

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

Real Estate facilitated the corporate approvals required for execution of the agreements needed to support construction of the new Event Centre, which includes a community rink, and public plazas. This milestone provides the green light for the project to move forward with design and construction. Corporate approvals are also in place to support construction of the 6 ST SE underpass, which will further contribute to develop Calgary's emerging Culture + Entertainment District.

In 2023, Real Estate responded to the Council approved Home Is Here: The City of Calgary's Housing Strategy (2024-2030), by identifying two City-owned sites suitable to provide land for transitional family housing. These two sites are estimated to provide 110 new homes that will house up to 350 individuals.

Non-profit affordable housing providers were awarded three parcels of City-owned land in the communities of Bowness, Erlton, and Parkdale which will create an estimated 140 new homes. Five additional parcels were approved by Council for disposition to non-market affordable housing providers. Combined, these contributions will provide more affordable housing opportunities for Calgarians.

Service Challenges

There is increasing demand to support emerging City-wide initiatives that requires additional staff to accommodate the high volume of work. This has resulted in a need to reprioritize files and adjust timelines for work that is less time sensitive.

Trends & Potential Uncertainties

The priority placed on supporting non-market land sales along with a growing number of requests from business units to access the Revolving Fund Reserve for capital projects is challenging the overall sustainability of the Service Line.

Real Estate will continue to respond and support key actions of the Home is Here – Housing Strategy that will help increase the supply of housing options in Calgary, which may require the disposition, lease, and acquisition of properties.

In 2023, the Executive Leadership Team approved a new vision for a centralized City-owned land management system to be achieved through the land system realignment program. This new direction of portfolio management will require a corporate transformational change resulting in a realignment of process, people, inventory



Measuring Our Performance

Legend

— Actuals

■ Expected Future Performance

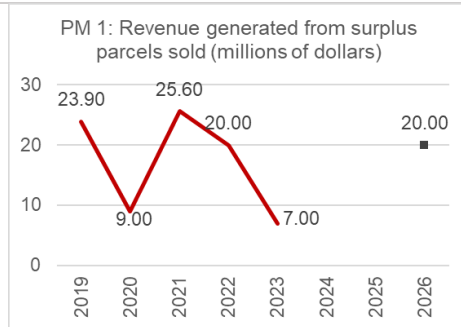
➔ Progressing as planned

⊖ Not progressing as planned

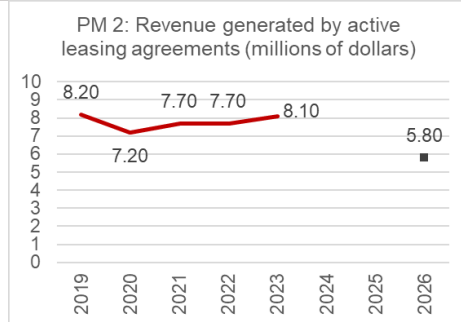
Performance Measures

Story behind the numbers

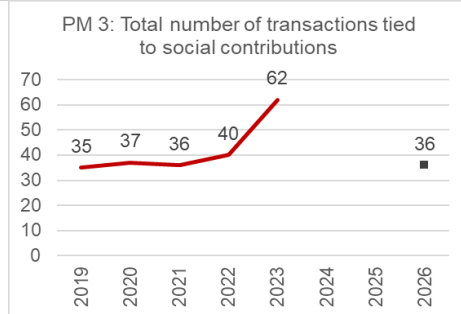
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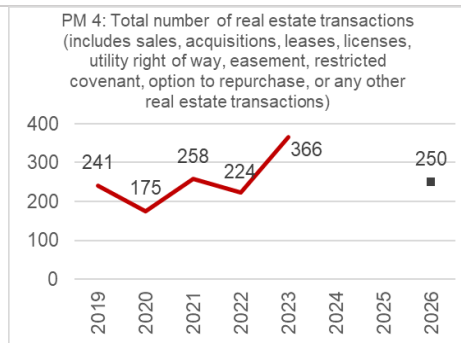
There was \$7M in revenue generated from surplus parcels land sales in 2023, which is trending downwards from previous years. Recently, there has been an increasing priority placed on making City-owned land available for affordable housing. Attractive development parcels are transacting below market value, leaving less desirable lots remaining in inventory. In 2023, there were three sites identified for non-market land sale that would have otherwise contributed \$7.3M in surplus revenue to the Revolving Fund Reserve, if sold at market value.



Active leasing agreements generated just over \$8.1M in revenue. This is an increase from the revenues achieved in 2022 and highlights that the performance measure is exceeding the targeted expectation for 2026. The team continues to focus on renewals and ensuring a fully leased portfolio.

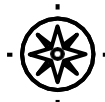


A total of 62 transactions were tied to social contributions for 2023 compared to last year's total of 40 transactions. This reflects the focus and priority placed on affordable housing, not-for-profit, community events, charities, and other social initiatives.



