



Calgary

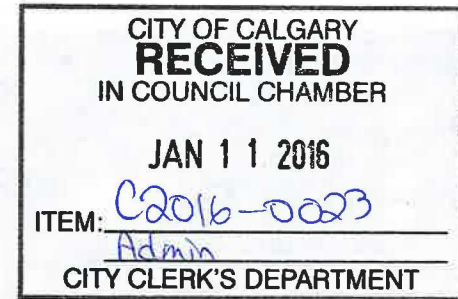


C2016-0023

**Public Hearing
2016 January 11**

Off-site Levy Bylaw

Purpose



- **Present the proposed Off-Site Levy rates and Community Services charges**
- **Present the background**
- **Provide a summary of the process followed**
- **Provide the rationale for the proposed levy**



Proposed Off-site Levies and Community Services Charges (Greenfield Areas)

Off-site Levy Greenfield Area Components	2015 Levy (\$/ha)	2016 Levy (\$/ha)
Transportation	\$130,289	\$136,789
Water and Wastewater Linear	\$38,006	\$76,774
Water and Wastewater Treatment	\$36,967	\$129,660
Drainage by Watershed		
1 Nose Creek Watershed	\$10,315	\$11,325
2 Shepard Watershed	\$56,158	\$42,704
3 Bow River Watershed	\$3,980	\$6,983
4 Pine Creek Watershed	\$3,939	\$16,812
5 Fish Creek Watershed	\$634	\$0
6 Elbow River Watershed	\$342	\$0
Water Resources	\$75,315 to \$131,131	\$206,434 to \$249,138
Off-site Levy Total	\$205,604 to \$261,420	\$343,223 to \$385,927
Community Services Charge		
Calgary Fire Department	\$22,275	\$19,545
Calgary Public Library	\$6,389	\$5,971
Calgary Police Service	\$8,633	\$7,648
Recreation	\$37,985	\$41,679
Calgary Transit	\$5,806	\$4,007
Community Services Charge Total	\$81,088	\$78,850
Total Greenfield Off-site Levy and Community Service Charge	\$286,692 to \$342,508	\$422,073 to \$464,777



Proposed Off-site Levy (Established Areas)

Residential Rate (\$/Unit)	
Single Detached	\$6,267
Semi-Detached/Duplex	\$5,619
Multi-residential Grade-Oriented	\$3,890
Multi-residential Non Grade-Oriented (2 bedroom or more)	\$3,242
Multi-residential Non Grade-Oriented (1 bedroom or less)	\$2,593

Non-Residential Rate (\$/m ² Gross Floor Area)	
Commercial Development Levy Rate	\$36.62
Industrial Development Levy Rate	\$17.58

Maximum levy rate for Density \geq 285 Equivalent Population/Hectare = \$615,885/Ha

Introductory Comments

- **Growth is beneficial**
- **At the same time it creates a need for investment in infrastructure**
- **There are four ways to fund the cost of infrastructure:**
 - **Off-site levies**
 - **Utility rates**
 - **Property taxes**
 - **Grants from other levels of government**

Introductory Comments

- **Experiencing economic uncertainty**
- **Proposing ways to mitigate the impact of the increase by reducing developer costs in other ways such as:**
 - **longer payment plan for greenfield developers**
 - **phasing in of the new charges in Established Areas**
 - **commitment to continue to work collaboratively with industry to reduce the costs of growth**



Introductory Comments

- **Aligned with guiding principles**
- **Long term and sustainable strategy for funding the costs of growth**
- **Off-site levies paid by development industry will help us to continue to build great communities**



