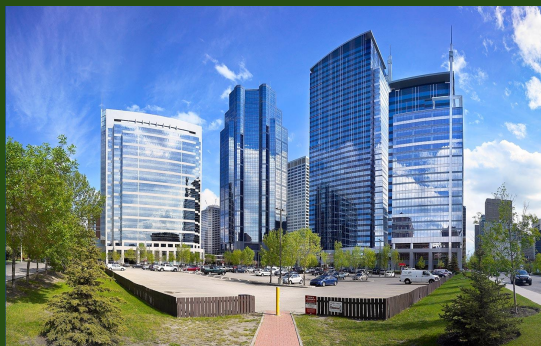




NAIOP Calgary Newsletter

January 2020



Issues: - Top Priorities

The Government Affairs Committee (GAC) has been busy over the last 4 months.

There are always more issues than can be effectively dealt with by our GA team, so it is critical that we spend our time advocating for those issues that have the most impact on our members. (see list)

As always we welcome any input from members with respect to issues they see arising that should be discussed. (send to: guy.huntingford@naiopcalgary.com)

Top Priorities for Advocacy: (in priority order)

1. Property Tax Shift
2. Green Line
3. EAGCS (Established Areas Growth and Change Strategy)
4. Off-site and other Levies
5. GGC (Guidebook for Great communities... formerly known as the DAG (developed areas guidebook))
6. Storm Water Management
7. Industrial Strategy + policy guidebook
8. Provincial Red Tape Reduction

Issues: - Other

Not to lose sight of other issues on our radar, here is a list IN NO PARTICULAR ORDER of issues we get to periodically or when there is time available.

Other advocacy issues

1. CIBEB - Commercial, Industrial, Building, Energy Benchmarking working group
2. BAC -Business Advisory Committee (cut red tape)
3. Charter Authorities
4. Climate change / resilience strategy
5. Regional Planning (CMRB (Calgary Metropolitan Region Board)
6. MDP/CTP amendments

Property Tax Shift

We understand that a special task force of experts has been formed to bring forward a long term solution. ... this is a line from our September newsletter. The results of the work of this task force were detailed for Council's consideration see attachment 1. For more recent City info see attachments 2,3,4. NAIOP advocated strongly for proportional property taxes (PT's) that moved more burden to residential and subsequently reduced the burden on non-residential. Our efforts paid off as Council voted favourably to a shift that saw 52% of PT's come from residential and 48% come from non-residential tax payers. This was an option detailed by the task force and heavily supported by NAIOP.

While speaking in averages can be distorting, it would be fair to say that the owner of an average house (\$495K) saw their taxes increase \$11/month. Many classes of non-residential saw smaller increases than previous years and some saw actual decreases.

This was a major win for NAIOP.

We applaud Council for making this controversial move. Council had to deal with over 500K residential tax payers seeing an increase to help only 14K non-residential tax payers, even though those non-residential payers were paying almost 4.5 times the rate of a residential tax payer and paying more than ½ of the overall property tax burden.

The question now is 'was the shift enough?'. The answer is unfortunately 'No'.

This meant that Council was tasked with another PTP (phased tax program) to soften the blow (cap increase at 10%) to non-residential tax payers. Council proposed a \$30M program. On Feb 4th Council approved the PTP program for the 2020 tax year. **This was a major win for NAIOP.**

So what do we do in the long term? There are 4 obvious options. 1) shift more burden to residential. 2) hope that downtown assessment values recover. 3) Cut the Budget. 4) Keep funding a PTP. ...From NAIOP's viewpoint only 1 and 3 make sense. We continue to make this our No:1 priority.

Greenline

- The RFQ process continues on pace for the southern leg.
- The City (at the direction of the Greenline committee) has hired a consultant to audit the current budget and do its own independent budget based on current alignments.
- BOMA and NAIOP continue to advocate for an end-to-end underground alignment through downtown and the beltline.
- BOMA and NAIOP continue to advocate a position that says "Do it right or don't do it at all"
- Many downtown property owners are concerned with any alignment that portals the line on 2nd St anywhere south of the riverfront.
- Note: NAIOP is advocating for a portal at Riverfront, a low bridge over the Bow, staying underground on Center St from the bridge to north of 16th Av.
- On Jan 28th the Greenline committee met behind closed doors for a 'workshop' led by administration to view downtown alignments and associated budgets.

- See link for the story.

<https://calgaryherald.com/news/local-news/council-reveals-green-lines-new-potential-downtown-path>

See attachment 5 for the latest release from administration.

Councillor Keating on Tuesday (Jan 28th) said 'Over the next two months I think we'll see nothing but more and more of that credibility and confidence being rebuilt,"

This remains to be seen....

As you will read the latest alignment does not meet the NAIOP position 'Do it right or don't do it at all' We believe there are still lots of compromises to keep the project within the \$4.9B budget.

As at today Feb 5th, there are immediate meetings to rally all compromised stakeholders including, CDBIA (Chinese District Business Improvement Area) NAIOP, BOMA and other concerned groups of citizens and businesses

Established Areas Growth & Change Strategy

The work related to the EAGCS has taken a number of twists and turns since the last newsletter.

The project is split into 2 phases. Phase 1 was supposed to culminate in a report to Council in March. That has now been extended to May. The reason for the delay is due to internal resourcing and a need for more time to complete the phase 1 work.

One of the major 'asks' to Council will be for 'seed' money to allow for accelerated established area growth. Admin' was prepared to ask for \$12M for the remainder of this budget cycle (end of '22). This amount is equal to the increase in property taxes attributed to the (14) new communities that were recently approved.

In early January Councillor Gondek decided to expedite the 'ask' from council for 'seed' money and brought forward a motion (see attachment 6) that finds \$30M in investment income. NAIOP supported and advocated for this motion and on Feb 4th the motion passed. **This was a major win for NAIOP.**

The 'seed' fund is replenished annually through interest income from unused portions of the \$30M and to redirect on an annual basis any budget savings from investment income within Corporate Programs in the amount of a minimum of 1% (or more at Council's discretion) of the favourable variance .. and to be allocated to the Established Areas Growth Strategy within the FSR.

