
LAKEVIEW BUSINESS DISTRICT
DEVELOPMENT ACCELERATION PROGRAM
FRAMEWORK

Table of Contents

1. Program Foundation.....	3
Strategic Alignment.....	3
Objectives.....	4
Considerations.....	4
 2. Program Design.....	 8
Definitions.....	8
Program Streams.....	8
Program Eligibility.....	9
Program Application, Approval and Agreement.....	10
Program Period.....	11
Rebate Issuance Structure.....	12
Determination or Program Rebate.....	12
Program Funding Limit.....	13
Conditions	14

PROGRAM FOUNDATION

Strategic Alignment:

The City of St. Albert is committed to promoting non-residential development in the Lakeview Business District, as it helps support the long-term Municipal Development Plan goal of shifting the overall assessment split to 30% non-residential assessment and 70% residential assessment.

Non-residential development in Lakeview Business District will provide financial benefit to the municipality, benefit the local economy, create employment opportunities, and help meet demand for businesses seeking a place to start, locate or expand within St. Albert. Accelerating development, by realizing more development sooner, in Lakeview will compound these benefits and provide greater return on the City's investments.

Creation of the Development Acceleration Program (DAP) is intended to catalyze and accelerate inceptual development of serviced industrial and commercial land in Lakeview Business District, through the provision of a financial incentive to companies who are prepared to take on the elevated risks associated with initial-stage land development and construction.

Objectives:

1. Providing Net-positive, Long-term Financial Benefit to the City

For over 15 years, the City has been working to designate and establish a new supply of employment and industrial lands in St. Albert. In that time, the City invested a significant amount of time and money, developing plans, constructing municipal service infrastructure, and advancing the investment readiness of Lakeview Business District.

The sooner the City can begin realizing a return on these investments, the greater the financial benefit, through increased non-residential assessment and tax growth and earlier recovery of off-site levies, as well as improved opportunities for businesses and job creation faster.

2. Reducing the City's Financial risk

The establishment of Lakeview Business District is imperative to ensure there is opportunity for continued industrial business and employment growth of St. Albert. As a business park, it offers many advantages, particularly from a location, access, and amenities perspective. It presents the City with an unmatched opportunity to address long term financial sustainability and achieve community goals, however this opportunity does not come without risk.

The risk of stalled or delayed development in Lakeview may present financial challenges for the City, as it could defer collection of off-site levies specific to Lakeview and thereby slowing its debt repayment plan and prolong the City's ability to realized increased assessments and tax within this key non-residential district. As development is not guaranteed, this program increases the likelihood of realizing inept development.

Establishing this program as a tool to accelerate development will help reduce the City's financial exposure, helping to increase the probability of early-stage development.

Additionally, in designing the DAP as a reimbursement program, the City limits its financial risk, by only paying out the incentive once development has occurred and assessment increases have been triggered.

3. Catalyzing Inept Development through Increased Competitiveness

St. Albert's value proposition to industrial development and industries offers, excellent access to the region and economic trade corridors, proximate skilled and well-educated labour pool, and high-quality urban services and amenities. St. Albert's urban environment, elevated built form, and quality infrastructure can impact development costs, which affects the city's overall development and investment competitiveness.

Initial stage development, especially for large sections of industrial or commercial lands, presents greater risk for land developers and often requires more upfront capital and a longer-term investment horizon. Due to the increased risk and cost, there are a limited number of developers that have the specialized acumen and financial capacity to undertake these types of projects. Offering a financial incentive to inept or initial-stage development may help offset some of the first-in additional investment barrier.

Considerations:

In developing this framework, Administration considered the following factors:

Public Perception & Opinion

Administration recognizes that public perception and opinion of financial incentives to the private sector can vary. The DAP framework has been developed with this mind.

- **Alignment with Council & corporate priorities and objectives:** The DAP supports the MDP goal of achieving an overall assessment split to 30% non-residential assessment and 70% residential assessment and also the priority of advancing development of Lakeview Business District.
- **Support from business leaders:** In May of 2023, the City hosted a Business Leaders Forum with the topic of "Business & Development Incentives". Business Leaders in attendance were generally supportive of incentives. There were

several recommendations with respect to how to develop a strong incentive that would best benefit St. Albert. Some examples include:

- Using an incentive to attract developers and a diverse mix of mid-large sized employers to create high value local jobs.
 - Be clear on what the desired outcome is and have a clear understanding of the context and competition.
 - Be strategic, practical, and focus on a specific niche.
 - Incentives do not need to be equal, but the City should be open and transparent about guidelines and should communicate opportunities effectively.
- **Program Transparency:** DAP would be presented and approved publicly, as providing clarity around objectives and transparency around eligibility and requirements will be vital to maintaining public confidence in the program.
- **Strategic:** The DAP was carefully developed to mitigate as much financial risk for the City as possible, while maintaining value in the offering for potential applicants. The program has a specific, limited time frame, defined geographic location, target sector, and minimum and maximum thresholds intended to provide safeguards to help reach the desired outcome. The program has been designed to help stimulate both an urgency and industry competition for private development within Lakeview.

