



December 05, 2023

The City of Calgary,
6th Floor, 800 MacLeod Tr SE
Calgary, AB T2P 2M5

Mayor Gondek and Councillors,

Re: Off-site Levies Bylaw – Infrastructure and Planning Committee

The Federation, supports over 230 community-based non-profit organizations, including over 150 community associations (CAs) and is a civic partner to the City of Calgary. We assist community volunteers in navigating Calgary's planning process and supporting their voice and inputting the communities' perspective throughout our work.

The Federation of Calgary Communities (the Federation) appreciates being engaged on this important work. We would like to note that this engagement was a proactive effort to engage with citizens about the updates to the Off-site Levies Bylaws including workshops and written content to be circulated to our network through our newsletters. We are encouraged by the variety of ways this team helped to inform Calgarians as well as answered questions. We encourage continued updates and engagements as to progress, as we see this as a fundamental step of creating trust and clarity with our members and Calgarians.

We acknowledge the need for updating the Off-site Levies Bylaws to actively respond to the changes within our economy and development within Calgary, in addition, to balance the needs and costs from our infrastructure in our growing communities within Calgary. Updating this policy is another crucial step to keep our communities healthy and able to support future growth. We would like to thank the administrative team that genuinely engaged with Calgarians and their commitment to provide updates regarding the updated Off-site Levies Bylaw.

Sincerely,

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Date: 6-Dec-2023

To: Stuart Dalglish, COO
Debra Hamilton, Acting General Manager, Planning & Development Services
Josh White, Director, City and Regional Planning

Re: NAIOP Calgary - Review of the path to a new Levy Bylaw.

On behalf of NAIOP Calgary's Government Affairs Committee, we provide this letter to the IPC Committee and Council to review the path taken to the implementation of a new Levy Bylaw.

The work undertaken to realize a new Bylaw has been a marathon process. Both the City and Industry invested a great deal of time and resources over the last 3+ years to ensure that the path to a new Bylaw was thoroughly researched, discussed with all assumptions, models and levy calculations challenged.

NAIOP Calgary would like to thank the City team and our Industry partners for their dedication to the work required to bring the new Bylaw to fruition in Q1 2024.

Why did the work take so long? These observations are a few that NAIOP Calgary believes are worthy of mention:

- The need for new methods to calculate levies (for each infrastructure type);
- Continued turnover of City personnel dedicated to the work (exasperated by the pandemic);
- Agreement (City and Industry) on inputs to the levy calculations;
- Auditing of leviable infrastructure;
- Oversight and agreement of Principles to facilitate the work; and,
- Additional work beyond Greenfield off-site levies (OSL's)

While Greenfield OSL's was the primary reason to update the Bylaw, the City administration was asked (by Council) to explore an Established Areas Linear Pipes Levy as well as a review of the



Centre City Levy. Both these levies are important to NAIOP Calgary members. We are pleased with the results from the work on these levies. We thank the City for the direction and resources committed to piloting an Established Areas Linear Pipes Levy for the next 3 years given the importance of this work discussed for many years even before the OSL levy discussions and the decision to continue with the Centre City Levy as is.

With respect to the work on Greenfield OSL's NAIOP Calgary reviewed all the new models for calculating the levy rates for each type of Infrastructure and believes these models are an improvement over past calculations, capturing the data required for input into the models. Further, these models are generally well documented (shared with Industry) and should be relatively easy to update for any new future Bylaw requirement.