This motion, now passed, will make a material difference in the way the phase 1 report is written and subsequently how phase 2 is rolled out.

The major portion of the phase 2 work is to create long term funding for established areas development. This includes below grade infrastructure, existing public infrastructure and new & enhanced public amenities. Work has started on this funding and a one-page graphic (see attachment 7) created by the established areas working group captures the issues of each of the 3 components of a comprehensive funding mechanism.

Offsite & other levies

In January of next year (2021) a new off-site levy bylaw will be brought forward to Council. This will be the first bylaw that will potentially have greenfield, established areas, industrial and centre city levies all considered together.

This is significant as today we have a comprehensive set of levies for greenfield and industrial, only a sanitary levy for established areas and a unique levy for centre city.

The offsite levy work was previously undertaken by planning & development personnel as part of a much larger portfolio. This was a concern due to its lack of focus.

The City has now hired a dedicated team to oversee all offsite levy work, including setting all levies, auditing of levies and reporting of levies.

The first meeting with stakeholders was Jan 27th to discuss the scope of work. The City has hired Urban Systems to help.

Members should be aware that the offsite levy bylaw has an indefinite term and can be amended by Council at their discretion. Many industry members believe the term of the bylaw to be 5 years which has been the agreement between the City and Industry to provide certainty to levy rates for a reasonable period. This important agreement is up for discussion for the new bylaw.

NAIOP has a number of goals for the levy discussions.

- Keep greenfield rates close to the 2016 rates
- Advocate for the removal of the community levy for industrial development.
- Advocate for an established area levy for linear infrastructure (developer sized pipes) which would help developers who are 'first in' to a redevelopment and must pay for all the infrastructure before getting a D.P.
- Review the levy reporting to ensure all items found by the reporting auditor are completed to industry's satisfaction.

Guidebook for Great Communities (GGC)

The new guidebook for all redevelopment planning is almost ready for approval.

This guidebook replaces the DAG (developed areas guidebook). To say the new GGC has caused our industry and the FCC (Federation of Calgary Communities) immeasurable grief and angst, would be a massive understatement. Like anything that is this comprehensive and controversial, it has put a lens on the whole planning process.

Readers are aware that the City is taking the 179 communities and creating grouping of communities called MCP's (multi communities plans) or LAP's (local area plans). There will eventually be approx 42 MCP's and the plans for these larger parcels will supersede all ARP's (Area redevelopment plans)... we think.

One of the major concerns of Industry and the FCC was that the GGC was supposed to be implemented for all communities as soon as it was approved.

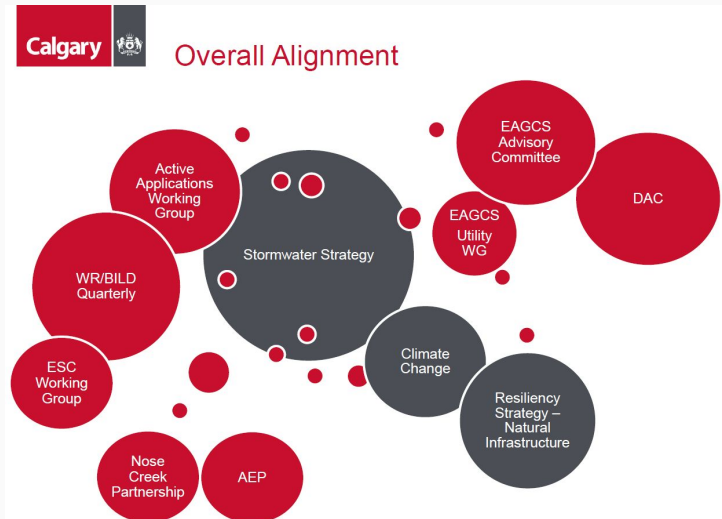
This would supersede any existing planning or use of the old DAG that had been followed by Industry and communities.

Finally the City has agreed that the GGC will be used to guide only MCP's as they become approved. They will start with the North Hill MCP.

The GGC is currently slated to be a statutory document, but because the GGC doesn't actually locate or direct where to place development, only the MCPs do, the CMRB (Calgary Metropolitan Region Board) does not have to approve it. However, they do have to approve the MCPs that use the GGC so the North Hill MCP will be the first one to go to the CMRB using the GGC. The City will be providing GGC training for the CMRB :)

Storm Water

The Stormwater strategy has slowed down considerably and the City is now conducting workshops with stakeholders to get their position/opinion on how the City can manage this controversial file



While this work continues applicants for D.P's are being considered on a 'one-off' basis. NAIOP does not see this process as anything more than a stop-gap measure and continues to advocate for a long term solution. As a reminder, these are the key issues....

- Volume control targets in the Nose Creek watershed are quite onerous for developers.
- The City has agreed to study an industry proposal that replaces volume controls with a 'low energy release rate' strategy.
- The difference in volume control targets between established and developing areas are vast and developing areas are being 'used' to meet a City wide target by creating impossible greenfield targets.
- The Province needs to find solutions to stormwater reuse, Water Act approvals, issues with wetlands and diversion tactics and decide if the quality of stormwater is more or less important than quantity (industry believes quality is more important).

Industrial Development Strategy

Members will know that the City embarked (3 years ago) on creating a comprehensive growth strategy for the entire city that would be tied to the 4 year budget cycle. Industry supported this direction.

At this writing we have a strategy for the developing (greenfield) areas, work progresses on an established areas strategy (see elsewhere in the newsletter) and nothing substantive has happened towards an industrial strategy.

This progress is of concern to not only the industry but also the City that has had a series of personnel challenges with respect to managing the industrial strategy.