Increased Competition or Duplication by Other Municipalities

One of the common criticisms of financial incentives is that they create a “race to the bottom”, through increased competition between jurisdictions and stimulating a desire to undercut one-another. While this can occur, it is important to consider it in the context of the current jurisdictional competitive landscape and uniqueness of the offering.

- **Inter-municipal Competition:** It is important to acknowledge that most municipalities, including those within the Greater Edmonton Region and Alberta, are currently competing with one another for new development, new businesses, and new investment. While some incentives are more overt, other forms of financial incentives are less evident. For example:

Explicit Incentives Examples	Implicit Incentives Examples
<ul style="list-style-type: none">• Tax exemption, deferrals, credits, or rebates.• Direct subsidies• Fee waivers or reductions• Grants	<ul style="list-style-type: none">• Lower property tax• Indirect subsidies• Non-recoverable or non-leviable municipal infrastructure investments

<ul style="list-style-type: none"> Loans and loan guarantees 	<p>(roads, broadband, parks, etc.)</p> <ul style="list-style-type: none"> Private utility infrastructure investments (rail, gas, electricity, etc.) Expedited or prioritized permitting and approvals Pre-development costs (Ex. Feasibility studies, environmental impact assessments, etc.)
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- St Albert Specific Solution:** Each municipality will have their own unique set of development competitiveness strengths and weakness. The DAP was developed specifically to meet St. Albert's goals and improve our non-residential development competitiveness.

Measurement of Value

Administration used financial modeling to quantify the impact of the DAP and to refine an optimal structure. Using a rate of development baseline of 15 acres developed and absorbed per year, the following scenarios demonstrate the financial impact of slowed or accelerated development.

- Baseline** – In this scenario of the average yearly rate of development is the baseline or 15 acres/year. DAP is not in place, therefore there is no impact from DAP.
- Delayed** – In this scenario, development is delayed by 1 year, and the development occurs at the baseline average yearly rate of 15 acres/year. DAP is not in place, therefore there is no impact from DAP.
- Low Impact of DAP** – In this scenario, DAP has no impact on the average yearly rate of development. Average yearly rate of development remains consistent with the baseline rate of 15 acres/year and DAP rebates are issued according to the framework.
- Medium Impact of DAP** – In this scenario, DAP increase the average yearly rate of development to 20 acres/year for the first 10 years. In years 11 through 30, the average yearly rate of development returns to the baseline rate of 15 acres/year.
- High Impact of DAP** – In this scenario, DAP increase the average yearly rate of development to 25 acres/year for the first 10 years. In years 11 through 30, the average yearly rate of development returns to the baseline rate of 15 acres/year.

Scenario	Baseline	Delayed	Low Impact of DAP	Medium Impact of DAP	High Impact of DAP
Cumulative Tax relative to Baseline Scenario (30 years)	N/A	-\$36 million	-\$5.1 million	+\$31 million	+61 million

As shown in the table, a one-year delay of development results in approximately \$36 million less in cumulative tax, when compared to the baseline scenario. Additional years of delay are likely to result in even less cumulative tax relative to the baseline.

In the scenario where the DAP has little to no impact on the average yearly rate of development, \$5.1 million is paid in DAP rebates without the benefit of additional cumulative tax, relative to the baseline scenario.

In the high impact scenario, increasing the average yearly rate of development to 25 acres/year for the first 10 years, results in \$61 million more in cumulative tax, when compared to the baseline scenario.

Financial Considerations

- **Rebate Structure:** The DAP will be structured as a rebate program. Applicants will only receive program funding once program requirements have been delivered, and the City has begun to benefit from the improved assessment and tax of eligible projects.

Additional details regarding the rebate structure are included in the Program Design section.

- **Limiting Exposure – Program Cap:** The DAP will have a program funding maximum of \$8 million. This imposes a financial limit on the program, which helps to define and limit the City's financial exposure through this program.

The program funding maximum does not guarantee that \$8 million will be granted through the program, it means that up to \$8 million will be available to be granted.

- **Funding Source:** It is recommended that new assessment growth be used to fund the DAP. Use of new assessment growth will ensure that sufficient funds are available to support the DAP, if it is successful in accelerating non-residential development in Lakeview, without increasing future taxes.

