



URBAN DEVELOPMENT INSTITUTE – CALGARY
www.udicalgary.com

Date: Monday, December-14-15

To: **Brad Stevens**
Deputy City Manager
The City of Calgary | Mail Code #8191

From: Guy Huntingford
CEO, UDI-Calgary

Re: 2016 Offsite Levy Bylaw

The Urban Development Institute – Calgary (UDI-C) offers this conditional letter in support of the Deputy City Manager's Office Report to Council for the Combined Meeting of Council on January 11th, 2016. The Report and attachments support the new off-site levy bylaw that administration is proposing that Council approves.

UDI-C has been part of an industry group that has worked with the City's Build Calgary Team over the past year to produce a new set of offsite levies that will be enabled by the new bylaw. The process to complete this work was thorough and guided by a number of principles that were mutually agreed to. All calculations that informed the levies were made using technical sub-committees, for each infrastructure type, consisting of personnel from both Industry and the City.

UDI-C is confident that the resultant levies have been scrutinized and are accurate, based on the City's data sets provided that includes the projections for population growth. While developers have been paying proportional costs associated with growth infrastructure, except for water and sanitary levies, the new levies now have developers paying for 100% of all proportional costs associated with growth infrastructure.

For both Greenfield and Established area developers, these new levies represent a significant increase over current payments, and Council should be aware that these costs will add additional burden to development and subsequently to new businesses and homeowners.

UDI-C and other members of Industry requested that a comprehensive Work Plan for 2016 be created and added to the list of approvals going to Council as part of the bylaw documentation. Industry has worked with City Administration to craft the Work Plan which is attached to the Council Report. Our support of the Deputy City Manager's Office Report to Council for the Combined Meeting of Council on January 11, 2016 regarding offsite levies is based on Council's support of the Work Plan, direction to Administration to undertake the Work Plan and any resources required to implement the Work Plan. Industry requests that Council support this Work Plan and direct Administration to enable the Plan and report back to Council semi-annually beginning at the end of June, 2016.

UDI-C would like to acknowledge and thank the Build Calgary team for their collaboration and dedication throughout this past year. We look forward to working closely with the team throughout 2016.

Yours Truly

A handwritten signature in black ink, appearing to read "Guy Huntingford". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

Guy Huntingford
CEO, UDI-Calgary
On behalf of the UDI-C Board of Directors

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December 15, 2015

To: Brad Stevens, Deputy City Manager, City of Calgary

From: CHBA-Calgary Region

Re: 2016 Offsite Levy Bylaw

The Canadian Home Builders' Association- Calgary Region offers this letter in support of the Deputy City Manager's Office Report to Council for the Combined Meeting of Council on January 11th, 2016. The Report and attachments detail the new off-site levy bylaw that administration is proposing Council approves.

CHBA-Calgary Region has been part of an industry group that has worked with the City's Build Calgary Team over the past year to produce a new set of offsite levies that will be enabled by the new bylaw. The process to complete this work was thorough and guided by a number of principles that were mutually agreed to.

All calculations that informed the levies were made using technical sub-committees, for each infrastructure type, consisting of personnel from both Industry and the City. CHBA-Calgary Region is confident that the resultant levies have been fully scrutinized and are accurate based on the City's data sets provided that includes the projections for population growth.

For Greenfield area developers, these new levies represent a significant increase over current payments. However, the new levies now reflect that developers are paying 100% of all proportional costs associated with growth infrastructure.

For those building in the Established area, this new levy adds considerable cost to redevelopment projects of all kinds. Every type of development from a new townhome to a 4 storey wood apartment to a concrete high rise building will be paying this new charge. While the industry is supportive of the need for The City to recoup its investment in growth related infrastructure regardless of where it occurs, we must also be cognizant of the impact this may have on overall affordability in our marketplace.

This is especially relevant in the Established area where projects already suffer from increased uncertainty when it comes to approvals, timing and on site infrastructure needs. In order to address these concerns, many suggestions were made to the Build Calgary team over the past 6-10 months of engagement.



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As a result of those discussions, CHBA-Calgary Region and other members of Industry requested that a comprehensive Work Plan for 2016 be created and added to the list of approvals going to Council. Industry has worked with City Administration to craft the Work Plan and requests that Council support this document, directing Administration to enable the Plan and report back to Council semi-annually beginning end Q2, 2016.

CHBA-Calgary Region would like to acknowledge and thank the Build Calgary team for reaching out to our organization to participate in this important work. Their ongoing collaboration and dedication has been appreciated throughout this past year.

We look forward to working closely with the team throughout 2016.

Sincerely,

Donna Moore, CEO
CHBA-Calgary Region
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December 15, 2015

Brad Stevens, Deputy City Manager
The City of Calgary
PO Box 2100, Station M #8032
Calgary, Alberta T2P 2M5

Re: 2016 Offsite Levy Bylaw

NAIOP Calgary is pleased to offer this letter of support of the Deputy City Manager's Office Report to Council for the Combined Meeting of Council on January 11, 2016 regarding offsite levies. The Report and attachments support the new off-site levy bylaw that Administration is proposing that Council approves.

NAIOP Calgary has been part of an industry group that has worked with the City's Build Calgary Team over the past year to produce a new set of offsite levies that will be enabled by the new bylaw. The process to complete this work was thorough and guided by a number of principles that were mutually agreed to. All calculations that informed the levies were made using technical sub-committees, for each infrastructure type, consisting of personnel from both Industry and the City.