In 2020 the BAC (business advisory committee) which is dedicated to cutting red tape and finding solutions to business concerns, has placed dealing with 'problems and

Issues' facing industrial developers. Note: this group is chaired by Councillors Sutherland & Demong

This has caused the City's growth strategy team to, once again, raise the profile of the industrial strategy and put resources behind it. That said, the new manager hired to manage the strategy team and interface with stakeholders, has already quit.

The City is now looking at whether the industry (NAIOP and BILD) can enter into an agreement to help fund a consultant who will manage the work and produce a detailed market analysis as well as a scope of work to complete the strategy. Our respective Boards are looking at this request.

There are a number of reasons to pursue this, but Industry is concerned that the City is taking this path to the problem.

Provincial Red Tape Reduction

While it is not top of mind for many of our members, the Provincial Red Tape reduction initiative has provided an avenue for us to highlight some concerns we have that the Province can correct. These are the three issues we have identified. Note: We have seen some traction with respect to the reporting requirements (RECA rules) for Co's trading in real estate.

- Reporting requirements of Real Estate Council of Alberta (*Real Estate Act* and RECA Rules);
- City charters enabled by regulation rather than legislation (*Municipal Government Act*, City of Calgary Charter, 2018 Regulation and City of Edmonton Charter, 2018 Regulation);
- Ability to create non-residential property tax assessment sub-classes (*Municipal Government Act* and Matters Relating To Assessment Sub-Classes Regulation).

We are pleased that BILD Alberta has put a real push on leveraging the Red Tape Reduction program. NAIOP Calgary and many other Industry organizations have joined with BILD Alberta as well as working their own specific advocacy.

Attachment 8 is the extensive submission from BILD AB to the Province.

Attachment 9 is the letter from NAIOP Calgary to the Minister responsible for the Red Tape initiative detailing the three issues we identified.

Thanks!

Any Questions about these key files
or any of the secondary files
identified in slide 3 ?

Contact us:

guy.huntingford@naiopcalgary.com



Attachments

- #1 Pg.14 2020 TSAWG Illustrative Examples
- #2 Pg.16 Detailed 2020 Non-Residential Property Tax Relief Options - PFC2020-0015
- #3 Pg.22 Administrative Considerations - PFC2020-0015I
- #4 Pg.23 Illustrative Examples of the Effects of the 2020 Non-Residential Property Tax Relief Options - PFC2020-0015
- #5 Pg.25 Greenline Jan 2020 alignment
- #6 Pg.45 Identifying a Funding Source for Public Realm Improvements in Established Areas
- #7 Pg.47 EAGCS Infographic_compressed
- #8 Pg.48 BILD Alberta - Red Tape Recommendations (10-7-19)
- #9 Pg.81 NAIOP Letter - Red Tape Reduction(10-23-19)

2020 Projected Assessment Base

0% Budget Increase

*Values Prepared on 2019 Sept 27 - subject to change

0% Budget Increase - 49% Res/51% NR Split				0% Budget Increase - 50% Res/50% NR Split			0% Budget Increase - 52% Res/48% NR Split		
	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	928,763,000		908,520,000	947,717,000		908,520,000	985,626,000	
Estimated Non-Residential Tax	1,016,078,000	966,671,000		1,016,078,000	947,717,000		1,016,078,000	909,808,000	

Residential



0% Budget Increase - 49% Res/51% NR Split				0% Budget Increase - 50% Res/50% NR Split			0% Budget Increase - 52% Res/48% NR Split		
Examples									
Typical Single Residential Home	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%	475,000	455,000	-4.21%	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0044231		0.0042108	0.0045133		0.0042108	0.0046939	
Municipal Taxes	2,000	2,013	0.62%	2,000	2,054	2.67%	2,000	2,136	6.78%
Monthly Payment	167	168	0.62%	167	171	2.67%	167	178	6.78%
Typical Single Residential Condo	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%	255,000	240,000	-5.88%	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0044231		0.0042108	0.0045133		0.0042108	0.0046939	
Municipal Taxes	1,074	1,062	-1.14%	1,074	1,083	0.88%	1,074	1,127	4.92%
Monthly Payment	89	88	-1.14%	89	90	0.88%	89	94	4.92%

Non-Residential



0% Budget Increase - 49% Res/51% NR Split				0% Budget Increase - 50% Res/50% NR Split			0% Budget Increase - 52% Res/48% NR Split		
Examples									
Non-Residential \$5m Property	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	88,875	79,055	-11.05%	88,875	77,042	-13.31%	88,875	73,008	-17.85%
Less PTP	(16,214)			(16,214)			(16,214)		
Actual Municipal Taxes	72,661	79,055	8.80%	72,661	77,042	6.03%	72,661	73,008	0.48%
Retail - Strip Mall	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%

Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	57,769	57,710	-0.10%
Less PTP	(11,780)		
Actual Municipal Taxes	45,988	57,710	25.49%
Retail - 17 AV SW	2019	2020 Estimate	YOY Change
Assessment	3,560,000	3,390,000	-4.78%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	63,279	53,599	-15.30%
Less PTP	(15,162)		
Actual Municipal Taxes	48,117	53,599	11.39%
Retail - Neighbourhood Shopping Cent	2019	2020 Estimate	YOY Change
Assessment	41,390,000	44,340,000	7.13%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	735,707	701,055	-4.71%
Less PTP	(132,152)		
Actual Municipal Taxes	603,555	701,055	16.15%
Office - Downtown AA Class	2019	2020 Estimate	YOY Change
Assessment	391,200,000	391,130,000	-0.02%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	6,953,580	6,184,117	-11.07%
Less PTP	-		
Actual Municipal Taxes	6,953,580	6,184,117	-11.07%
Office - Downtown A Class	2019	2020 Estimate	YOY Change
Assessment	92,930,000	114,560,000	23.28%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	1,651,831	1,811,297	9.65%
Less PTP	-		
Actual Municipal Taxes	1,651,831	1,811,297	9.65%
Industrial - Warehouse	2019	2020 Estimate	YOY Change
Assessment	4,970,000	5,390,000	8.45%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	88,342	85,221	-3.53%
Less PTP	(13,083)		
Actual Municipal Taxes	75,259	85,221	13.24%