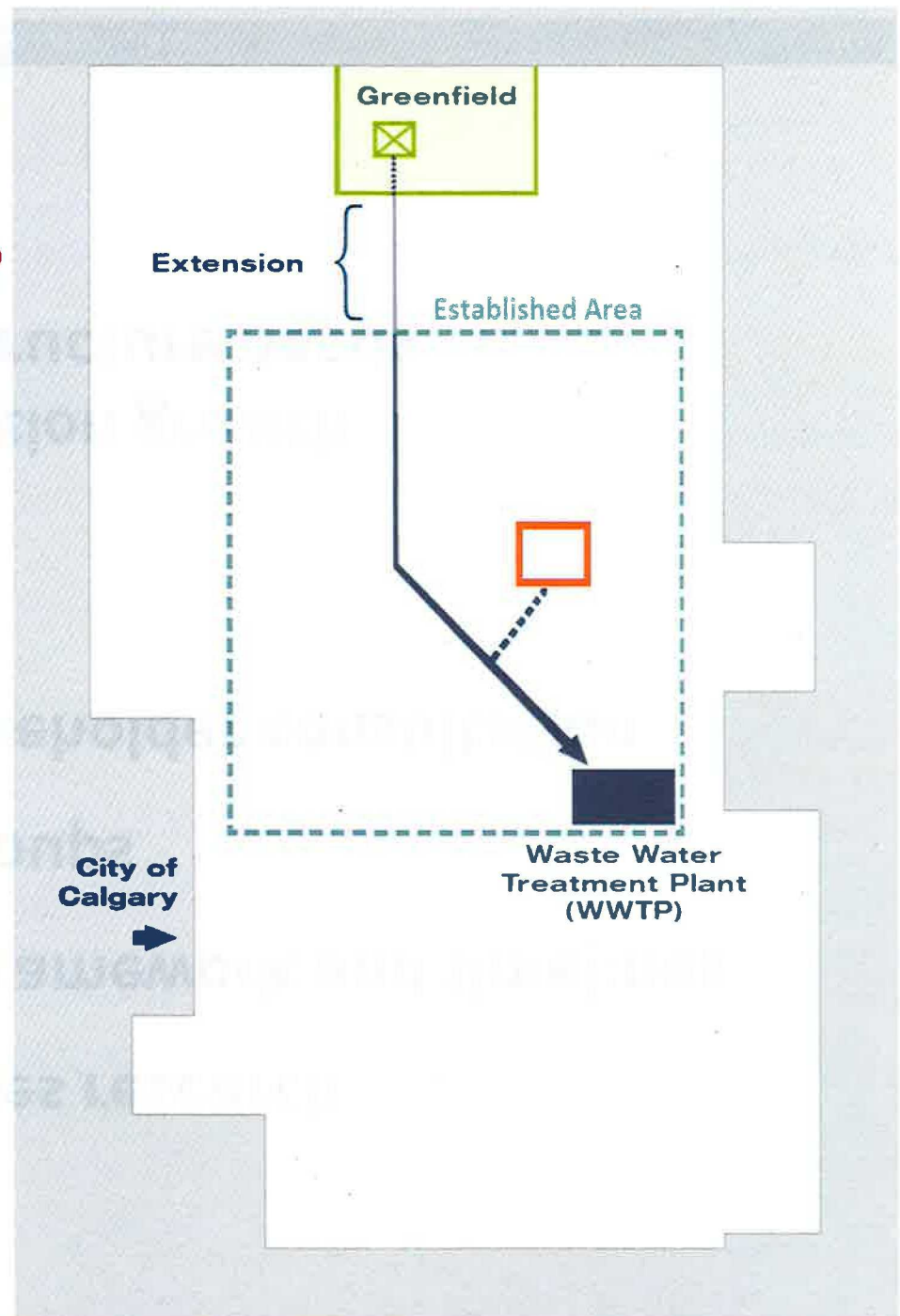
Guiding Principles

- **Guiding Legislation**
- **Certainty**
- **Policy Alignment**
- **Financial Sustainability**
- **Benefit Allocation**
- **Fairness & Equity**
- **Clarity & Transparency**
- **Accountability**
- **Collaboration**
- **Efficiency**
- **Competitiveness**

What are off-site levies?

Charges placed on development for major off-site infrastructure such as:

- **Water/wastewater treatment**
- **Major intersections/roads**





The Process

- **Conducted best practices research**
- **Established a process framework and timelines**
- **Established working groups**
- **Developed a broad stakeholder consultation strategy**
- **Phases:**
 - **Projected population growth**
 - **Identified infrastructure needs**
 - **Estimated costs**
 - **Calculated levies**

Working Groups

Groups	Members	Role	# of Meetings
Internal Working Team	<ul style="list-style-type: none"> • Internal staff (cross-corporate) 	<ul style="list-style-type: none"> • Research • Calculations • Options analysis 	32
External Advisory Committee	<ul style="list-style-type: none"> • Developers (Greenfield and Established Areas) • Internal staff 	<ul style="list-style-type: none"> • Provide advice • Feedback on options 	12
Technical Sub-committee	<ul style="list-style-type: none"> • Developers • Consultants • Internal staff 	<ul style="list-style-type: none"> • Scrutinize calculations 	20
Established Area Group	<ul style="list-style-type: none"> • Inner City Developers (residential, commercial/industrial) • Internal staff 	<ul style="list-style-type: none"> • Review established area proposals • Develop transition options/incentive program 	12



Transparency
Fairness
Opportunities
Support Practices Engage
Equity
Clarity Process
Scope
Alignment
Timing

What is new?