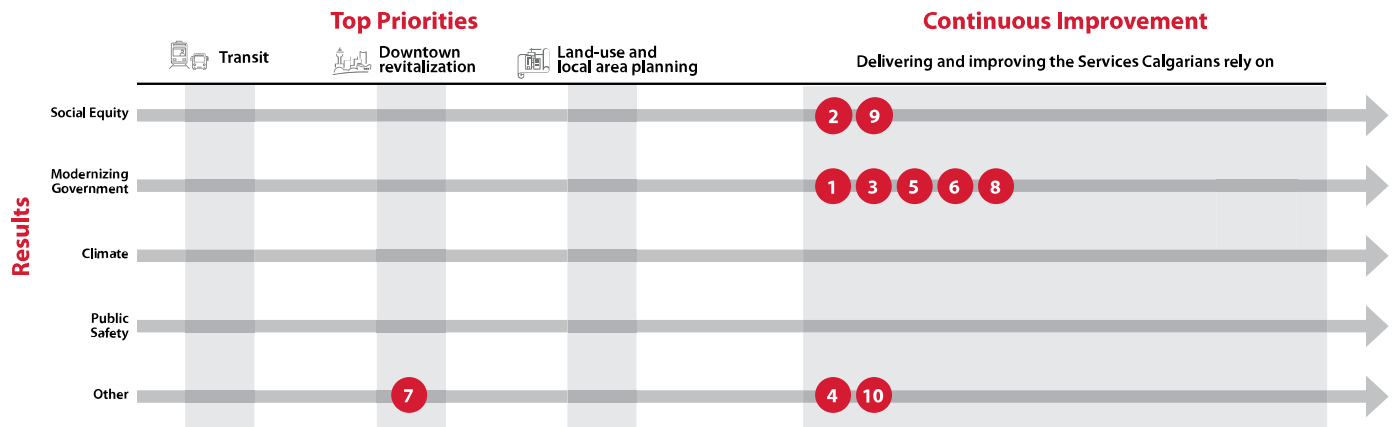
Real Estate recorded a total of 366 real estate transactions in 2023 (compared to a historical average of 224), representing a significant volume of work stemming from major projects such as Green Line and the Event Centre.











Progress on Service Delivery

Alignment with Council Refined Priorities and Result Areas



- Legend**
- Completed
 - Progressing as planned
 - Not progressing as planned
 - Not started
 - Initiative number

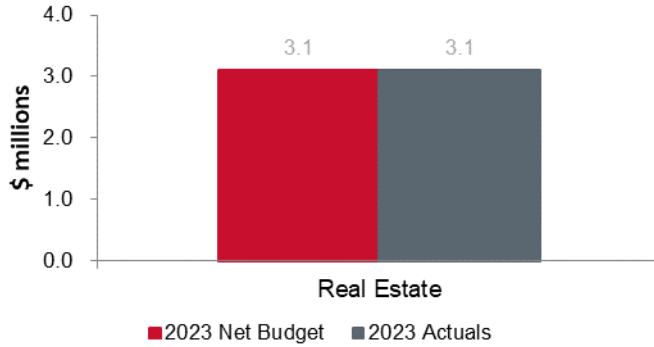
Initiative	Initiative Update	Status
1 Provide efficient and effective land administration through polices and business practices. This includes managing corporate land inventory, encroachments, land titles, land support and general utility right-of-way agreements, while continually improving standards and bylaws to reflect changes within the Corporation.	<p>The new Customer Relationship Management (CRM) technology for Land Titles Services successfully launched late 2023. Work is underway to develop CRM for Encroachments, with a launch date expected in 2024.</p> <p>Improved functionality and usability upgrades were implemented to the Land Inventory and Data Application. These efficiencies were identified through continuous improvement exercises and partnership feedback systems. With these upgrades in place, Real Estate was able to respond to over 1,000 land inventory inquiries including over 550 map requests and 350 circulations.</p>	
2 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.	Real Estate has identified surplus properties for disposition and additional properties proposed for alternate use, including potential future housing prospects. In 2023, 7 transactions (10 properties) were disposed, which resulted in maintenance savings of ~\$400K and an annual tax uplift of ~\$24K. The team enabled the marketing of a Non-Market Land Sale, that will contribute ~\$70K to enhance park amenities upon disposition. Additionally, the team has been supporting the delivery of two City-owned sites to be leased for transitional family housing.	
3 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.	<p>Real Estate has prioritized working with tenants to negotiate arrangements for the recovery of outstanding deferred rent resulting in formalized rent repayment agreements on several major accounts with arrears; these accounts have not defaulted on their repayment plan.</p> <p>The team was able to minimize turnaround time needed to get vacant residential units on the market and was successful in achieving market or close to market rents in most instances.</p>	
4 Property management of corporate real estate holdings held for future municipal infrastructure.	Real Estate is constantly seeking opportunities to improve processes such as issuing RFPs/RFQs to achieve competitive pricing for the provision of building and maintenance services to our portfolio. Currently the team is working on undertaking a building condition assessment for our portfolio to further support refining our capital plan to enhance a buildings potential in hopes to extend their useful life.	