0.017775	0.0154083	
57,769	56,240	-2.65%
(11,780)		
45,988	56,240	22.29%
2019	2020 Estimate	YOY Change
3,560,000	3,390,000	-4.78%
0.017775	0.0154083	
63,279	52,234	-17.45%
(15,162)		
48,117	52,234	8.56%
2019	2020 Estimate	YOY Change
41,390,000	44,340,000	7.13%
0.017775	0.0154083	
735,707	683,204	-7.14%
(132,152)		
603,555	683,204	13.20%
2019	2020 Estimate	YOY Change
391,200,000	391,130,000	-0.02%
0.017775	0.0154083	
6,953,580	6,026,648	-13.33%
-		
6,953,580	6,026,648	-13.33%
2019	2020 Estimate	YOY Change
92,930,000	114,560,000	23.28%
0.017775	0.0154083	
1,651,831	1,765,175	6.86%
-		
1,651,831	1,765,175	6.86%
2019	2020 Estimate	YOY Change
4,970,000	5,390,000	8.45%
0.017775	0.0154083	
88,342	83,051	-5.99%
(13,083)		
75,259	83,051	10.35%

0.017775	0.0146015	
57,769	53,295	-7.74%
(11,780)		
45,988	53,295	15.89%
2019	2020 Estimate	YOY Change
3,560,000	3,390,000	-4.78%
0.017775	0.0146015	
63,279	49,499	-21.78%
(15,162)		
48,117	49,499	2.87%
2019	2020 Estimate	YOY Change
41,390,000	44,340,000	7.13%
0.017775	0.0146015	
735,707	647,431	-12.00%
(132,152)		
603,555	647,431	7.27%
2019	2020 Estimate	YOY Change
391,200,000	391,130,000	-0.02%
0.017775	0.0146015	
6,953,580	5,711,085	-17.87%
-		
6,953,580	5,711,085	-17.87%
2019	2020 Estimate	YOY Change
92,930,000	114,560,000	23.28%
0.017775	0.0146015	
1,651,831	1,672,748	1.27%
-		
1,651,831	1,672,748	1.27%
2019	2020 Estimate	YOY Change
4,970,000	5,390,000	8.45%
0.017775	0.0146015	
88,342	78,702	-10.91%
(13,083)		
75,259	78,702	4.58%

Suburban Office	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	28,170,000	25,310,000	-10.15%	28,170,000	25,310,000	-10.15%	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	500,722	400,174	-20.08%	500,722	389,984	-22.12%	500,722	369,564	-26.19%
Less PTP	(32,601)			(32,601)			(32,601)		
Actual Municipal Taxes	468,121	400,174	-14.51%	468,121	389,984	-16.69%	468,121	369,564	-21.05%

2020 NON-RESIDENTIAL PROPERTY TAX RELIEF OPTION DETAILS

OPTION 1: Original PTP Criteria (With 0 per cent, 5 per cent or 10 per cent tax increase caps)

Description:

Using the same criteria and process as the 2017, 2018 and 2019 PTP this option proposes to phase in 2020 municipal non-residential property tax increases by capping them for eligible properties at 0 per cent, 5 per cent, or 10 per cent of the prior year's municipal portion of the tax bill (total without PTP credit applied). As stated, this program would be administered in the same manner as past years' PTP programs.

Pros:

- Same process of calculation as previous year's PTP
- Could benefit small properties if they are subject to a large increase due to reassessment
- Customers are familiar with this program
- Same eligibility criteria as previous PTP
- Customers are familiar with this program
- No application required

Cons:

- The reassessment cycle indicates that properties that experienced the most significant tax decreases over the last four years would be substantial beneficiaries of the program (Approx. 50 per cent of the budgeted PTP amount)
- Does not reach Council's intended target of properties experiencing large tax increases due to the tax burden shift
- No guarantees that tax relief will be passed along to tenants
- The PTP creates the effect of different tax rates for each tax payer who receives the credit. The funds do not reduce the tax rate ratio between non-residential and residential
- Complaint process introduces complexity into administration
- Continued expectation of future tax mitigation programs
- Potential legal risks are addressed in confidential Attachment 8

Option 1 Program Estimates:

Option	% Cap on 2019 Non-Residential Municipal Property Tax Increase	2020 Non-Residential Taxable Population*	Number of Qualified PTP Properties	Program Cost
1a	0.00%	14,176	1,255	\$12,999,641
1b	5.00%	14,176	589	\$8,559,995
1c	10.00%	14,176	350	\$5,841,986

*As of 2019 December 20

**OPTION 2: Modified PTP Calculation
Using Actual After-PTP Taxes (PTP Applied)**

Description:

This option also proposes to phase in 2020 municipal non-residential property tax increases by capping them for eligible properties at 5 per cent, or 10 per cent of the prior year's municipal portion of the tax bill. However, the program is modified by using the 2019 actual municipal property tax amount (after PTP credits were applied) to ascertain the year-over-year change in taxes. By modifying PTP in this fashion, the program will also assist in offsetting the "bow wave" effect of past year's PTPs.

