

Planning & Development Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1123

Development of Off-site Levies: Update and Bylaw Amendment

EXECUTIVE SUMMARY

Off-site levies are an important source of funding that help pay for the growth-related costs of infrastructure. The levies are collected through The City's two off-site levy bylaw programs where one is applied citywide and the other applied to the Centre City. To ensure program effectiveness and alignment with legislation, the levy programs should be reviewed on a regular basis.

This report is a first step in the review and provides:

- An update on the 2018 status reports for Centre City and city-wide off-site levy bylaws.
- The amendment for the current off-site levy bylaw arising from the new City Charter provisions.
- An overview of the plan and timeline toward a renewed 2021 off-site levy bylaw.

ADMINISTRATION RECOMMENDATION:

That the Policy and Finance Committee (PFC) recommends that Council give three readings to the amending Charter Bylaw Number 2H2019.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 November 12, through report PFC2018-0973, Council approved the proposed bylaw amendment to the Calgary Off-site levy Bylaw 2M2016.

On 2018 June 25, Council received the Centre City Levy Annual Report for information through report PUD2018-0389, which provided a program summary for 2017.

On 2016 January 11, Council adopted the Administration Recommendations contained in Report C2016-0023, as follows:

That Council:

1. Give three readings to Bylaw 2M2016;
2. Adopt by resolution, the Community Services Charges; and
3. Direct Administration to implement the key deliverables of the 2016 work plan to address issues that arose through this process.
4. Direct Administration to create an Established Area Redevelopment Incentive Budget (EARIB) to offset reduced revenue resulting from the proposed density incentive program.

BACKGROUND

Under the Authority of the Municipal Government Act (MGA), The City can charge off-site levies through a subdivision or development permit. The levies collected are used to pay for all or part of the capital cost of new or expanded water, sanitary and storm infrastructure, new or expanded roads and transportation infrastructure, and land required for or in connection with these infrastructure projects. The MGA requires the publication of annual reports that detail the amount of levies collected and spent, and any remaining balance to be spent on future projects.

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Levies are collected through two off-site levy bylaws: the Centre City Off-site Levy Bylaw 38M2009 that is applied to the Centre City and the Calgary Off-site Levy Bylaw 2M2016 that is applied citywide. Through Council resolution, Community Services Charges are also collected to pay for the other development related costs for complete communities. These charges are now permitted to be included in an off-site levy bylaw through the modernized MGA.

In 2019 February, the City of Calgary Charter Regulation was enacted that gives The City authorities related to off-site levies to help address the needs of a large city and helps to legitimize our current levy program. The Charter includes direction that the citywide bylaw must be amended to include the Community Services Charges. Other authorities include the ability to: define infrastructure, establish the method of calculating benefit, and collect more than once for an intensification of use or in an area defined in an area redevelopment plan. These provisions will be considered as part of the upcoming bylaw review.

The scope of the review will include both the citywide, centre city off-site levy bylaws and recommendations from the internal Off-site Levy Administration Audit. The results of the audit are expected to be presented to the Audit Committee in 2019 Q4.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Off-site levies and community services charges are financial tools that enable development in Calgary by providing certainty to the land development industry while supporting the economic sustainability of The City. To ensure effectiveness and alignment with legislation, the levies and charges should be reviewed on a regular basis. The annual review is done through yearly reporting and broad program reviews are typically done every five years. An overview of the planned levy review is detailed below.

2018 status reports for Centre City and city-wide off-site levy bylaws

As required by the MGA, annual reports have been prepared that detail the amount of levies collected and spent for 2018 and the remaining balance that will be spent on future projects. The centre city levy annual report is scheduled to be presented to the Standing Policy Committee of Planning and Urban Development on 2019 November 6. The citywide annual levy report will also be posted on Calgary.ca, which has been the practice since 2014.

Current off-site levy bylaw amendment arising from new City Charter provisions

The modernized MGA allows Community Services Charges to be included in an off-site levy bylaw. Recognizing Calgary's existing off-site levy program, the Charter enables The City to legitimize its methodology through the provision that "the council of the City must, on or before December 31, 2019, amend Bylaw 2M2016 to include as an off-site levy the Community Services Charges as outlined in Schedule C to Bylaw 2M2016". To facilitate this change, a minor amendment is required to Bylaw 2M2016. The change is enacted by the proposed amending Charter Bylaw Number 2H2019 (Attachment 1).