PROGRAM DESIGN:

Definition(s):

- **City** – The City of St. Albert.
- **Completed Building** - A building which has been constructed, met all building code requirements and has received a final occupancy inspection and documentation.
- **Complete Application** – An application where all required information has been provided.
- **Developed Land** – Land which is improved from a raw land state through both 1) subdividing lots and 2) building and bringing services to the lot property line, establishing a lot which is ready for construction of structures on site.
- **Raw Land** – Land in its natural or an undeveloped state, zoned as Future Urban Development, and/or where agriculture and farming would be considered its primary use.
- **Lakeview Business District** – In its entirety, is geographically located in St. Albert, North of Meadowview Drive, east of Carrot Creek, south of Township Road 540A / Old McKenney Ave, and west of Ray Gibbon Drive.

Program Streams:

The DAP has been intentionally designed with two streams, each with varying objectives, targets, opportunities and challenges. Establishing a two-stream rebate structure is a recognition that there a number of different models or approaches to non-residential development, providing predictability at different stages will be important to different applicants.

Applicants may apply for one stream or both streams, successively.

1. STREAM ONE – LAND DEVELOPMENT

The Land Development stream is intended for projects which develop (subdivide and services) at least 30 gross acres of raw land within Lakeview Business District.

OBJECTIVE: Increase the availability of subdivided and serviced industrial and commercial lots of various sizes within Lakeview. Subdivided and serviced lots are considered “shovel ready”, or immediately ready for construction of structures on site.

TARGET: **Industrial and commercial developers**, who primarily develop property for the purpose of selling serviced industrial and commercial lots to end users. The development of small to medium lots (1 to 10 acres), is expected to benefit expanding local businesses and “owner operator” type businesses looking to purchase industrial land and construct their own facilities.

2. STREAM TWO – BUILDING CONSTRUCTION

The Building Construction stream is intended for projects which construct an industrial or commercial building or buildings, ready for occupancy, on a combined minimum of 30 gross acres within the Lakeview Business District.

OBJECTIVE: Increase the quantity of industrial and commercial buildings available for occupancy within Lakeview Business District.

TARGET(S):

Industrial and commercial developers, who primarily develop property for the purpose of leasing or selling completed buildings to industrial and commercial tenants and/or businesses. The development and construction of mid-to-large bay industrial buildings is necessary to attract new large employers, allow medium to large local businesses to expand, and to enable these employers to create new jobs within St. Albert.

Industrial and commercial business (end users), who wish to occupy (lease or purchase) a completed building in Lakeview Business District. This is geared toward expanding local businesses and “owner operator” type businesses looking to purchase industrial land and construct their own facilities.

Program Eligibility:

To be eligible for the DAP, the following eligibility criteria must be met.

Requirements for a **Project**:

- a. Must be located within the designated geographic area of Lakeview Business District (map or boundaries needed).
- b. Requires a minimum of **30 gross acres** of developed land and/or with completed buildings.
- c. Would be eligible for a maximum of 125 gross acres.
- d. Must start after the Lakeview Business District Development Acceleration Program has been initiated.
- e. Must commence construction within 18 months of executing program agreement.
- f. Must obtain all necessary development approvals from the City.
- g. Must be completed within the Program Period.
- h. Must meet the land use regulations set out in St. Albert's West Area Structure Plan and the Land Use Bylaw including all applicable statutory requirements.
- i. Must have industrial or commercial land uses and be taxable as non-residential property.

Requirements for a **Property**:

- a. Property condition
 - Stream 1 – Land Development:
 - Must be zoned Future Urban Development and/or be considered raw land at the time of application.
 - Must not be previously zoned as a commercial or industrial use.
 - Stream 2 – Building Construction:
 - Must be subdivided and zoned for commercial or industrial use at the time of application or must have been previously approved through Stream 1.
- b. Property owned by the provincial or federal government is not eligible for the DAP.

Requirements for an **Applicant**:

- a. Must not be in arrears or have amounts owing with regards to property tax, utilities, or other fees owed to the City.
- b. Non-profit organizations are not eligible.

Program Application, Approval and Agreement:

Application Process

- a. Applicants must submit a Completed Application to the City, and the City has the discretion to reject applications that are incomplete, ineligible, or provided after the program period.
- b. Applicants must submit a non-refundable application fee in the amount of \$250.
- c. A Complete Application must be received before construction of the Project has commenced.
- d. After reviewing the application, the City may require an Applicant to provide additional information relevant to the project to determine eligibility.

Conditional Approval

Once an application has been reviewed the City may grant conditional approval to the Applicant. Once conditional approval has been granted, an Applicant will then be required to enter into a Program Agreement with the City.

Program Agreement

A Program Agreement will be required for all projects. The Program Agreement will detail rebate process and conditions.

Program Agreements will always be conditional upon approval of development and/or building permits being issued for the proposed project.

The City may cancel the agreement and future issuances of the rebate, if at any time during the agreement, the City determines that:

- a. the Applicant or their application did not meet or ceased to meet any of the criteria which formed the basis of granting the rebate; or
- b. there was a breach of any condition of the Agreement.