Initiative	Initiative Update	Status
5 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.	The lease management software (Yardi) integration with PeopleSoft will go live in 2024. It will centralize billing, account receivables, collection process, and allow staffing resources to be allocated to other tasks. It will also include a dashboard for internal groups to view lease data specific to their business unit. Standardization of lease terms and conditions is underway to addresses various lease types and templates for agreements such as a License of Occupation. Draft copies of agreements for murals and decorative lighting over bridges and 3rd party signs are currently being reviewed	
6 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.	Real Estate helped facilitate the implementation and launch of the new Customer Relationship Management system for the Land Titles team, which helped to modernize business processes, automate workflows, dashboard capabilities, and provided support for training. The team has also managed and maintained over 360 real estate transactions, distributed monthly physical and psychological safety topics and participated in ongoing policy review to optimize process.	
7 Acquire real estate to deliver capital infrastructure and community service projects, including streamlining intake of files from Planning & Development Services.	Real Estate continues to support infrastructure and community service projects which includes acquiring properties related to the construction of the 6 ST SE underpass. Other projects are still proceeding such as, 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.	
8 Enable redevelopment and increase the tax base while supporting Calgary's growth and revitalization by marketing and selling City-owned surplus lands.	Real Estate has negotiated the disposition of eight City-owned surplus properties along 36th Street SE, providing opportunity for redevelopment to help increase housing availability for Calgarians.	
9 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.	Non-profit affordable housing providers were awarded three parcels of City-owned land in the communities of Bowness, Erlton, and Parkdale which will create an estimated 140 new homes for Calgarians. There has been ongoing effort to identify suitable parcels of land that can be utilized for affordable housing. In 2023, Council approved an additional five parcels of land that will be marketed for sale in 2024 in support of affordable housing.	
10 Supporting internal clients for Corporate projects by providing real estate expertise such as, land acquisition strategy for capital projects, expropriation, and valuation.	Real Estate has provided dedicated resources to support the work needed to advance major projects such as Green Line and the Event Centre, ensuring that the necessary land is in place to support construction activities. Throughout 2023, Real Estate settled all outstanding expropriation claims related to the 17th AV SE Bus Rapid Transit and 194 AV/210 AV SE Interchange projects, mitigating any ongoing financial risk to The City associated with the expropriations for these two capital projects.	



Service Updates on Financial Performance

Net Operating Budget and Actuals as of December 31, 2023

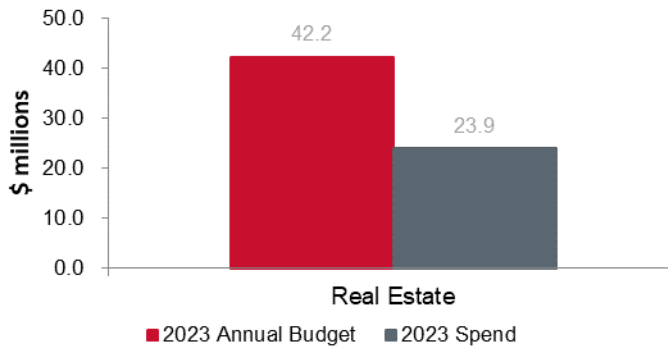


Operating Budget Updates - 2023 net operating budget vs actuals:

Real Estate has no operating variance in 2023.

Roughly \$7.0 million in revenue was generated from 15 general surplus land sales that closed in 2023. There were three transactions completed under the Non-Market Land Sale policy to support affordable housing in three different communities, which will create additional homes for Calgarians. More than \$2.9 million in acquisitions fees were collected, and more than \$8.1 million in revenue was generated from active lease that included 53 nominal transactions completed for various Civic Partners, community events, and festivals to support activities around Calgary.

Capital Budget and Spend as of December 31, 2023



Capital Budget Updates - 2023 total capital budget vs 2023 spend:

Real Estate had a spend rate of 56.7 per cent of the approved capital budget for 2023. Lower vacancy rates have limited opportunities to address ongoing maintenance needs (typically done during periods of vacancy), which has contributed to the spend rate. As well, the integration of the lease management software (Yardi) has been delayed to 2024 to allow IT time to perform necessary upgrades to PeopleSoft.

Several technology projects were underway in 2023, including a new Customer Relationship Management (CRM) upgrade for Land Titles Services that was introduced late last year. Another project involved upgrades to the Land Inventory and Data Application system to capture functionality efficiencies.