

## Off-site Levies – Common Questions & Answers

### 1. What is the Off-site Levies Bylaw?

Off-site Levies are charges that developers pay to support growth in our city when redeveloping existing communities and building new ones. Off-site levies help to fund 10 essentials needed by every home and business:

1. Clean and safe drinking water.
2. Toilets that flush and sinks and bathtubs that drain.
3. Stormwater drainage of rain and snow melt to reduce the risk of flooding.
4. Pathways and bikeways that provide healthy transportation and recreation options.
5. Buses to connect people to their daily needs.
6. Streets on which to travel and on which to operate buses and emergency vehicles.
7. Fire and emergency response stations to provide protection during emergencies.
8. Police stations to increase safety and security.
9. Libraries where people may gather and access resources.
10. Recreation facilities to exercise and play.

### 2. The City has just raised taxes for residential homeowners and is now increasing this cost to potential home buyers in The City's new communities. How does The City justify these cost increases while also talking about housing affordability?

Research from Vancouver, Ottawa, and Calgary indicates that the levies do not flow directly through to homebuyers, as the market sets housing prices in a competitive market. This levies adjustment is important to ensure affordability for all Calgarians. By adjusting the rate, The City is ensuring that growth pays for its share of growth and those costs aren't fully absorbed by taxes and utility rates. If we don't adjust the levies and we maintain the same pace of growth, taxes will need to go up substantially to cover the costs, impacting affordability for every household and business in Calgary. What we do know, is that the levies enable the supply of new homes and businesses. More supply, at whatever price point, means fewer people are competing against each other to find a home that fits their needs and budgets. Municipalities can affect the cost of housing by enabling supply. Funding the 10 essentials through the levies is needed to unlock development of homes and businesses to meet the needs of Calgary's growing population.

### 3. If developers are expected to pay off-site levies, does The City have any mechanism to prevent the levies from being flowed through to consumers?

No, The City does not have any mechanisms to prevent the levies from being flowed through to customers.

### 4. Are the off-site levies only used to fund infrastructure that services new communities, or are they pooled with other city income for use city-wide?

Levies can only be used to fund infrastructure identified in the Off-site Levies Bylaw and must be used only for the specific purpose authorized by the bylaw. The greenfield off-site levies can only be used to fund infrastructure that services new communities. The Established Area water treatment levy can only be used to fund treatment plant expansions required to service the incremental change in equivalent population of growth in the Established Area.

**5. Why has it taken almost eight years for The City to update the off-site levies? Is this another example of The City pushing off important financial decisions which finally catch up with administration – like the property tax issue?**

There have been minor updates during that time, however the proposed levies feature major improvements since the last update. We have a team in place to steward the levies, we have a comprehensive new methodology, we have an updated set of infrastructure to reflect current capital plans and costs, an easily repeatable methodology, and calculations and information used in the calculation are all available online. We have engaged with industry extensively over the course of several meetings and we feel very confident in the proposed levies for 2024.

**6. Other large cities like Toronto and Vancouver have a significantly larger off-site levy. Why do we not charge developers an equivalent amount and then use that money for other priority projects?**

Toronto and Vancouver are operating under different provincial frameworks, and it is challenging to compare. Our proposed levies rate will successfully fund the 10 home and business essentials that Calgarians need. We cannot use levy funds to support other priority projects. Levies can only be used to fund infrastructure identified in the Off-site Levies Bylaw.

**7. Do you think that changing the off-site levies will dissuade developers from building new greenfield projects in certain, potentially more expensive, areas within the city?**

Developers choose where they build within The City. The city-wide rates we are putting forward are equitable across the city, highly competitive with other Canadian municipalities, and the levy cost per housing unit has remained steady at approximately four per cent compared to the median sale price of a greenfield home. The off-site levies help to fund 10 essential services needed by every home and business; from running water to timely fire response, from flushing toilets to reliable transit, levies provide excellent value.

**8. Why are the off-site levies the same for all new greenfield developments? Shouldn't new developments targeted to wealthier home buyers pay a higher levy then perhaps developments targeted to lower income demographics?**

The levy rate is consistent per hectare because all greenfield lands benefit equally from the infrastructure needed to service the lands. Developers choose how to respond; they can build large houses or apartments or anything in between. The average rate per housing unit for a developer is dependent on what they choose to build.

**9. How do Calgarians ensure that the off-site levies are being used for only infrastructure in the new communities and not appropriated for other uses such as the event centre or the Green Line LRT?**

The funds are clearly tracked and reported on every year in our annual report. Levies can only be used to fund infrastructure identified in the Off-site Levies Bylaw.

**10. Why do we have off-site levies at all? Is it not more efficient to collect taxes city-wide to fund public infrastructure instead of levying homebuyers?**

The levies are the most effective funding mechanism available to build essential infrastructure and are based on the principles that growth pays for its share of growth. Property taxes and utility rates fund the remaining growth costs and would need to increase substantially if there were no levies in place. This approach represents an effective and efficient means for sharing costs among developers and building infrastructure expediently in response to growth. Charging new developments for their share of the 10 essentials, rather than relying solely on taxes and other city funding sources, represents an equitable approach as development is benefitting from the infrastructure.

**11. Why do developers in existing inner-city neighbourhoods not pay the levies? Wouldn't this be more equitable as the value of inner-city land is often more valuable?**

The Established Area levies fund water treatment capacity needed by the additional residents. New fire halls, road interchanges, etc. in the greenfield benefit greenfield growth, therefore greenfield growth pays the levies for the additional infrastructure required to service that growth.