

RED DEER LAND
2020 ANNUAL REPORT

Canada 150 Square, Capstone

 QUEENS
BUSINESS
PARK

11A

TAYLOR DRIVE

50 AVE GAETZ AVE

67 STREET

 timberlands

30 AVENUE

11

2

 CAPSTONE

**DOWNTOWN
RED DEER**

50 STREET

**RED DEER
COLLEGE**

32 STREET

MESSAGE

Although we were certainly presented with some unique challenges in 2020, we remain confident in Red Deer's resiliency, ability to adapt, and capacity to recover! This was evidenced by continued commercial development in Timberlands by Dev2, completed industrial developments in Queens Business Park, and the announcement of a developer partner in Capstone.

As we approach the 100th anniversary (in 2021) of The City of Red Deer's Land Bank, its purpose hasn't changed. We exist in order to proactively manage city-owned property, which attracts and encourages private sector development. We develop available land for residential, industrial and mixed-use purposes, with the goal of providing options for every type of developer.

Red Deer Land operates within the Land and Economic Development department at The City of Red Deer, and contributes funding to capital projects such as infrastructure projects in Capstone, including Canada 150 Square, the Green Spine, and Riverwalk. We are a self-supporting business unit – not only are we *not* funded with tax dollars, but we actually contribute to the tax base (see the Financial Benefits summary at the end of this report for more details).

It is our hope that this report will provide you with transparency of our operations and results, and I encourage you to contact us if you have further questions. We're proud to share our accomplishments to date, and the benefits that Red Deer Land provides to the community. Like you, we're eagerly looking forward to better days ahead!

Sincerely,

John Sennema, Manager, Land and Economic Development

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LAND HISTORY AND MANDATE

The City of Red Deer's Land Bank has been in operation since the 1921, when a major economic downturn resulted in a significant number of properties being transferred to The City as a result of non-payment of property taxes. When the economy recovered two decades later, The City had a massive amount of land on hand for sale - as lots were sold, the City reinvested a good portion of the excess revenue into new City-owned subdivisions, which began the City's Land Bank as we know it today.

To enhance long-term growth and prosperity for Red Deer, The Land and Economic Development Department develops available land for a wide range of residential, industrial and mixed-use projects. We are responsible for creating these unique opportunities for the private sector through land development, management and marketing. Land and Economic Development maintains the city Land Bank to provide options for every level of developer.

As we are rooted in the future of our city, we must assist in the economic, orderly and well-planned development of city-owned land. To do this, Land and Economic Development is committed to being financially responsible, an economic driver, a leader, and providing benefit to the Community:

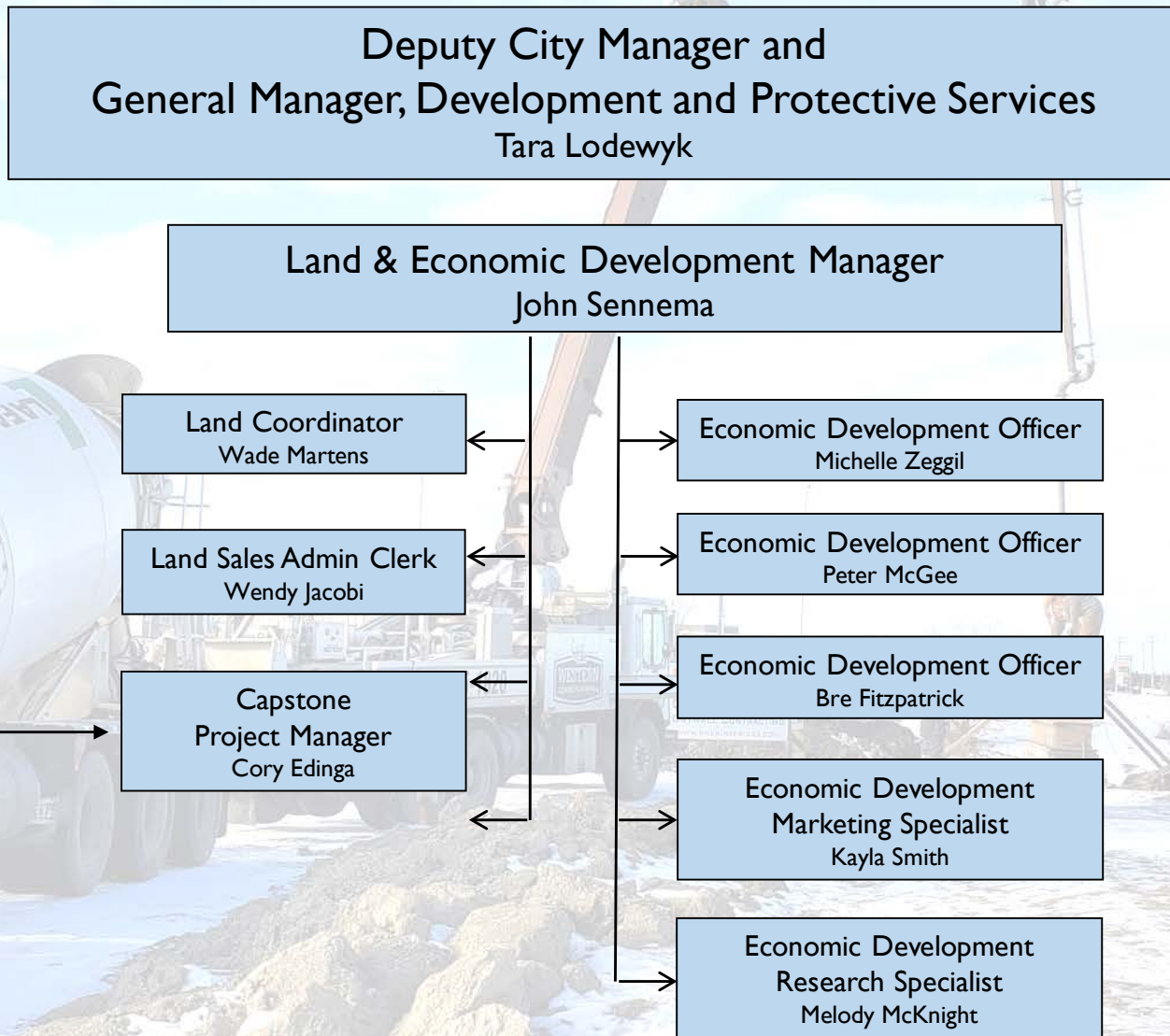
- Financially Responsible - The land bank operates under regulations of the Municipal Government Act and continues to not be tax supported and operates as a separate business unit in the City. Revenues are used to off set the price of industrial land and contribute to community projects.
- Economic Driver - The land bank ensures that there is readily available serviced land for industrial development and land is available for purchase by citizens and businesses.
- Leader - The land bank tries and tests new processes, practices and ideas such as housing types, environmental initiatives, design elements, and new products.
- Community Benefit - The land bank holds and aggregates land for community uses. It over dedicates land for parks and environmental preservation, and uses revenues to create public spaces and maintain competitive prices for industrial land.

THE CITY OF RED DEER STRATEGIC PLAN 2019-22

The Land mandate and the activities of Red Deer Land align closely with The City of Red Deer's Strategic Plan 2019-2022:

- A Safe Community – Red Deer is a safe and secure community. Safety is strengthened through a focus on enforcement, as well as prevention, intervention and education.
- A Socially Responsible City – Red Deer offers a welcoming community where everyone can enjoy a high quality of life. As a community, together we advocate for much needed social infrastructure and build a resilient community.
- A Chosen Destination – We are a four-season destination where visitors and residents enjoy our parks, trails and distinctive amenities, all within our “city in a park”. Centrally located in the province, we attract events that generate investment and enhance our community identity.
- An Economic Leader – We have a strong, dynamic economy, fostered by entrepreneurship and innovation. Leveraging our central location, Red Deer is an economic hub with a revitalized downtown and diverse local economy.

OUR TEAM



2020 HIGHLIGHTS AND ACCOMPLISHMENTS

The transformation of Capstone took a big leap in 2020, with the announcement of the first sale of land, triggering approximately \$36 million of multi-family residential development. Brad Remington Homes will deliver approximately 180 new condominium homes to the community. The deal represents the first investment of private equity into the Capstone community.

In 2020, a number of infrastructure projects were completed in Capstone, including Canada 150 Square and water fountain, the Green Spine, and Riverwalk. Red Deer Land is able to fund projects like these, which benefit the community at large.

In Timberlands, we continued our partnership with realtor Kim Fox, with the 20-20-20 promotional campaign: the first 20 purchasers of a lot in Timberlands North in 2020 received a \$20,000 rebate off the lot list price.

New industrial developments in Queens Business Park were completed in 2020, the result of land sales the previous year. We are excited to welcome 24/7 Compression, Purolator, and Mainroad Alberta Contracting to QBP!