Pros:

- Will benefit a large number and range of properties
- Will assist in offsetting the "bow wave" effect of past years' PTPs and provide the intended transitional phasing effect to lessen the impact of year-over-year municipal tax increases
- Provides tax relief to non-residential property owners facing the greatest municipal tax increases
- Provides the intended transitional phasing effect to lessen the impact of year-over-year municipal tax increases
- Same eligibility criteria as previous PTP
- Customers are familiar with this program
- No application required

Cons:

- Will still perpetuate a "bow wave" effect for future years
- Unlike previous PTP's, also requires the finalization of previous years PTP credits as opposed to just the finalization of previous years assessments to calculate the 2020 credit, both of which could be delayed due to outstanding court appeals
- The PTP creates the effect of different tax rates for each tax payer who receives the credit. The funds do not reduce the tax rate ratio between non-residential and residential
- No guarantees that tax relief is passed along to tenants
- Continued expectation of future tax mitigation programs
- Potential legal risks are addressed in confidential Attachment 8

Option 2 Program Estimates:

Option	% Cap on 2019 Non-Residential Municipal Property Tax Increase	2020 NR Taxable Population*	Estimated Number of Qualified PTP Properties	Estimated Program Cost
2a	5.00%	14,176	7,138	\$45,981,859
2b	10.00%	14,176	5,071	\$30,027,656

*As of 2019 December 20

OPTION 3: Grant Program – Based on a Percent of PTP Credit Paid in 2019

Description:

This option would involve administering a grant program in 2020 where property owners would be eligible to receive an amount equivalent to a specified percentage of the PTP credit they received in 2019

Pros:

- Would benefit any property that received PTP in 2019

Cons:

- Would only apply to properties that qualified for PTP in 2019
- High administrative costs
- No guarantees that grants would be passed along to tenants
- Potential legal risks are addressed in confidential Attachment 8

Option 3 Program Estimates:

2019 Program Cost	Amount	Number of Qualified PTP Properties	Estimated Program Cost
2019 Approved PTP Budget	\$130,900,000		At Council's Discretion
Current 2019 PTP Payout*	\$116,648,306	11,655 (Credit Received)	

*As of 2019 December 20

OPTION 4: Business Tax Revival in Order to Provide a Business Tax Credit

Description:

This option involves reinstating business tax as a “reverse” tax for the purposes of compensating business owners directly. Due to the complexity of reinstating business tax there would be no possible way to administer this option within 2020. This is largely due to degraded business data, the timeline and costs required to upgrade that data and systems involved and the various Administrative groups involved. Report PFC2019-0559 brought forward by Administration on 2019 June 4 details the degradation of Business data as well as the potential associated costs to Administration.

Pros:

- Benefit will go directly to businesses

Cons:

- Cannot be implemented in 2020
- High related costs for Administration
- Substantial amount of resources and time required to re-establish the business roll
- Additional capital/operating expenses for Assessment, Finance, and other business units involved

OPTION 5: Non-Residential Municipal Property Tax Rebate

Description:

This option proposes a use of one-time funds to offset the non-residential municipal property tax through a municipal property tax rebate applicable to all non-residential properties based on their assessment value.

Pros:

- Benefit will go to all non-residential property owners regardless of increase/decrease in taxes
- Simple and transparent process
- Low administrative costs

Cons:

- Would provide less benefit to properties experiencing higher increases in their municipal taxes
- Would provide a rebate to properties experiencing a tax decrease

OPTION 6: Compassionate Business Grant by Way of Application

Description:

This option would create a program that businesses would apply for in order to receive a grant. A similar program was analyzed and brought forward to Council on 2019 May 27 through report PFC2019-0590 Small Business Resiliency Grant Program.

Pros:

- Benefit will go directly to businesses that apply and meet the eligibility criteria

Cons:

- High related costs and resources for administration
- Would not be implemented immediately
- Previous grant program (PFC2019-0590 Small Business Resiliency Grant Program) was voted down by Council on 2019 May 27

ADMINISTRATIVE CONSIDERATIONS FOR PHASED TAX PROGRAM (PTP)

Delivering Tax Relief Through PTP

In previous years, eligible non-residential property owners received PTP credits through their property tax bills. When PTP was approved, the intention was that these credits would be passed along to tenants. Administration has no way of verifying if PTP credits were passed from the property owner to the tenants. Previous reports to Council have considered various forms of financial support programs focused directly on businesses and business owners rather than property tax. While there could be positive impacts associated with those programs, Administration's analysis identified a number of challenges with the implementation of such programs, including operational concerns, potential for inequity and feasibility under the *Municipal Government Act* (MGA).

Administration found that providing financial aid to local businesses that were negatively affected by the economic downturn through property tax relief would be the most feasible option for several reasons. One of the most significant reasons is that The City has a direct relationship with all non-residential property owners through the existing municipal property assessment and taxation framework. Business assessment and taxation were eliminated in 2019 through Business Tax Consolidation. Administration still prepares assessments for some businesses for the purpose of collecting Business Improvement Area (BIA) taxes. However, the business inventory used for that purpose is limited to businesses located in BIAs. Unlike the property inventory, Administration does not have a complete business inventory or the associated ownership information for every business in the city. The administrative costs associated with obtaining business ownership information, maintaining a business inventory and creating accounts as means to deliver financial aid directly to businesses would be significant. Furthermore, Administration does not have sufficient information to accurately determine the financial impact of the economic downturn on specific types of businesses or the legislative authority to collect that information.

Manual Administration of PTP

PTP has been administered through a manual process which has been time consuming and at times complex. Finance and Assessment have worked closely to ensure the correct PTP credits are processed, especially for those accounts with an Assessment Review Board (ARB) complaint. Finance has received bi-weekly spreadsheets with lists of accounts where the ARB complaint has been resolved and the judicial review application deadline has passed. The manual administration of PTP has the potential to last many years into the future to accommodate the lengthy process for judicial reviews. This process impacted Tax and diverted resources from other high-priority initiatives such as the Tax Instalment Payment Plan (TIPP) forecasting project and TIPP integration.

Legislative Authority

The MGA requires an annual assessment be prepared each and every year, with assessments used as the basis for the fair and equitable distribution of property taxes. An annual assessment cycle better reflects the current economic effects on the real estate market. It is also better understood by property owners as there is only six months between the valuation date and the market value assessment. In longer assessment cycles (three to four years) property owners find themselves being taxed based on an economic circumstance that may have occurred up to five years previously. However, in any assessment cycle, where there is either a substantial change to one or more segments of the market, the tax distribution effects from the new assessments can be material. Administration has observed some of these effects in the Calgary non-residential markets.