NAIOP Calgary was very appreciative of the Administration's willingness to defer presentation of their report to Council by a month so that the complicated and important work regarding the offsite levies in the Established Area could be further reviewed to ensure, among other considerations, alignment with the goals of the City's Municipal Development Plan (MDP). NAIOP Calgary is comfortable that the water and wastewater treatment levy on a per "Equivalent Person" calculation was fully scrutinized and reasonable, based on the assumptions provided by the City with respect to growth and future cost estimates, and based on the City's data sets provided that include the projection for population growth.

However, we were concerned that while the Greenfield Area is effectively capped at 60 Equivalent People per Hectare for the water and wastewater treatment levy, the Established Area also needed a representative ceiling that accords with the densities for the applicable typologies described. With careful analysis, we worked with City Administration to establish a similar ceiling for the Established Area. We believe the proposed ceiling of 285 Equivalent People per Hectare over the entire Established Area

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is reasonable, but needs to be further evaluated over time, and followed up on to ensure that it is equitable. It should be noted that the 285 EP/Ha ceiling is throughout the Established Area, and that this is a density equivalent to a Major Activity Centre in the MDP. Further, Industrial areas do not have a ceiling but are based on 30 EP/Ha which is aligned with industrial density described in the MDP.

Notably, for both Greenfield and Established area developers these new levies represent a significant increase over current payments, and Council should be aware that these costs are passed on to new businesses and homeowners.

NAIOP Calgary and other members of Industry requested that a comprehensive Work Plan for 2016 be created and added to the list of approvals going to Council as part of the bylaw documentation, as there are a number of initiatives and items that need continued discussion. Our support of the Deputy City Manager's Office Report to Council for the Combined Meeting of Council on January 11, 2016 regarding offsite levies is based on Council's support of the Work Plan, and direction to Administration to undertake and dedicate the resources required to implement the Work Plan. Industry has worked with City Administration to craft the Work Plan which is attached to the Council Report. Industry requests that Council also require the Administration to report back to Council semi-annually beginning the end of June, 2016.

NAIOP Calgary would like to acknowledge and thank the Build Calgary team for their collaboration and dedication throughout this past year, along with UDI Calgary, CHBA Calgary Region and many, many others. We look forward to working closely with the team throughout 2016 and beyond.

Sincerely, on behalf of the NAIOP Calgary Board of Directors



Chris Ollenberger, 2016 Chapter President
NAIOP Calgary

cc: Kathy Dietrich, Jeff Fielding – City of Calgary
UDI Calgary
CHBA Calgary Region



To: Brad Stevens, Deputy City Manager, City of Calgary
Date: December 15, 2015
From: Paul Battistella
Re: Off-site Levy Bylaw

With regards to Deputy City Manager's Office Report to Council for the Combined Meeting of Council on January 11th, 2016

Please accept this letter of support for the above noted bylaw. My name is Paul Battistella. My family has been developing in Calgary's inner city for the past 35 years. I was a member of the external advisory committee. My comments will focus strictly on the Established Area levy.

First, I would like to commend the Build Calgary team for an open, transparent, collaborative process. The biggest success, I believe, was the building of trust between the development industry and the City as we worked together through the process.

The focus of the Established Area Levies on water and wastewater treatment alone is appropriate. I believe this is the only infrastructure component that should be paid by established area growth. The analysis that was done by the Build Calgary Team to arrive the equivalent person cost seems to be reasonable. A lot of time was spent between the City and the development industry to understand and support the calculations.

At the end of the day these additional costs will be passed on to the new homebuyers in established areas. There have been some critical promises made by the Build Calgary team that form a complete package that includes the levy. They are made up of the following:

- 1) A two-year implementation time frame. Any developer who has acquired land that has not developed did not include the levy cost in their proforma analysis when purchasing their sites. This transitional period helps address a completely new cost not anticipated before.
- 2) The cap at 285 EP/ha. After much work with Build Calgary this cap was seen as mutually beneficial to both the development industry and the City. The property tax revenues generated by very high-density residential and commercial buildings is a windfall to the City. The incremental operating costs associate with this revenue are marginal and this revenue becomes a very high value annuity to the City that is worth significantly more than the one time cost recovery for the treatment plants.
- 3) Payment at DCP. This time frame better matches when users actually start to use the treatment system and when funds are received from the end users.



- 4) The 2016 work plan and established area strategy. Notwithstanding the desires of the MDP, it is very challenging to develop in Calgary's established areas. The often-conflicting requirements and costs that arise from navigating through the City's regulatory process act as a drag on the timely redevelopment of the established area. The work plan is a promise to help explore and address these issues that are both financial and non-financial in nature. This is an extremely important piece of an entire package.

Overall it is always difficult to accept additional costs without some type of tangible marketable benefit. I am able to support this levy because of how we worked with the Build Calgary team and the trust that was established through the process. The result is a very delicate balance that strives to address the challenges of both the City and the re-development industry. Any material modifications made to this result that do not go through a similar process as we did to arrive at it, would erode that trust. I am hopeful that the hard work, thought and energy put into this result is carefully considered as we move forward.

Yours truly,

A handwritten signature in blue ink, appearing to read "Paul Battistella", is written over a horizontal line. The signature is fluid and cursive.

Paul Battistella