We will now address concerns/observations about the process and the outcome (new levy rates):

- 1) Lack of continuity in the process due to continued City staff turnover (Thanks to Marcus Berzins and team at the City for getting this work finalized);
- 2) Consideration for a third party to manage the work and help with dispute resolution. (This helped in 2016 with Urban Systems managing the new Bylaw process);
- 3) Some confusion with how Industry and the City would work together. Was the City 'Informing', 'Collaborating' or 'Consulting' with Industry? We feel that, for much of the work, the City team struggled with how to engage Industry due to continued requests for information from Industry and the need to complete the work and implement a new Bylaw. That said, the City OSL team continued to accept input and requests for data/explanation (e.g: changes to the levy models) while not compromising the Q1 2024 implementation date.
- 4) After almost 8 years since the last levy Bylaw and new levy calculation methods it was expected that rates would see varied change. While rates changed, both up and down, NAIOP Calgary feels there should be a thorough explanation given to Committee on Dec 13th for the very large increases to levy rates for Transit Buses (280%) and Water-Linear (55%).

For example, there appears to be no data or analysis that properly attributes ongoing

water leakage in the established areas, which should be the sole responsibility of the City of Calgary, with no attribution to growth. Councillor Sharp brought up this same issue at budget discussions on Nov 21st as part of her questions around the pending new Bylaw. Administration should provide a thorough explanation on Dec 13th to committee detailing who/what (OSL's?) is contributing to system maintenance or life-cycle replacements to address system leakage.

- 5) NAIOP was disappointed that the City did not agree to our request to have the community services levy removed for Industrial Users. While we understand that all land is treated equally in the calculation of levy rates and all levies are city wide with the same benefit derived on any piece of land wherever it may be in the City for a particular piece of infrastructure, our concern for our industrial members paying community services levies remains. Is it fair when users of industrial areas do not require community services during operating hours? Essentially, we believe that industrial employees are already accounted for via residential uses, as industrial employees are at generally geographically isolated workplaces with no libraries or rec centres available nearby, and use of libraries or rec centres is an outside work activity. Counting industrial land use in the levy is essentially counting the same people/users twice under this levy allocation, and the fair allocation of benefit by assessing the community services levy to industrial users with no community services like libraries or rec centres nearby is not clear to us.

We believe that this issue of 'fairness' is very similar to the water treatment plant levy in established areas that was introduced in 2016. This levy provides a subsidy (through property taxes) from the City when developments are at a density above 285 equivalent people per hectare. Effectively the City agreed that it wasn't 'fair' for developers to pay over this threshold for the water treatment levy when their buildings exceeded 285 equivalent people per hectare (the City benefits from an uplift in property taxes due to the building size), and a subsidy was created (Established Areas Redevelopment Incentive Budget). The formula to calculate the levy was not compromised. The City simply pays a portion of the levy through its subsidy.

In the case of the community services levy, perhaps a similarly structured subsidy could be implemented that pays for the levy in industrial areas while not compromising the levy calculation.

The community services levy can provide a small relief from levies as it relates to

industrial development. However, it's just one way to provide an incentive and will likely not be enough to encourage new development.

Development agreements for industrial land in the City have halted as the proformas simply don't work when the levies and taxes are significantly cheaper in surrounding municipalities. While development continues on serviced land from D.A's signed years ago, development of greenfield parcels has stopped. There needs to be an incentive put in place that encourages new industrial development. NAIOP has spoken to the administration about this proposal and while they agree that something must be done, they will need a funding source and Council approval. We believe that this should ideally occur before the approval of the new Levy Bylaw by Council.

As a final thought, Greenfield OSL's in the new Bylaw have increased 7.5% from the Jan 2024 inflation adjusted rates. While we are aware that the City has made subjective decisions (without compromising the new rate methodologies) to not include some infrastructure in order to keep the rate 'competitive', we question if an increase of this magnitude will further erode affordability and competitiveness.

This is for the Committee and Council to decide.

Thank you again to all those, both City and Industry, that participated over the last 3 years in realizing a new Levy Bylaw.

Sincerely, on behalf of, NAIOP Calgary



Guy Huntingford
Director Strategic Initiatives
NAIOP Calgary

Cc: Rachel Gill, A/Manager, Growth Funding & Investment
Marcus Berzins, A-Manager, Growth Funding & Investment
Les Tochor, Treasurer
Chris Ollenberger, Chair, Government Affairs Committee, NAIOP Calgary