Agenda – Executive Policy Committee – November 13, 2024

Report – Standing Policy Committee on Property and Development – November 8, 2024

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Item No. 3 2025 Review of the Development Agreement Parameters Land Value

STANDING COMMITTEE RECOMMENDATION:

On November 8, 2024, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the 2025 Land Value for the Development Agreement Parameters be approved at the following rates:

    A. $82,500 per acre for Employment Lands

    B. $45,000 per acre for Rural Agricultural

    C. $177,000 per acre for 'All Others'

    D. $7,875 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 – Executive Policy Committee – November 13, 2024

Report – Standing Policy Committee on Property and Development – November 8, 2024

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 8, 2024, 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: 2025 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	J. Veitch (Acting)	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

On May 30, 2023, Council adopted the Development Agreement Parameters (the "Parameters"). The 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 is also utilized in the calculation of cash-in-lieu of land dedication. As a result, the cost to acquire land for various City purposes or the compensation received for dedication purposes will be consistent.

An internal report was completed which estimated the Land Value based on the different land uses within OurWinnipeg 2045 designations – Employment Lands, Rural Agricultural, and 'All Others' (e.g. Recent Community, Mature Community, Major Redevelopment Site, etc.). The Public Service recommends that the 2025 Land Value be as follows:

- $ 82,500 per acre for Employment Lands;
- $ 45,000 per acre for Rural Agricultural;
- $177,000 per acre for 'All Others'.

For the purposes of calculating cash-in-lieu of land dedication, a minimum rate of $7,875 will be applicable to all applications less than 20,000 square feet in size.

Land Value rates have increased since 2024. Employment Lands are up from $75,000/acre to $82,500/acre. Rural Agricultural rates have increased from $43,000/acre to $45,000/acre and finally "All Others" has increased from $165,000/acre to $177,000/acre.

The Urban Development Institute ("UDI") was advised of the proposed rates and their implication with respect to cash-in-lieu of land dedication.

RECOMMENDATIONS

1. That the 2025 Land Value for the Development Agreement Parameters be approved at the following rates:
    - $82,500 per acre for Employment Lands
    - $45,000 per acre for Rural Agricultural
    - $177,000 per acre for 'All Others'
    - $7,875 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.

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

On May 30, 2023, Council adopted the Development Agreement Parameters. The Parameters require an annual update of the Land Value, which is used for developer reimbursement and the calculation of cash-in-lieu of land dedication.

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 $177,000 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 Values have all increased for 2025. The Employment Lands rate is recommended to be $82,500 per acre which is an increase of $7,500 per acre over 2024. The proposed 'All Others' rate for 2025 is recommended to be $177,000 per acre which is a $12,000 per acre increase from 2024.

The proposed Rural Agricultural rate shows an increase of $2,000 per acre to $45,000/acre, up from $43,000 per acre in 2024. The minimum cash-in-lieu rate of $7,875 was increased by the rate of inflation for 2025, representing an increase of $375.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 9, 2024

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.

Mike McGinn Sep. 9, 2024

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with: N/A

OURWINNIPEG POLICY ALIGNMENT

Within Complete Communities 2.0:

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 any of the Strategic Opportunities and Key Directions in the Climate Action Plan and it was determined that the Plan is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given to whether this report aligns with any specific Goals and Objectives of the Poverty Reduction Strategy (PRS) and the related 2021-2023 Implementation Plan. It was determined that the Strategy does not apply to this report.

SUBMITTED BY

Department: Planning, Property & Development
Division: Real Estate and Land Development
Prepared by: Marlene Haderer, Supervisor of Property Management and Appraisals
Date: September 16, 2024
File No: 5000/26 - B V4