Program Period:

Rebates offered through DAP will be available for a **10-year period**, beginning in 2026 (or once the program is implemented) and ending in 2036.

Rebate Issuance Structure:

Land Development Stream Rebate

- a. Land Development stream rebate is issued once Plan of Subdivision is endorsed and the Plan has been registered with Alberta Land Titles.

Building Construction Stream Rebate

- a. Building Construction Stream is issued at building completion and issuance of occupancy permit or equivalent (Subject to inspection and approval).

Determination of Program Rebate:

An eligible project shall receive a rebate according to the Rebate Rate Schedule.

The rebate is highest in the initial years of the program and progressively decreases each year. This structure is intended to stimulate development and construction sooner.

The rebate will be issued based on gross acres of developed land or with completed buildings, with a minimum threshold of 30 gross acres.

Rebate Rate Schedule

An eligible project shall receive a rebate according to the following Rebate Rate Schedule:

REBATE RATE SCHEDULE			
Completion Year	Stream 1 Land Development <i>Rebate / Acre</i>	Stream 2 Building Construction <i>Rebate / Acre</i>	Successive Streams Combined <i>Rebate / Acre</i>
2026	\$65,000	\$0	\$65,000
2027	\$65,000	\$45,000	\$110,000
2028	\$50,000	\$40,000	\$90,000
2029	\$30,000	\$30,000	\$60,000
2030	\$25,000	\$25,000	\$50,000
2031	\$20,000	\$20,000	\$40,000
2032	\$15,000	\$15,000	\$30,000
2033	\$10,000	\$10,000	\$20,000
2034	\$5,000	\$5,000	\$10,000
2035	\$5,000	\$5,000	\$10,000

Rebate Payments

Minimum Threshold Rebate Payment: An initial rebate will be paid to applicants once a project has completed the project minimum requirement of either 30 acres gross of developed land or completed building(s) on a minimum of 30 acres.

Yearly Rebate Payments: Once the project minimum requirement of 30 acres has been achieved and the minimum threshold payment has been issued, Applicants will be eligible for yearly rebate payments, based on the quantity of acres of developed land or with completed buildings within a calendar year.

The rebate rate is based on the year in which land development (subdivision and servicing) or buildings are completed (occupancy), not the year in which the applicant applied for the program.

Example Scenario:

- In 2027, an applicant applies for the DAP, their project is approved, and they sign a program agreement.
- In 2028, the applicant develops 15 acres. The project minimum threshold is not reached; therefore, no rebate is issued at that time.
- In 2029, the applicant develops an additional 15 acres, for a combined total of 30 acres, now achieving the project minimum. Under the Land Development stream The applicant receives a rebate of \$900,000 (\$30,000 rebate/acre x 30 acres).
- In 2030, the applicant completes construction of buildings on 21 acres of this developed land. Under the Building Construction stream, the applicant receives a yearly rebate payment of \$525,000 (\$25,000 rebate/acre x 21 acres).
- In 2031, the applicant begins but does not complete any new work as part of their Project. No rebate is issued.
- In 2032, the applicant completes construction of buildings on remaining 9 acres of developed land. Under the Building Construction stream, the applicant receives a yearly rebate payment of \$135,000 (\$15,000 rebate/acre x 9 acres). In that year, they also completed development an additional 15 acres, receiving a rebate \$225,000 (\$15,000 rebate/acres x 15 acres).

Year	Activity	Stream1		Stream 2		Total Rebate
		Ac.	Rebate	Ac.	Rebate	
2027	Application	0	\$0	0	\$0	
2028	Developed Land	15	\$0	0	\$0	
2029	Developed Land	15	\$900,000	0	\$0	\$900,000
2030	Completed Buildings	0	\$0	21	\$525,000	\$525,000
2032	Completed Buildings	0	\$0	9	\$135,000	\$360,000
	Developed Land	15	\$225,000		\$0	
Total		45	\$1,125,000	30	\$660,000	\$1,785,000

In the end, over a 5-year period, the applicant:

- Completes 45 acres of developed land and constructs buildings on 30 acres
- Receives \$1,785,000 in DAP rebates.

The estimated financial impact of this example scenario is \$100 million in new investment and tax assessment and approximately \$1.3 million in annual tax.

Program Funding Limit

Funds available for the DAP are recommended to be limited to maximum of \$8,000,000 for the duration of the program. Program funds will be distributed to Projects in the order in which they were completed.

Once the Program Funding Limit has been reached, no new applications will be accepted. Projects which are completed after the Funding Limit has been reached will not receive a rebate.

Conditions / Liability

Applicants are responsible for obtaining all necessary development and building permit approvals from the City and completing Projects within the program period. The City shall not be held responsible for delays to the Project, which result in a reduced rebate for the Applicant.