Attachment 7: Illustrative Examples of the Effects of the 2020 Non-Residential Property Tax Relief Options

52% Residential : 48% Non-Residential		
2019	2020	Year-over-Year Change

Estimated Program Cost (\$ in millions)

Estimated Number of Qualified Properties

Non-Residential \$5M Property

Assessment	\$5,000,000	\$5,000,000	0.00%
Municipal Taxes	\$88,875	\$78,130	-12.09%
Less PTP	\$16,214		
Municipal Taxes After PTP	\$72,661	\$78,130	7.53%
Municipal Tax Change After PTP			

Retail - Strip Mall

Assessment	\$3,250,000	\$3,440,000	5.85%
Municipal Taxes	\$57,769	\$53,753	-6.95%
Less PTP	\$11,780		
Municipal Taxes After PTP	\$45,989	\$53,753	16.88%
Municipal Tax Change After PTP			

Retail - 17th Avenue SW

Assessment	\$3,560,000	\$3,560,000	0.00%
Municipal Taxes	\$63,279	\$55,628	-12.09%
Less PTP	\$9,200		
Municipal Taxes After PTP	\$54,079	\$55,628	2.86%
Municipal Tax Change After PTP			

Retail - Neighbourhood Shopping Centre

Assessment	\$38,810,000	\$41,070,000	5.82%
Municipal Taxes	\$689,848	\$641,756	-6.97%
Less PTP	\$88,205		
Municipal Taxes After PTP	\$601,643	\$641,756	6.67%
Municipal Tax Change After PTP			

Office - Downtown AA Class

Assessment	\$334,890,000	\$315,370,000	-5.83%
Municipal Taxes	\$5,952,670	\$4,927,940	-17.21%
Less PTP	\$0		
Municipal Taxes After PTP	\$5,952,670	\$4,927,940	-17.21%
Municipal Tax Change After PTP			

Non-Residential Tax Mitigation Options					
Option 1a Status Quo @ 0%	Option 1b Status Quo @ 5%	Option 1c Status Quo @ 10%	Option 2a After 2019 PTP Cap @ 5%	Option 2b After 2019 PTP Cap @ 10%	Option 5 \$30m Rebate to All NR
\$ 13.0	\$ 8.6	\$ 5.8	\$ 46.0	\$ 30.0	\$ 30.0
1,255	589	350	7,138	5,071	14,176

\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
\$78,130	\$78,130	\$78,130	\$78,130	\$78,130	\$78,130
\$0	\$0	\$0	\$1,835	\$0	\$2,511
\$78,130	\$78,130	\$78,130	\$76,294	\$78,130	\$75,618
7.53%	7.53%	7.53%	5.00%	7.53%	4.07%

\$3,440,000	\$3,440,000	\$3,440,000	\$3,440,000	\$3,440,000	\$3,440,000
\$53,753	\$53,753	\$53,753	\$53,753	\$53,753	\$53,753
\$0	\$0	\$0	\$5,465	\$3,165	\$1,728
\$53,753	\$53,753	\$53,753	\$48,288	\$50,588	\$52,025
16.88%	16.88%	16.88%	5.00%	10.00%	13.13%

\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000
\$55,628	\$55,628	\$55,628	\$55,628	\$55,628	\$55,628
\$0	\$0	\$0	\$0	\$0	\$1,788
\$55,628	\$55,628	\$55,628	\$55,628	\$55,628	\$53,840
2.86%	2.86%	2.86%	2.86%	2.86%	-0.44%

\$41,070,000	\$41,070,000	\$41,070,000	\$41,070,000	\$41,070,000	\$41,070,000
\$641,756	\$641,756	\$641,756	\$641,756	\$641,756	\$641,756
\$0	\$0	\$0	\$10,031	\$0	\$20,628
\$641,756	\$641,756	\$641,756	\$631,725	\$641,756	\$621,128
6.67%	6.67%	6.67%	5.00%	6.67%	3.24%

\$315,370,000	\$315,370,000	\$315,370,000	\$315,370,000	\$315,370,000	\$315,370,000
\$4,927,940	\$4,927,940	\$4,927,940	\$4,927,940	\$4,927,940	\$4,927,940
\$0	\$0	\$0	\$0	\$0	\$158,400
\$4,927,940	\$4,927,940	\$4,927,940	\$4,927,940	\$4,927,940	\$4,769,540
-17.21%	-17.21%	-17.21%	-17.21%	-17.21%	-19.88%

52% Residential : 48% Non-Residential		
2019	2020	Year-over-Year Change

Office - Downtown A Class

Assessment	\$87,910,000	\$103,940,000	18.23%
Municipal Taxes	\$1,562,600	\$1,624,156	3.94%
Less PTP	\$0		
Municipal Taxes After PTP	\$1,562,600	\$1,624,156	3.94%
Municipal Tax Change After PTP			

Industrial - Warehouse

Assessment	\$4,970,000	\$5,220,000	5.03%
Municipal Taxes	\$88,342	\$81,567	-7.67%
Less PTP	\$13,083		
Municipal Taxes After PTP	\$75,259	\$81,567	8.38%
Municipal Tax Change After PTP			

Suburban Office

Assessment	\$24,130,000	\$25,030,000	3.73%
Municipal Taxes	\$428,911	\$391,116	-8.81%
Less PTP	\$0		
Municipal Taxes After PTP	\$428,911	\$391,116	-8.81%
Municipal Tax Change After PTP			

Non-Residential Tax Mitigation Options					
Option 1a Status Quo @ 0%	Option 1b Status Quo @ 5%	Option 1c Status Quo @ 10%	Option 2a After 2019 PTP Cap @ 5%	Option 2b After 2019 PTP Cap @ 10%	Option 5 \$30m Rebate to All NR

\$103,940,000	\$103,940,000	\$103,940,000	\$103,940,000	\$103,940,000	\$103,940,000
\$1,624,156	\$1,624,156	\$1,624,156	\$1,624,156	\$1,624,156	\$1,624,156
\$61,556	\$0	\$0	\$0	\$0	\$52,206
\$1,562,600	\$1,624,156	\$1,624,156	\$1,624,156	\$1,624,156	\$1,571,951
0.00%	3.94%	3.94%	3.94%	3.94%	0.60%