The new Red Deer Land website (www.reddeerland.ca) was launched in January 2020, creating a necessary focus on Land Sales for all City-owned land, in order to make the research and purchase process easier for residents, builders, developers and businesses. This new website combines all land sales information in one location, making it more streamlined and easier to find. Additionally, it includes more current technology such as an Interactive Map (as opposed to pdf maps), developed by The City of Red Deer's GIS team.

RESIDENTIAL MARKET SHARE SUMMARY

Market share is calculated based on the number of new residential lots that are subdivided and registered with Alberta Land Titles each year. Red Deer Land's average market share from 2009-2020 is 15%. No new lots have been registered with Alberta Land Titles since 2016, as we are focused on our current development projects in Timberlands, Queens Business Park, and Capstone, which all have sufficient available lots to meet current demand.



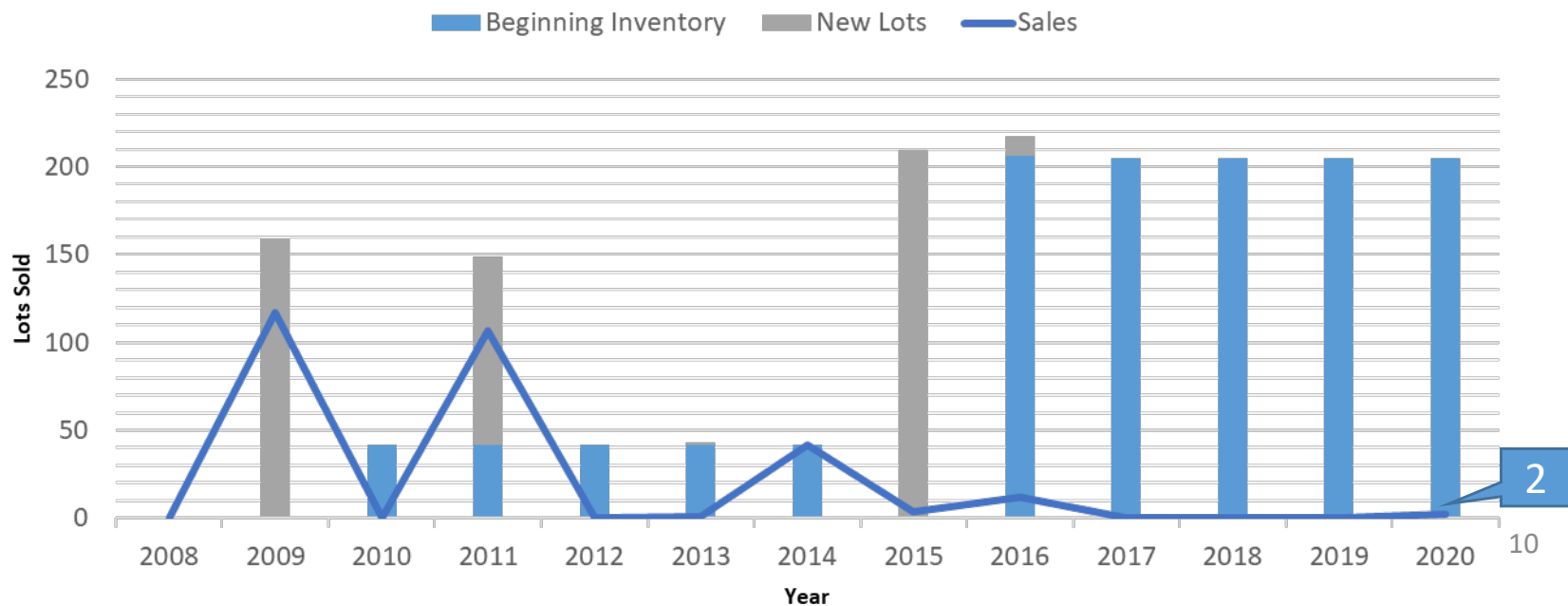
SALES AND INVENTORY REVIEW

Single-Family Residential (R1)

Single-Family Residential land is measured by the number of new lots that were added to the inventory in any given year, and the number of lot sales. Because The City takes responsibility to introduce new housing types, environmental initiatives, unique design elements, and new products, it's not unusual for sales to ebb and flow. In response to the economic challenges in Alberta over the past few years, we had the lots reassessed to ensure that they are competitively priced within our market, and are working with realtor Kim Fox to assist with the marketing of individual lots. Successful new development in the Commercial area of Timberlands will also promote residential sales.

