



October 16, 2020

Hon. Tracy Allard
Minister of Municipal Affairs
minister.municipalaffairs@gov.ab.ca

VIA EMAIL

RE: Review of Off-Site Levy Legislation and Regulations

Dear Minister Allard:

Congratulations on your appointment of Minister of Municipal Affairs. BILD Alberta members represent over 118,000 jobs, \$8.3 billion in wages, and \$13.4 billion in investment. As we have shared with the Municipal Affairs team in our discussions on an array of items, BILD Alberta believes your portfolio will play a crucial role in successfully emerging from the COVID-19 public health emergency, helping to reduce costs and burden on businesses while creating a significant number of jobs.

Most recently, BILD Alberta participated in workshops with Municipal Affairs and other stakeholders, including the cities of Calgary and Edmonton on a narrow review of specific aspects of the Municipal Government Act (MGA) and associated regulations. This included:

- Municipal Reserves;
- Permit Timelines;
- Municipal Government Appeals Board; and
- Off-Site Levies

While BILD Alberta and its membership were grateful to be included in these discussions, we were also hopeful for dialogue on, and consideration of, broader and more constructive changes to the MGA and regulations which were determined to be 'out of scope' at that time.

You are likely aware that significant changes to the MGA and associated regulations (City Charters and Off-Site Levies Regulation) occurred in 2017/2018. The sum of those changes is significant. BILD Alberta believes many of those changes are regressive and will impair Albertans' abilities to weather the COVID-19 crisis and create jobs. We urge you to consider all of the proposals for change in our October 2019 submission to the Associate Ministry of Red Tape Reduction (attached) and specifically, undertake a substantial review of all legislation and regulations related to Off-Site Levies.

There is urgency to this as a number of Alberta municipalities, including the cities of Calgary and Edmonton, are currently undertaking a review and update of Off-Site Levy Bylaws and corresponding Off-Site Levy rates. Off-Site Levies are effectively development taxes and represent a significant portion of the cost of development and new homes. As a result, if levies are set too high, it will push investment and jobs to other jurisdictions. If levies are kept at reasonable and fair levels, they can serve as a lever to promote development, growth, and jobs in Alberta.

By way of the respective Charter Regulations for Calgary and Edmonton, both municipalities now have much broader powers to assess levies. Our member companies are growing increasingly concerned that municipalities will use levies as a tool to address internal budgetary constraints. As part of ongoing consultations with municipalities we are noting concerning trends for how municipalities intend to use industry funded levies:

- LEED Silver Fire Halls costing more than \$20 million when they are built for half of that in other jurisdictions.
- Fire trucks and other municipal rolling stock.
- Construction of new libraries despite significant commercial vacancies and a more affordable leasing model.
- Upgrading infrastructure in existing communities without identifying or disclosing the tremendous revenue (utility fees and property taxes) generated historically and by new development.

We believe many municipalities focus only on the cost side of the Off-Site Levy infrastructure / facilities equation and ignore the enormous uplift in revenue generated from job creation, property taxes, utility rates, and other fees through development and developer investment in a municipality. Notably, in most Alberta municipalities, developers fund and install the vast majority of infrastructure that is required to provide access and service to homes, businesses, and industrial subdivisions.

Failure to consider the complete revenue uplift in the determination of Off-Site Levies will unduly burden new home buyers as these costs are passed on to them by way of the purchase price of the home. Further, the shear increase in cost to develop land, even if recovered from home buyers, will also create unneeded competition on investment capital and pressure to move capital from Alberta to other areas in North America. This obviously negatively impacts growth and employment in Alberta.

As part of a fulsome review of Off-Site Levies, we specifically ask for regulations that require full, thorough, and complete inclusion of the benefits of tax, utilities, and other fee revenue in Levy policies and calculations.

In addition to the changes being considered in respect of broader powers for the Municipal Government Board (MGB) to review Off-Site Levy determinations, we ask that the regulations (with any changes to the MGA or other acts as needed) also allow for the Alberta Utilities Commission (AUC) to consider matters related to utility service (e.g. water, wastewater, storm sewer and where not already regulated by the AUC, municipal gas and electricity service) in the event of a dispute between municipalities to reach agreement

with stakeholders on Off-Site Levy rates. Such a move would provide a fully transparent, fully disclosed, well-balanced, and arms-length forum to resolve unagreed matters or matters in dispute.

In summary, to exclude fair and appropriate consideration and inclusion of the benefits of tax, utility and other fee revenues in the determination of Off-site Levies, risks driving investment and jobs away from Alberta and undermines your government's efforts to improve Alberta's economy. We ask for your prompt attention to these matters as time is critical given that many Alberta municipalities are seeking to establish new Off-Site Levies for 2021.

Given the importance and urgency of this matter, we would request a formal meeting between you and industry leaders to provide additional information.

Yours truly,

A handwritten signature in blue ink, appearing to read "S. Fash".

Scott Fash
Executive Director, BILD Alberta

Cc: Hon. Grant Hunter; Bryan Rogers; Jonathan Koehli