- **Rates are based on 100% of the proportion of the cost of growth related infrastructure**
- **New methodology for calculation of water/wastewater treatment levies**
- **Water/wastewater treatment levies applied in Established Areas**
- **Established Area density incentive program**

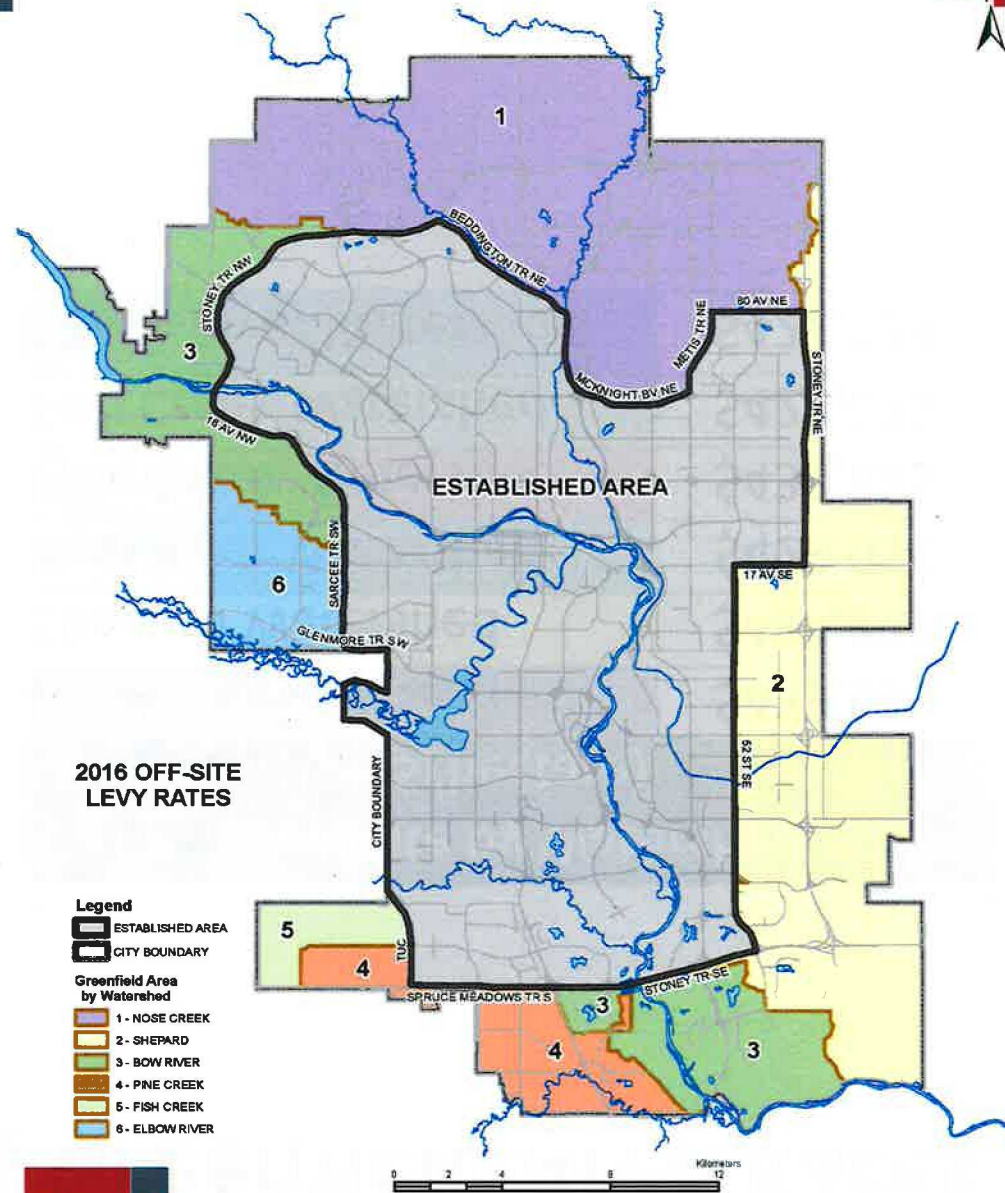


Calculation Methodology

- **Allocate projected population growth to areas of the city based on MDP policies**
- **Identify the hectares of land needed to absorb the future population**
- **Identify infrastructure needed**
- **Prepare costs estimates**
- **Allocate the benefit**
- **Calculate the levies**



Where will the levies apply?