Single-Family Residential – Inventory vs. Sales

*Number of lots



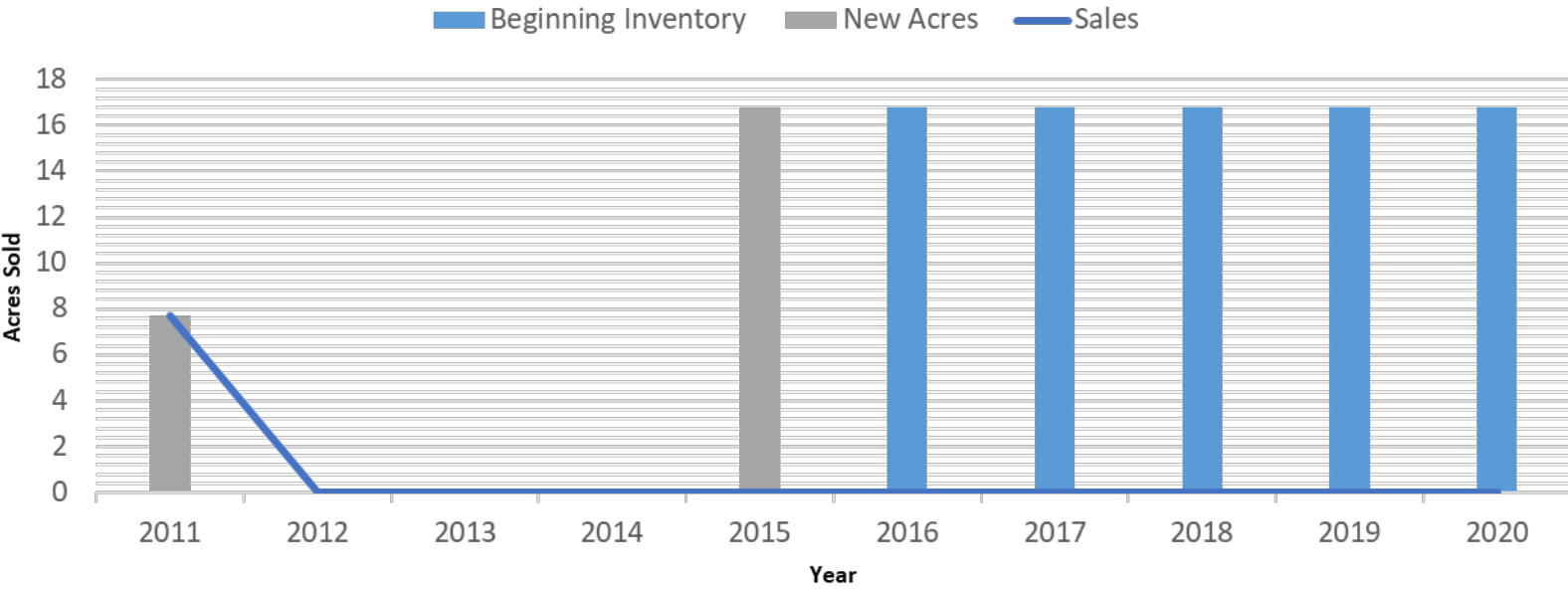
SALES AND INVENTORY REVIEW

Multi-family Residential (R2 and R3)

Multi-Family Residential land is measured by acres – the number of additional acres that were added to the inventory in any given year, and the number of acres sold. Currently, there is no demand for new product, because of the declining rental rates and high trending vacancy rates in Central Alberta. Red Deer has one of the lowest rental rates in Canada (in December 2020 it was the second lowest in Canada among surveyed cities*), creating a challenge for investors.

