



# GROWTH DUE DILIGENCE

Be Certain About the Risks

IN GEORGE CHAMBER

NOV 23 2020

ITEM: #4.3 C202-1215

PLATE

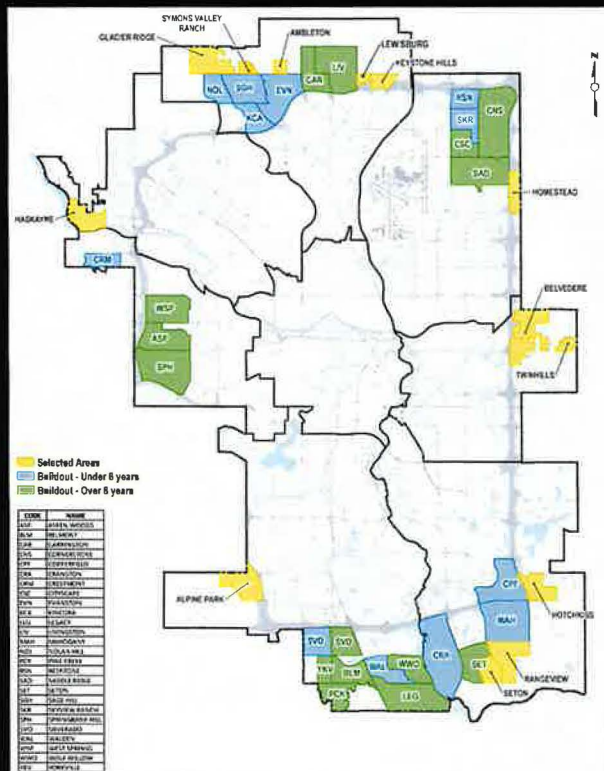
CITY CLERK'S DEPARTMENT



## RECOMMENDATION #4

- Suspend servicing for the 14 suburban communities approved in 2018 until preconditions have been met.
- In the meantime, put the tax and user fee savings in the Future-Proofing Reserves.

# 41 SUBURBS SLOWLY DEVELOPING



- Land development in new communities has remained lower than anticipated
- Only half the 14 communities approved in 2018 have executed a *Development Agreement*
- Significantly less development in the 14 communities is anticipated by the end of 2022



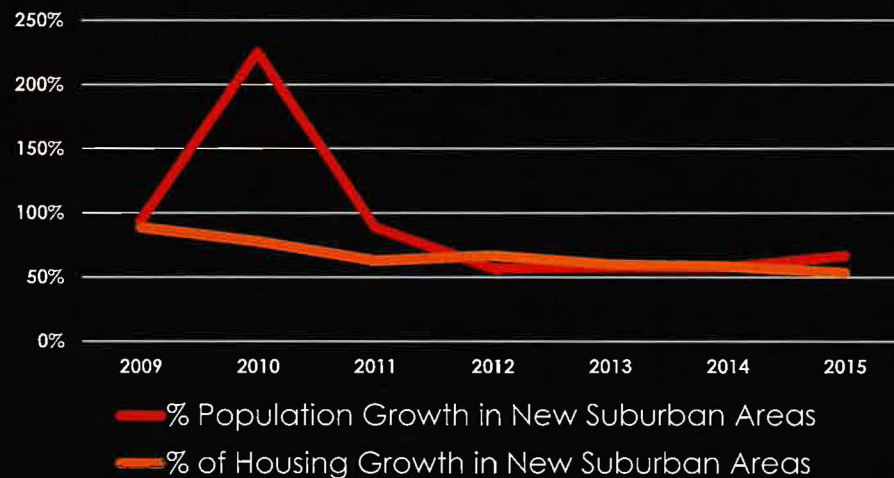
# THE ECONOMY IN A NOSEDIVE

- “We are clearly looking at the single deepest year of recession Alberta has ever seen,”
- Unemployment rate: “grossly underestimated”