Greenfield Area Rates – (per ha)

Levy Rate by Watershed (\$/hectare)	
Nose Creek Watershed	\$433,398
Shepard Watershed	\$464,777
Bow River Watershed	\$429,056
Pine Creek Watershed	\$438,885
Fish Creek Watershed	\$422,073
Elbow River Watershed	\$422,073



Greenfield Area Rates – (per ha)

Off-site Levy Greenfield Component	2016 Levy Rate (\$/ha)
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Community Services Charge Total	\$78,850
Total Greenfield Off-site Levy and Community Service Charge	\$422,073 to \$464,777

Greenfield Area Implementation

- **February 1, 2016**
- **Timing of Payment:**
 - **0 % payable at execution of an Interim Indemnity Agreement (IIA)**
 - **30% - 1 year anniversary**
 - **30% - 2 year anniversary**
 - **40% - 3 year anniversary**



Established Area Rates (\$/unit, \$/m²)

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Established Area Implementation

- **Established Area:**
 - **Development Permits accepted prior to February 1st exempt**
 - **Phase In:**
 - **2016 – 33%**
 - **2017 – 66%**
 - **2018 – 100%**
 - **Density Incentive Program**
 - **Timing of Payment – Occupancy**



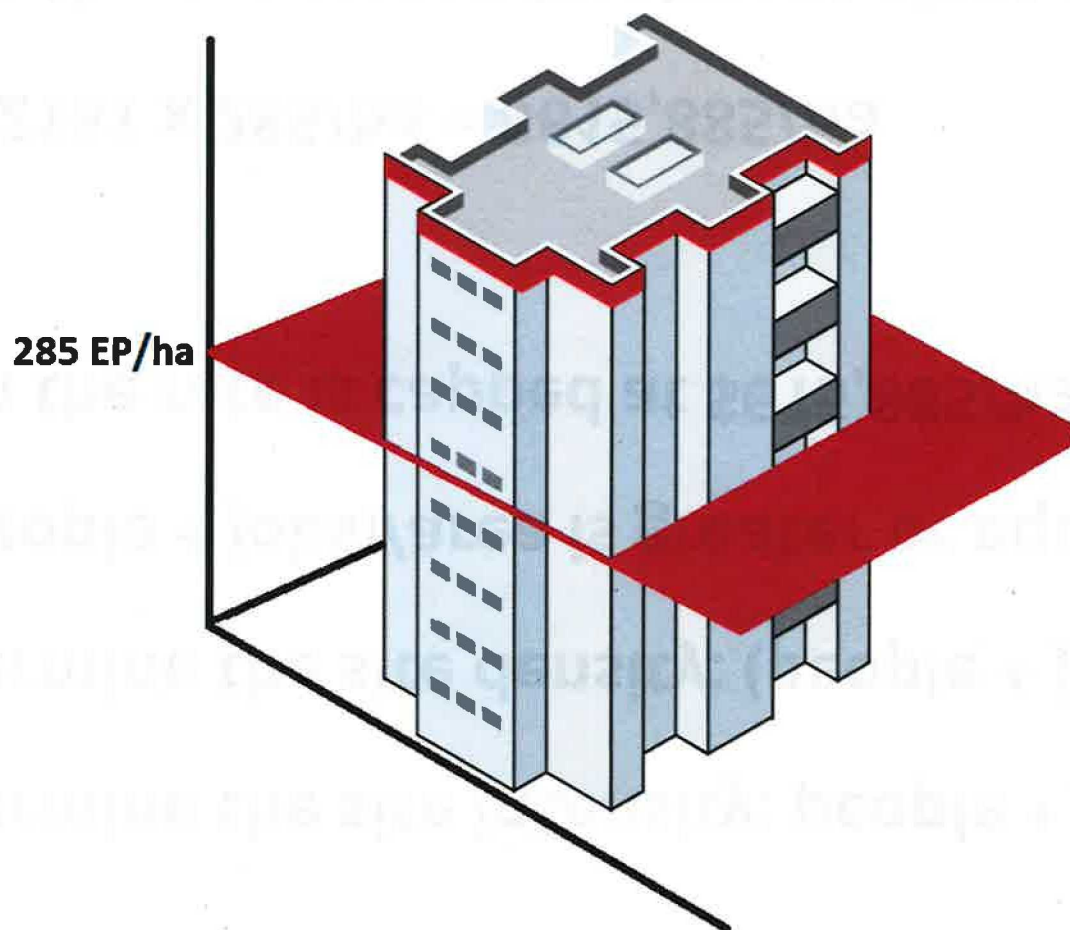
Density Incentive Program

- 1. Determine the site intensity: people + jobs**
- 2. Determine the site density: (people + jobs)/area**
- 3. If (people + jobs)/area is greater or equal to 285**
- 4. Then the rate is capped at \$615,885/ha**

Note: $\$2161 \times 285/\text{ha} = \$615,885/\text{ha}$

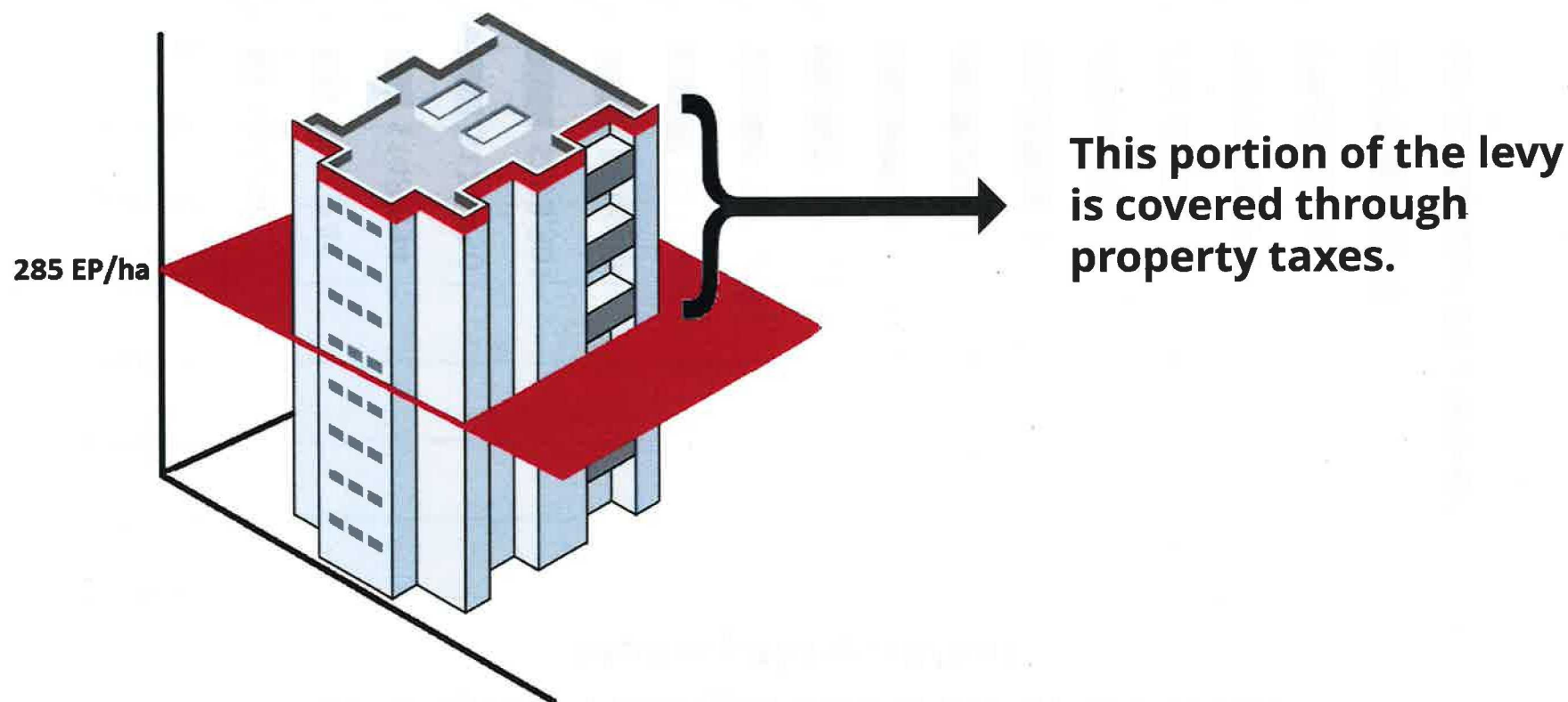
(\$2161 is the per person treatment plant cost)