Multi-Family Residential – Inventory vs. Sales

*Acres



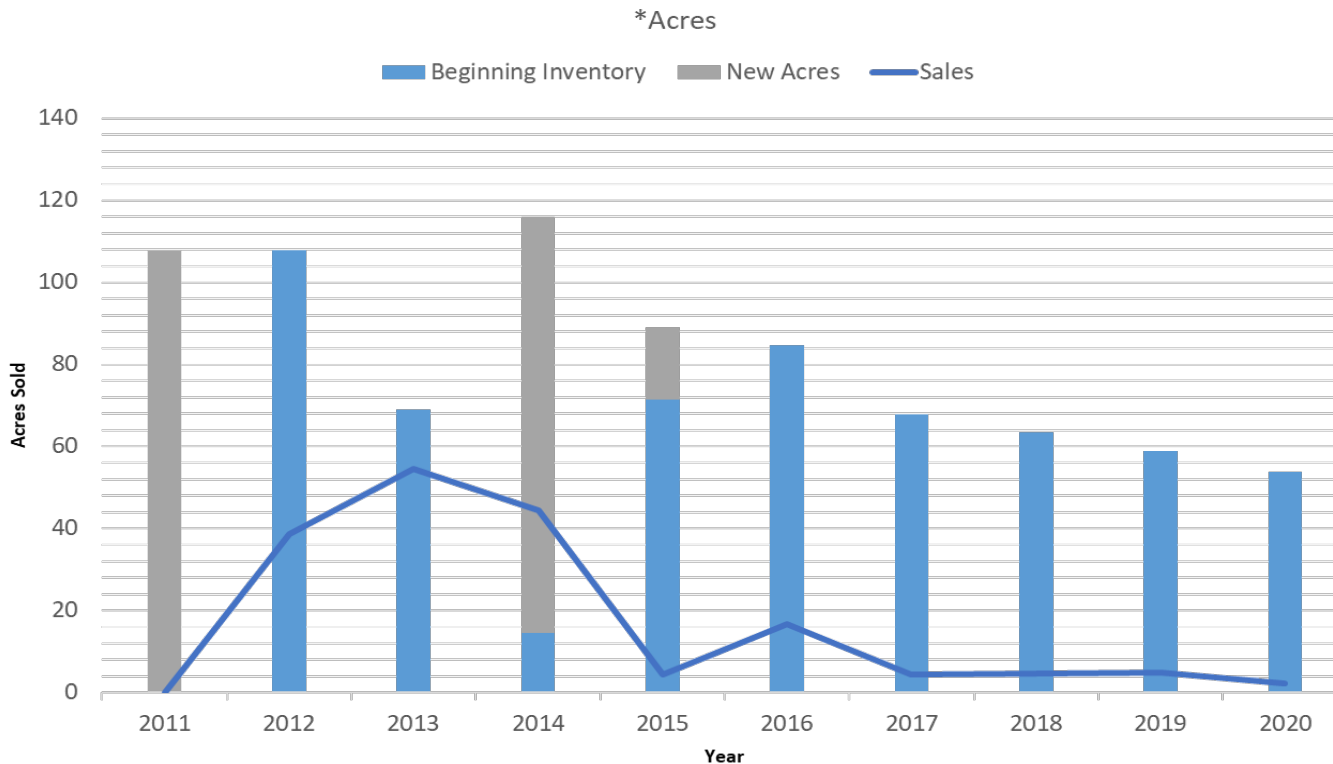
*Source: rentals.ca monthly report

SALES AND INVENTORY REVIEW

Industrial and Commercial

Industrial and Commercial land is measured by acres – the number of additional acres that were added to the inventory in any given year, and the number of acres sold. With four new land sales in Queens Business Park in 2019, and the completed industrial development of three of these in 2020, we will continue to advance infrastructure in Phase 3 to ensure that we have enough available land for future industrial needs. We have also engaged Salomons Commercial Realty to assist with the promotion and sales of remaining available lots in Queens Business Park.

Industrial and Commercial – Inventory vs. Sales



FINANCIAL BENEFITS TO THE COMMUNITY

As detailed in our 2020 Highlights and Accomplishments, the work done by the Land Bank benefits the community in multiple ways. There are financial benefits as well: every \$1.4M in benefits to the tax base reduces the impact to the tax base by 1%. It also provides funding for Capital projects such as infrastructure in Capstone, as well as Operations and Greenspace preservation.

	2020	Cumulative total 2006-2020
Community Projects - Capital		
Capstone - Green Spine	\$ -	\$ 504,000
Capstone - Canada 150 Square	\$ 1,250,000	\$ 1,928,000
Capstone - Infrastructure		\$ 9,000,000
		\$ 11,432,000
Operating Budget		
Annual Dividend Payment	\$ 100,000	\$ 5,649,641
Operating Budget Funding	\$ 1,108,444	\$ 14,591,583
		\$ 20,241,224
Community Benefit		
Municipal Reserve Over dedication	\$ -	\$ 3,490,748
Greenfield Development Tree Preservation		\$ 1,400,000
		\$ 4,890,748
TOTAL REINVESTMENT	\$ 2,458,444	\$ 36,563,972

Prepared by
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December 2020

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