

## Letter from BILD Calgary Region



May 22, 2020

City of Calgary  
P. O. Box 2100, Station M  
Calgary, Alberta T2P 2M5

### **Attention:**

David Duckworth, City Manager  
Stuart Dalglish, General Manager, Planning and Development

### **Re: 2020 Off Site Levy Payment Program**

To begin, we want to applaud the City of Calgary, City Council, Administration, staff, and emergency service providers for their continued tremendous efforts and leadership in the face of the COVID-19 public health crisis and the unprecedented effects on Calgary's people, the City and local industry.

BILD members share in the deep concern for the health of our family, friends and colleagues as well as concern about the health of our economy. As governments, businesses and communities navigate these challenging times, it is critical to identify any opportunity that preserves economic activity, including business operations, employment and housing. Our collective ability to adapt during the crisis period and safely maintain as much momentum as possible will support the speed and quality of recovery as we transition out of this crisis, eventually moving into the "new normal" way of life.

To that end, we wish to specifically reinforce our support and thanks for the initiative taken by Administration on a number of economic support items which amongst other things, includes broad-based property tax deferral as well as specific deferrals of Development Permit, Building Permit, Land Use and other application fees. The delay of requiring payments, which may amount in the hundreds of thousands of dollars, shows Administration clearly recognizes applicants' needs to better align the timing for payment of those fees with their cash management requirements. Doing so helps to preserve as much employment as possible both for those in our industry and at the City of Calgary.

Through our discussions with Administration, regarding ways to improve cash management during this crisis, offsite levy payments became a topic of discussion. While it is noted that they are important for the development of our city, it was also identified that the City currently has a large balance of levy funds yet to be deployed. It is our understanding that upwards of \$375M is available and the typical spend per year is anywhere between \$100-\$150M.

Offsite levy payments currently represent 30-50% of a typical developer's total project expenditures. Like other businesses and the City, we have witnessed that our members have started to cut back on spending in other areas of their operations as a result of this crisis. However, levy payments remain as substantial fixed costs. If full levy payments or high penalty deferrals are the only options available for developers in 2020, this could lead to delays in projects across the city, or possibly a complete stop to some phases or new construction starts.

With this in mind, the following would be supported by Industry as a solution to maintaining 2020 projects:

- Adapting the current Off-site Levy payment schedule in existing development agreements, by sliding all scheduled 2020 levy payments by 12 months (including if possible April 2020). By way of example, this would mean that the Off-site Levy payment otherwise due in June 2020 would correspondingly become due in June 2021.
- Utilizing the Off-site Levy fund balance (approximately \$375 million as reported in the most recent Annual Off-site Levy Report) to manage the impacts of an adapted 2020 levy program, including carrying costs on water rates, etc. Industry would also temporarily support any necessary changes to acts or regulations in order to transfer amounts between specific levy pools (e.g. Water Resources, Transportation, Community Services) to help make mitigating actions possible. This could be reconciled with the ongoing 2020 levy review project.
- Strategically deploying capital resources on only those projects where there is a current project completion need and, leveraging announced Provincial infrastructure funding to the greatest extent possible.
- Competitively positioning the City of Calgary both in the eye of existing investors and potential future as a supportive and strategic place to continue or do new business.

We welcome collective conversation regarding which development related infrastructure projects are required this year and an adjusted anticipated capital spend for 2020 to ensure what needs to move forward can continue to do so.

Administration and Council's leadership in approving an adapted 2020 levy payment program at this critical time would benefit the City, Calgary and Industry by:

- Enabling industry to maintain employment as much as possible effecting consultants, contractors, home builders, trades, and correspondingly the City of Calgary. Prior to COVID-19, the homebuilding industry in Calgary employed over 46,000 Calgarians, paying over \$3.1 billion in wages.
- For those industry members with the capacity to do so, allowing redeployment of these funds to fulfil Development Agreement obligations – which might otherwise have been postponed or delayed significantly.
- As noted above, demonstrating to industry owners, financiers and lenders as well as those employed in the industry, the City of Calgary's proactive approach and commitment to supporting industry and economic growth, instilling confidence in all those key stakeholders.

Council and Administration have been required to make many difficult decisions during these unprecedented times and they have not gone unnoticed. We are confident that Administration's recommendation of the above suggestions, given the current value of the Off-Site Levy Fund and the economic investment in Calgary, is in the interest of all Calgarians.

Thank you again to Council and Administration for your leadership and willingness to work with Industry to find innovative, mutually beneficial solutions to challenges we are all currently facing due to COVID-19. Our members remain committed to ongoing collaboration with you to continue to find opportunities for the betterment of Calgary as a whole.



Collin Campbell  
Board Chair



Brian Hahn  
CEO, BILD Calgary Region