Density Incentive Program



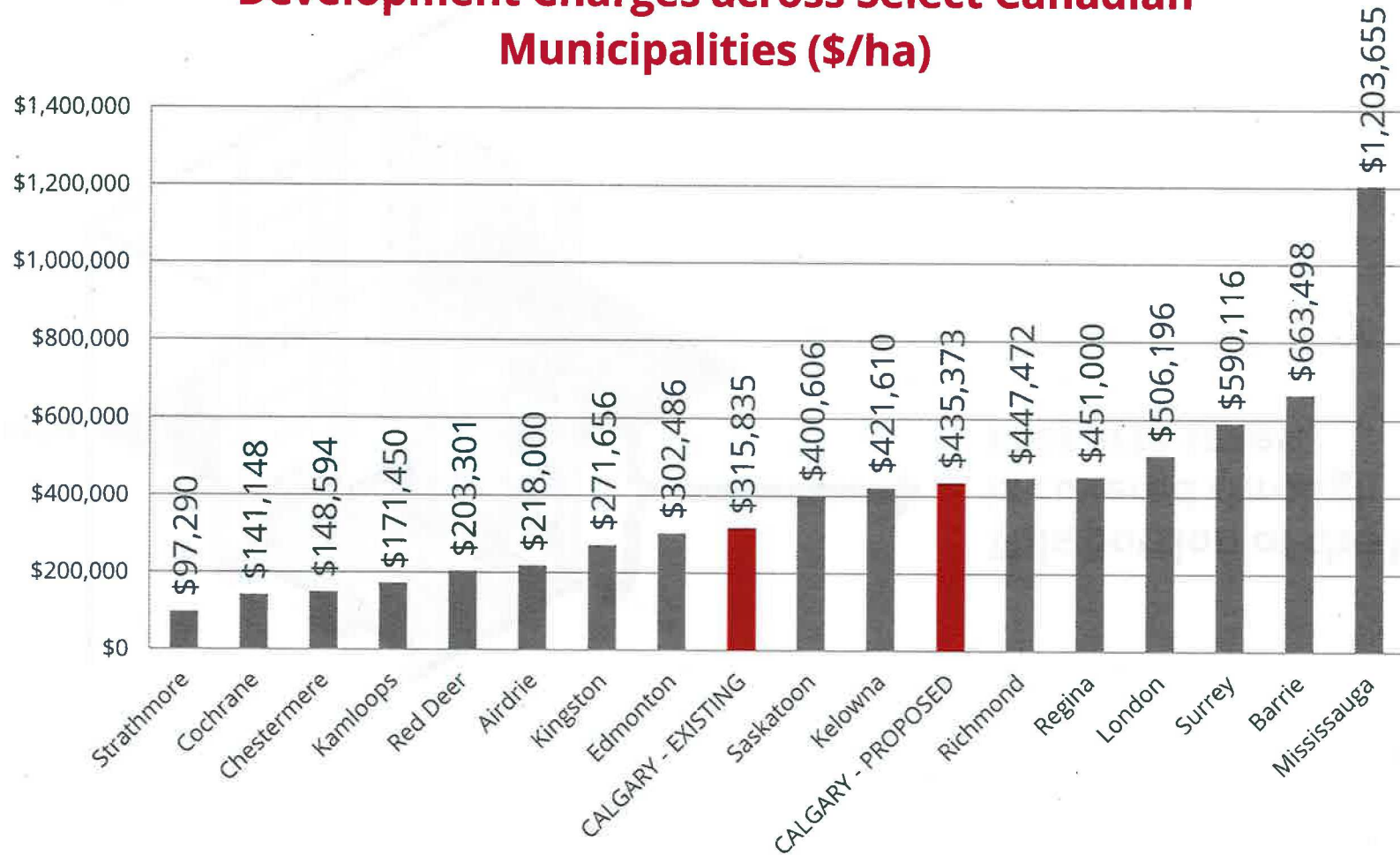
$$\text{\$2161/EP} \times 285 \text{ EP/ha} \times \text{Site Area (ha)}$$