- Todd Hirsch, ATB Financial

# THE MDP WAS WORKING

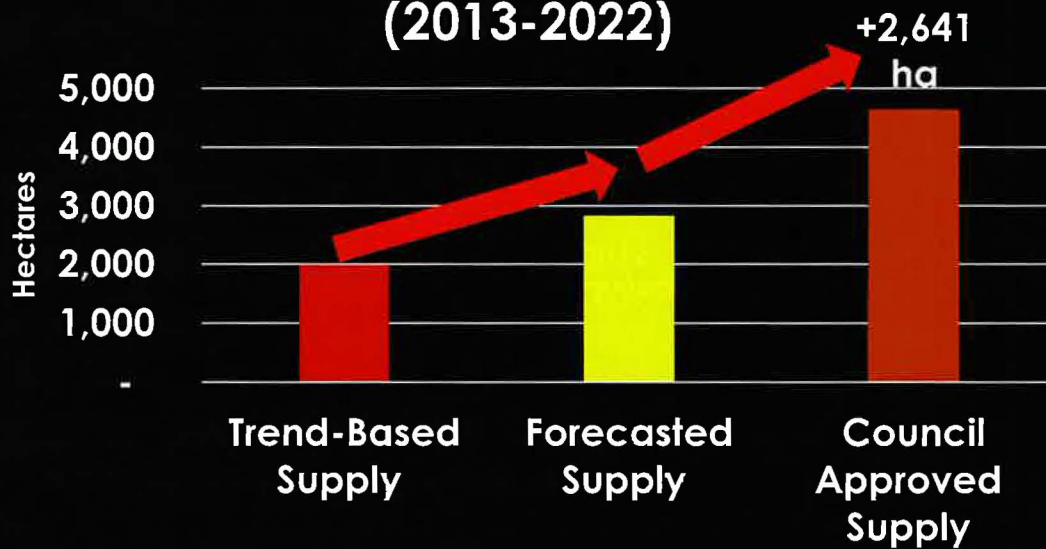
Growth in New Subdivisions  
Calgary, 2009-2015



- The trend in population growth in new subdivisions dropped from 94% in 2009 to 67% in 2015.
- The trend for new housing in subdivisions followed suit, going from 89% to 54%.

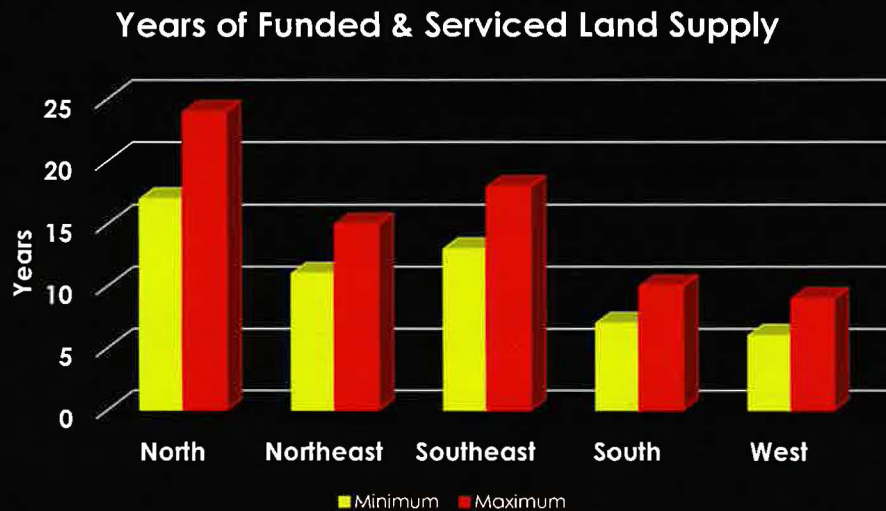
# EXCESS SUBURBAN LAND

Land Supply for New Subdivisions  
(2013-2022)



- Over 2,600 hectares of excess suburban land approved for servicing

# EXCESS SUBURBAN LAND



➤ Serviced & Funded Land Supply: 12 to 18 years

➤ Active & To Be Serviced Land Supply: 14 to 24 years

➤ Planned Land Supply: 24 to 34 years



# HOUSE PRICES FALLING

- House prices forecasted to fall an additional 10% to 24% by 2022 (CMHC)
- New single-family homes show dangerous signs of excess supply (Moody's)
- High level of 1<sup>st</sup> mortgages in arrears (Moody's)



NO RECENT CENSUS





# MANAGEMENT OF OFF-SITE LEVIES

- Inadequate financial reconciliations
- Discrepancies in OSL collection and usage reporting
- Absence of support for the maximum potential project spend
- Interest on Water Resources OSL balances not reported
- Insufficient information on whether the OSL are sufficient
- **\$56 million diverted to general revenue**



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# PRECONDITIONS FOR PROCEEDING

- An up-to-date civic census
- New supply-demand forecasts

Amendment #11 to PFC2020-0963 recommendations



# PRECONDITIONS FOR PROCEEDING

- Right-sizing, delaying, or staging suburban water, wastewater, and road designs need to be reassessed.

Extension of Amendment #9 to PFC2020-0963 recommendations



# PRECONDITIONS FOR PROCEEDING

- A city-wide growth strategy.

Notice of Motion, November 2, 2020, RE: PFC2020-0963

- Framework for assessing the impact of growth on the City's approved climate targets.



# PRECONDITIONS FOR PROCEEDING

- Full audit of off-site levies
- Risk-adaptation funding tools
  - Special tax
  - Local improvement tax
  - Supplementary assessment
  - Re-assessment



# WHO BENEFITS

- Taxpayers: Savings in property tax, user fees
- Council: Risks clearly understood.
- Administration: Better planning, smarter growth
- Homeowners & Landlords: Equity, certainty, complete communities