\$5,220,000	\$5,220,000	\$5,220,000	\$5,220,000	\$5,220,000	\$5,220,000
\$81,567	\$81,567	\$81,567	\$81,567	\$81,567	\$81,567
\$0	\$0	\$0	\$2,546	\$0	\$2,622
\$81,567	\$81,567	\$81,567	\$79,022	\$81,567	\$78,945
8.38%	8.38%	8.38%	5.00%	8.38%	4.90%

\$25,030,000	\$25,030,000	\$25,030,000	\$25,030,000	\$25,030,000	\$25,030,000
\$391,116	\$391,116	\$391,116	\$391,116	\$391,116	\$391,116
\$0	\$0	\$0	\$0	\$0	\$12,572
\$391,116	\$391,116	\$391,116	\$391,116	\$391,116	\$378,545
-8.81%	-8.81%	-8.81%	-8.81%	-8.81%	-11.74%

Administration recommends that the Green Line Committee:

1. Receive the distributions shared during the Closed Meeting for the Corporate Record;
2. Keep the Closed Meeting discussions and presentations (Morning and Afternoon session presentations) confidential pursuant to Sections 21 (Disclosure harmful to intergovernmental relations), 24 (Advice from officials), 25 (Disclosure harmful to economic and other interests of a public body), and 27 (Privileged information) of the Freedom of Information and Protection of Privacy Act, to be reviewed by 2027 December 31; and
3. To enable further public engagement in regard to the Updated Stage 1 Alignment in anticipation of the March 2020 Green Line Committee meeting, release to the public the Green Line Public Presentation.

Calgary



Green Line Committee Public Presentation

28 January 2020





Green Line Vision

"A city-shaping transit service that improves mobility
in communities in north and southeast Calgary
connecting people and places and enhancing the
quality of life in the city."

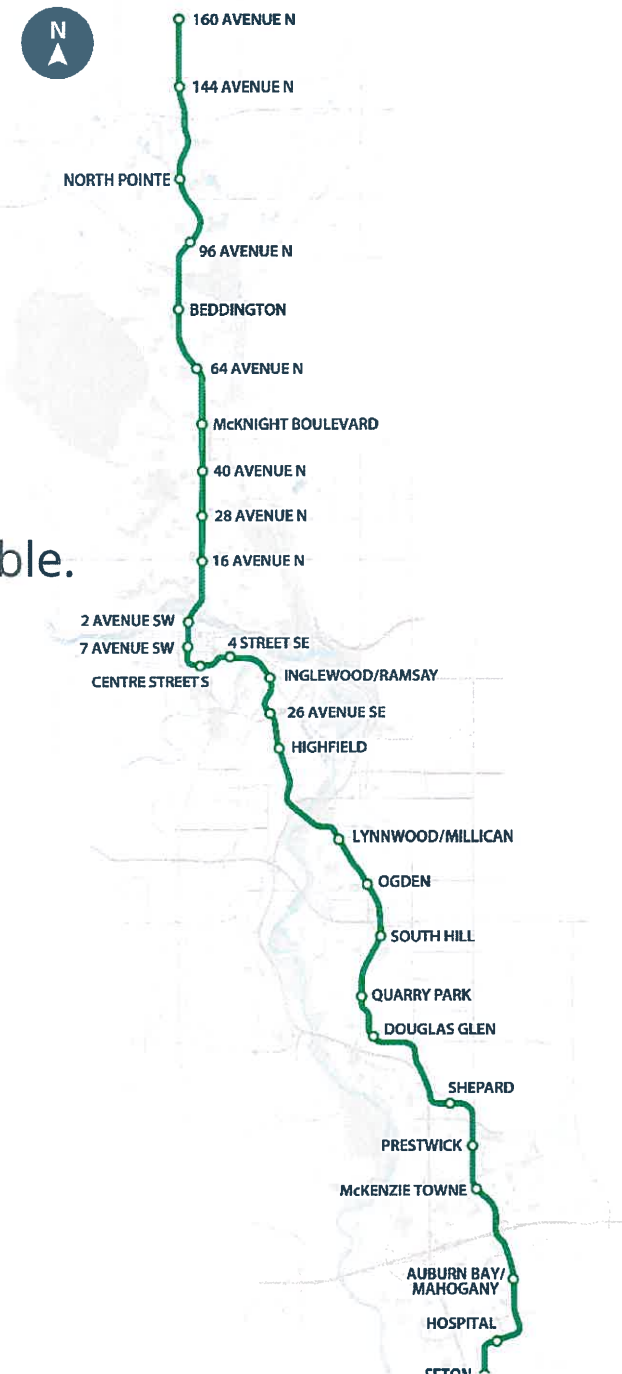
(Most recently revised and approved by Council on
Jan. 13, 2020)

Approval and construction of Stage 1 is a pivotal first step in achieving Green Line's vision.