Established Area Redevelopment Incentive Budget (EARIB)

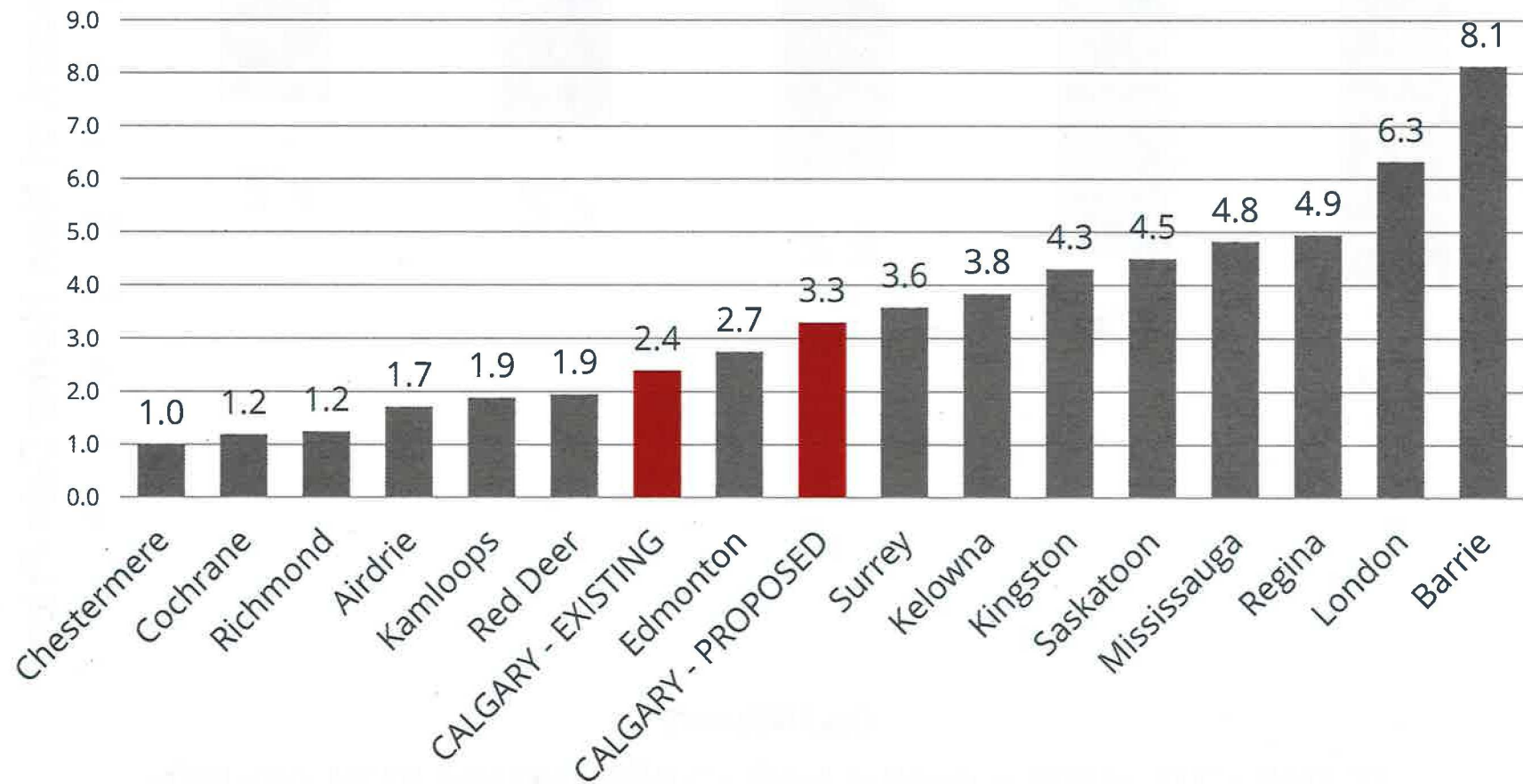




Development Charges across Select Canadian Municipalities (\$/ha)

