Agenda – Council – November 23, 2023

Report – Standing Policy Committee on Property and Development – November 2, 2023

Item No. 1 2024 Review of the Development Agreement Parameters Land Value

STANDING COMMITTEE RECOMMENDATION:

On November 14, 2023, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That the 2024 Land Value for the Development Agreement Parameters be approved at the following rates:

    A. $ 75,000 per acre for Employment Lands

    B. $ 43,000 per acre for Rural Agricultural

    C. $ 165,000 per acre for 'All Others'

    D. $ 7,500 minimum cash-in-lieu fee for applications less than 20,000 square feet

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Council – November 23, 2023

Report – Standing Policy Committee on Property and Development – November 2, 2023

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 14, 2023, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On November 2, 2023, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: 2024 Review of the Development Agreement Parameters Land Value

Critical Path: Standing Policy Committee on Property and Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	H. Borys	N/A	M. Jack

EXECUTIVE SUMMARY

On May 30, 2023, Council adopted the Development Agreement Parameters ("New Parameters") – which updated and revised the 2002 Development Agreement Parameters ("Old Parameters"). The New Parameters, similar to the Old Parameters, include a provision for developer reimbursement when land is acquired by the City for regional infrastructure. The Land Value paid to the developer is defined as '…determined by the City annually based upon the appraised market value of raw acreage that has imminent development potential'.

The Land Value will also be utilized in the calculation of cash-in-lieu of land dedication ("cash-in-lieu"). As a result, the cost to acquire land for various City purposes or the compensation received for dedication purposes will be consistent.

An internal appraisal was completed which estimated the Land Value based on the different land uses within OurWinnipeg 2045 designations – Employment, Rural Agricultural, and 'All Others' (e.g. Recent Community Mature Community, Major Redevelopment Site, etc.). The Public Service recommends that the 2024 Land Value be as follows:

- $ 75,000 per acre for Employment Lands (previously known as "Industrial");
- $ 43,000 per acre for Rural Agricultural (new in 2023);
- $165,000 per acre for 'All Others' (previously known as "Non-Industrial").

For the purposes of calculation cash-in-lieu, a minimum rate of $7,500 will be applicable to all applications less than 20,000 square feet in size.

The Rural Agricultural and minimum rates are new for 2024, while the Employment Lands and 'All Others' rates are an evolution of the prior Land Value. The proposed Employment Lands rate for 2024 is unchanged from 2023 while the proposed 'All Others' rate increased from the 2023 value of $150,000 per acre.

The Urban Development Institute (UDI) was advised of the proposed rates and their implication with respect to cash-in-lieu dedication. Cash-in-lieu dedication is a legislative obligation for the City to collect, including on affordable housing developments, where land dedication has not been satisfied.

RECOMMENDATIONS

1. That the 2024 Land Value for the Development Agreement Parameters be approved at the following rates:

    A. $ 75,000 per acre for Employment Lands
    B. $ 43,000 per acre for Rural Agricultural
    C. $ 165,000 per acre for 'All Others'
    D. $ 7,500 minimum cash-in-lieu fee for applications less than 20,000 square feet

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Pursuant to the Land Value definition within the Development Agreement Parameters adopted by Council on May 30, 2023, the value of raw land which has imminent development potential is to be appraised annually by the City of Winnipeg.

IMPLICATIONS OF THE RECOMMENDATIONS

The City's cost to acquire land through development applications (e.g. DASZ, DAS, etc.) for regional infrastructure will increase from the previous year within the 'All Others' category.

If the recommendations are approved, the process by which cash-in-lieu dedication is collected will be consistent and transparent. The cost at which the City acquires land, will be equal to the payment the City receives for dedication.

HISTORY/DISCUSSION

During the process to develop the 2023 Development Agreement Parameters ("New Parameters"), the definition of Land Value and its intended use were reviewed/discussed and the intended use is mostly unchanged from the Old Parameters. The most meaningful change is that Land Value will also be utilized in the calculation of cash-in-lieu dedication.

Section 11.6 (Developer to provide cash-in-lieu of parkland dedication) of the Development Agreement Parameters policy states "The methodology used to calculate the Planned Area value, and the Land Value itself, shall be publicly available, and the Land Values shall be updated annually and approved by Council."

The rationale for applying the Land Value to both acquisitions and collections is an effort to draw a connection between related values. If the City needs to pay $165,000 per acre to acquire land

for a regional right-of-way, the City should also collect an equivalent amount when cash-in-lieu is paid. The Land Value becomes a transparent figure to all parties involved.

The proposed Land Value is consistent with past years, wherein the Employment Lands rate (previously known as Industrial) shows modest to no growth, while the ‘All Others’ rate (previously known as non-Industrial) continues to climb. The proposed ‘All Others’ rate for 2024 is recommended to be $165,000 per acre which is a $15,000 per acre increase from 2023.

The proposed Rural Agricultural rate is new for 2024 and falls below the other two rates at $43,000 per acre. A minimum rate of $7,500 is proposed for cash-in-lieu dedication where the applications are less than 20,000 square feet, as land value tends to flatten at smaller sizes (i.e. a lot is a lot).

The City has an obligation to collect dedication (land or cash-in-lieu) as per the City of Winnipeg Charter, unless satisfied through a prior development application. The City does not have the authority to waive dedication requirements but does have the authority to grant back cash-in-lieu dedication if appropriate.

The changes proposed to the cash-in-lieu methodology were previously discussed with the Urban Development Institute (UDI), and the UDI was notified of the proposed Land Value rates for 2024.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 6, 2023

Project Name:

2024 Review of the Development Agreement Parameters Land Value

COMMENTS:

There are no direct financial implications associated with the recommendations contained in this report.

9/6/23 C. Turman, for

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

N/A

OURWINNIPEG POLICY ALIGNMENT

Within Complete Communities 2.0:

B2. Financing Growth - VISION
The City will integrate land use and infrastructure planning with capital budgeting to achieve long term financial sustainability.

Goal 3

3.0 Ensure growth is fiscally sustainable.

Development Agreement Parameters

3.2 Establish guidelines in the form of Development Agreement Parameters to outline the fair and equitable sharing of costs for servicing, subdivision, and development of land.

3.2.1 Address infrastructure and servicing elements that fall outside the limits of a proposed subdivision or development proposal that are triggered by the proposed development.

3.2.2 Outline the conditions to be included in development agreements.

3.2.3 (A) Update and amend the Development Agreement Parameters in collaboration with the development industry stakeholders.

3.2.4 Base updates to the Development Agreement Parameters on the principles identified in Goal 1.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Planning, Property & Development
Division: Real Estate and Land Development
Prepared by: Gord Chappell, Real Estate Administrator
Date: September 15, 2023
File No: 5000/26 - B V4