For this amendment only, as detailed in the Charter, the public hearing, advertising, and consultation requirements for an off-site levy bylaw do not apply. No other changes to the bylaw or rates can or will be done as part of this amendment. In addition, there are no changes to the

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Centre City Levy Bylaw program. Annual rate changes, which are detailed in both the citywide and centre city levy bylaws, will continue to apply.

Plan and timeline toward a renewed 2021 off-site levy bylaw

Administration has created an internal cross-corporate working team to begin the process of reviewing the off-site levy bylaws. The detailed scope of work for the comprehensive levy program review is currently being developed. At this point, the major deliverables and planned consultation sessions have been identified, which include incorporating the recommendations from the off-site levy bylaw administration audit. An overview of the timeline and major milestones are included in Attachment 2 Citywide Off-site Levy Bylaw Review Schedule. This information has been provided to inform stakeholders to make them aware of the upcoming consultation and engagement required as part of the development of an off-site levy bylaw. As more details are known, they will be will posted to Calgary.ca.

Off-site levy collection, spending, monitoring and bylaw development is complex, and having multiple authorizing bylaws further complicates their oversight and management. The goals of this work over the next year will result in:

- An ongoing and effective levy program (this may include the creation of one bylaw or multiple bylaws that work together);
- Ensuring the bylaw(s) align to legislation to reduce legal risk; and
- The development of a review schedule that aligns to the service planning and budget cycle (2-4 years) with up-to-date infrastructure and cost information.

For the review, Administration will consider various options and opportunity available with the new authorities under the City of Calgary Charter, while ensuring the economic impacts are understood in the context of policy objectives.

Stakeholder Engagement, Research and Communication

Administration has been collaborating with various stakeholders from the land development industry (Industry) and communities on funding and financing tools as part of related initiatives. Industry indicated the need to have financial tools that will enable development in the established area. They also discussed the need for certainty of cost for development permit applications and a shared risk approach among those that benefit from new infrastructure. Administration has maintained a proactive approach to the levy review, as shown in the attached letters from Industry (Attachments 3).

Strategic Alignment

The recommendations in this report align with:

- Section 5.2.5 of the Municipal Development Plan by considering the municipal capacity to finance growth and infrastructure in consideration of growth and change decisions.
- The Council directive of A City of Safe and Inspiring Neighbourhoods: Growth of the city needs to be managed in a way that achieves the best possible social, environmental and economic outcomes within financial capacities.
- The One Calgary Council directive of A Well-Run City by being focused on economic resilience and continuous improvement.

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Social, Environmental, Economic (External)

The off-site levies help deliver important community infrastructure and services by contributing to the funding of infrastructure that supports social and environmental wellbeing, and safe and resilient communities. They also help support the economic benefits of community growth, such as attracting private investment and creating jobs.

Financial Capacity

Current and Future Operating Budget:

There are no current or future operating budget impacts as a result of these recommendations.

Current and Future Capital Budget:

There are no current or future capital budget impacts as a result of these recommendations.

Risk Assessment

The amendment to Bylaw 2M2016 legitimizes our current levy program with no additional financial impacts to industry. If the mandated bylaw amendment is not approved, there will continue to be legal risk because the levy program is not in compliance with the MGA.

REASON(S) FOR RECOMMENDATION(S):

Under the City of Calgary Charter Regulation, Council must, on or before December 31, 2019, amend Bylaw 2M2016 to include as an off-site levy the Community Services Charges as outlined in Schedule C to Bylaw 2M2016. This bylaw amendment is the first step in the Off-site Levy Bylaw review that will occur through 2020.

ATTACHMENT(S)

1. Attachment 1 - Charter Bylaw Number 2H2019
2. Attachment 2 - Citywide Off-site Levy Bylaw Review Schedule
3. Attachment 3 - Letters from Industry