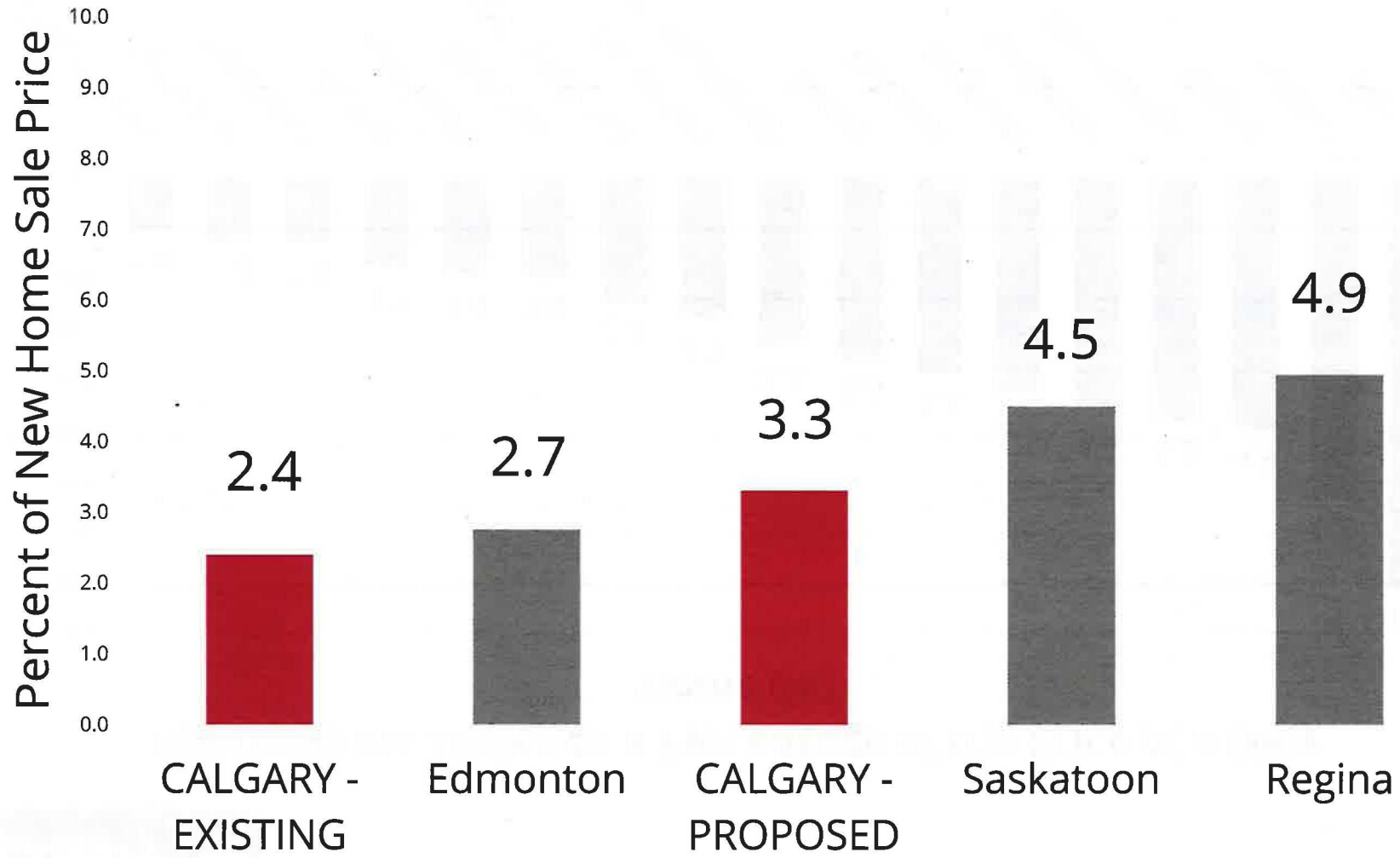


Approximate Levies as a Percentage of the Price of a New Home (%)





Approximate Percentage of New Home Price Attributed to Levies (%)





2016 Work Plan

2016 Initiatives	Q1	Q2	Q3	Q4
1. Establish Industry/City Collaborative Committee	X			
2. Phasing Growth/Land Supply	X	X		
3. Established Areas	X	X	X	X
4. Funding Growth	X	X	X	X
5. Process Improvements	X	X	X	X
6. Industrial Development and Land Supply			X	X



Conclusions

- **Transparent/rigorous methodology**
- **Captures 100% proportionate share**
- **New charges being implemented in established areas**
- **Broad stakeholder engagement**
- **Built trust and set the stage for continued collaboration**

Recommendations

That Council Hold a Public Hearing on Bylaw 2M2016 and Council resolution, and:

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

Questions?