy for capital projects, expropriation, and valuation.		
UPDATE	Real Estate continues to support the Event Centre project by acquiring land and obtaining necessary land agreements and licenses for the project, which will continue throughout 2024-25. Negotiations to settle 17 Ave SE Bus Rapid Transit	

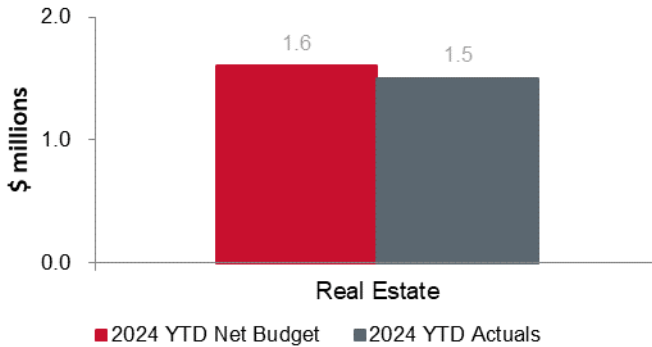


expropriation claims are ongoing. Real Estate and Law have settled the 194 Ave/210 Ave SE Interchange project expropriation claims, which files are now in the process of being closed. Green Line has also acquired all the land needed for the start of main construction. Further land requirements may still be identified through the development phase.



Service Updates on Financial Performance

**Net Operating Budget and Actuals
as of June 30, 2024**



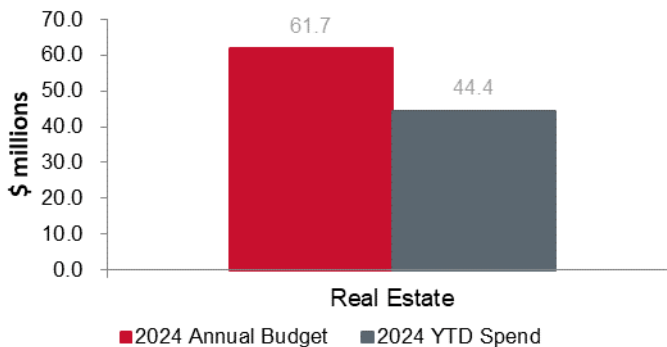
Operating Budget Updates - 2024 YTD net operating budget vs actuals:

Real Estate has a favorable operating variance of approximately \$0.1 million (approximately 6 per cent of the allocated operating budget amount). This minor variance is due to the difference between the allocated budgeted amounts and timing of the actual costs.

Active lease agreements in the first six months of 2024 have generated \$4.5 million in revenue. While the leasing team continues to ensure a fully leased portfolio, there is increased priority on non-market leases and nominal lease offerings to civic and non-profit partners in support of City initiatives. Additionally, the continued reduction in suitable properties available due to the success of the general land sales program and non-market land sale program has resulted in decreased lease revenue, which otherwise would have further contributed to the Revolving Fund Reserve.

Throughout the first half of 2024, surplus land sales generated approximately \$1.2 million in revenue. Both surplus land sales and active lease revenues significantly influence the Revolving Fund Reserve's overall sustainability for general land purchases. The increased emphasis on making City-owned land available for affordable housing requires property to be offered at below market value, which revenues otherwise would have contributed to the Revolving Fund Reserve.

**Capital Budget and Spend as of June 30,
2024**



Capital Budget Updates - 2024 total capital budget vs 2024 YTD spend:

Real Estate has spent 72.1 per cent of its 2024 approved capital budget. So far in 2024, capital expenditures have been used to repurchase the Westbrook lands in support of future developments. Real Estate has also provided acquisition support services by ensuring the required land agreements are in place for several other projects, including the Green Line, 6 ST SE underpass construction, the Bonnybrook Wastewater Treatment Plant expansion, continuous 5A Network improvements, and various fire hall sites and transit station projects. Real Estate also continues to support the Event Centre project by acquiring land and obtaining necessary agreements and licenses for the development, which will continue throughout 2024-25.

In addition, capital expenditures have funded the development of the Customer Relations Management (CRM) software system which has enabled a centralized business process for encroachments, streamlining customer interactions and data. Further capital investment relating to the automation of The City's leasing intake process and its integration into the CRM system are in progress. Additionally, capital funds have supported the completion of Phase 1 of the Land System Realignment Program (LSRP), with the development of a formal corporate charter and program documentation in the first six months of 2024. Once implemented, the LSRP will enable a centralized land and asset model within RE&DS that will enable a portfolio analysis approach to land and asset decisions and ultimately deliver on corporate and community outcomes, including increased revenue streams for the Revolving Fund.

Real Estate is projected to meet the approved capital budget amount in 2024.