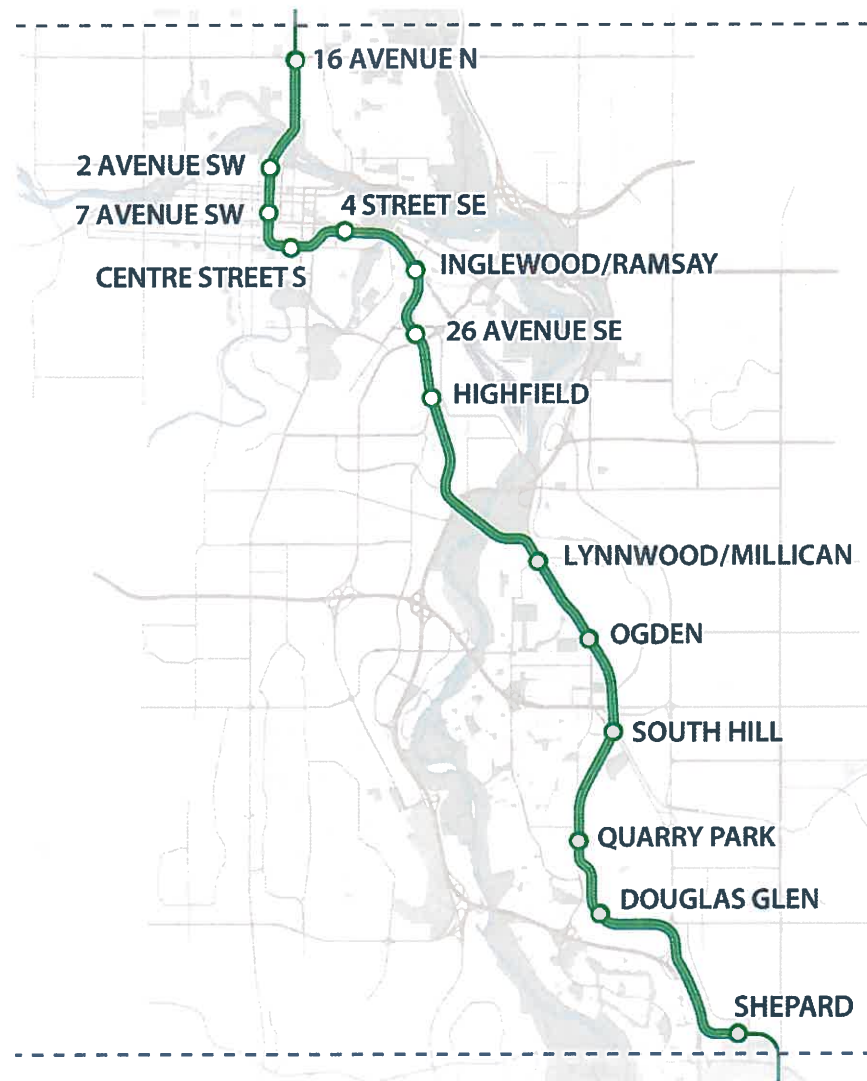
Similar to the Red and Blue Lines, Green Line will need to be built in stages as funding becomes available.

At a Glance

- Serve Calgarians in 27+ communities
- Support over 220,000 to 240,000 trips per day
- Consist of 46 km of track
- Include 28 stations
- Provide a future airport connection
- Support future Transit Oriented Development (TOD) in 10 stations areas

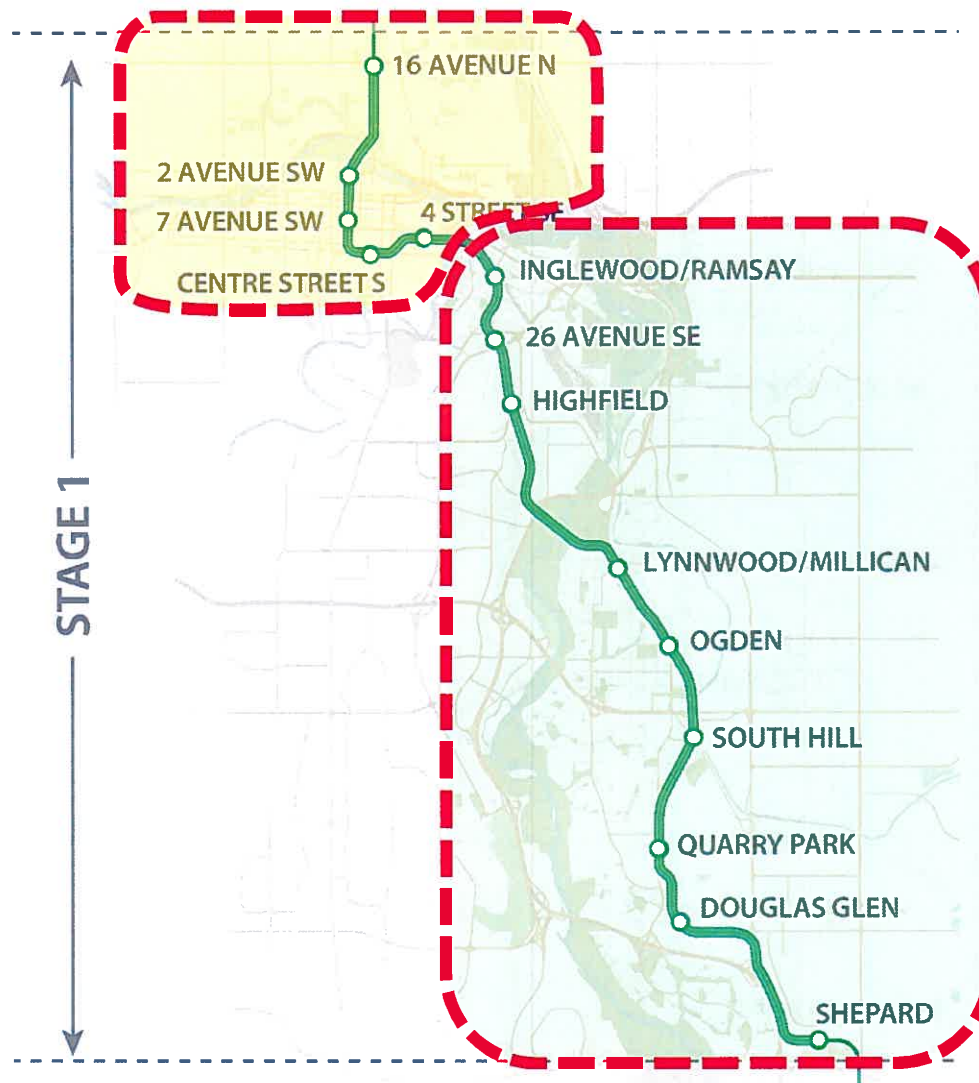


2017 Council Approved Alignment



Stage 1: Segments

**SEGMENT 2:
Elbow River
to 16AV N**



**SEGMENT 1:
Elbow River
to 126 AV SE
(Sheppard)**

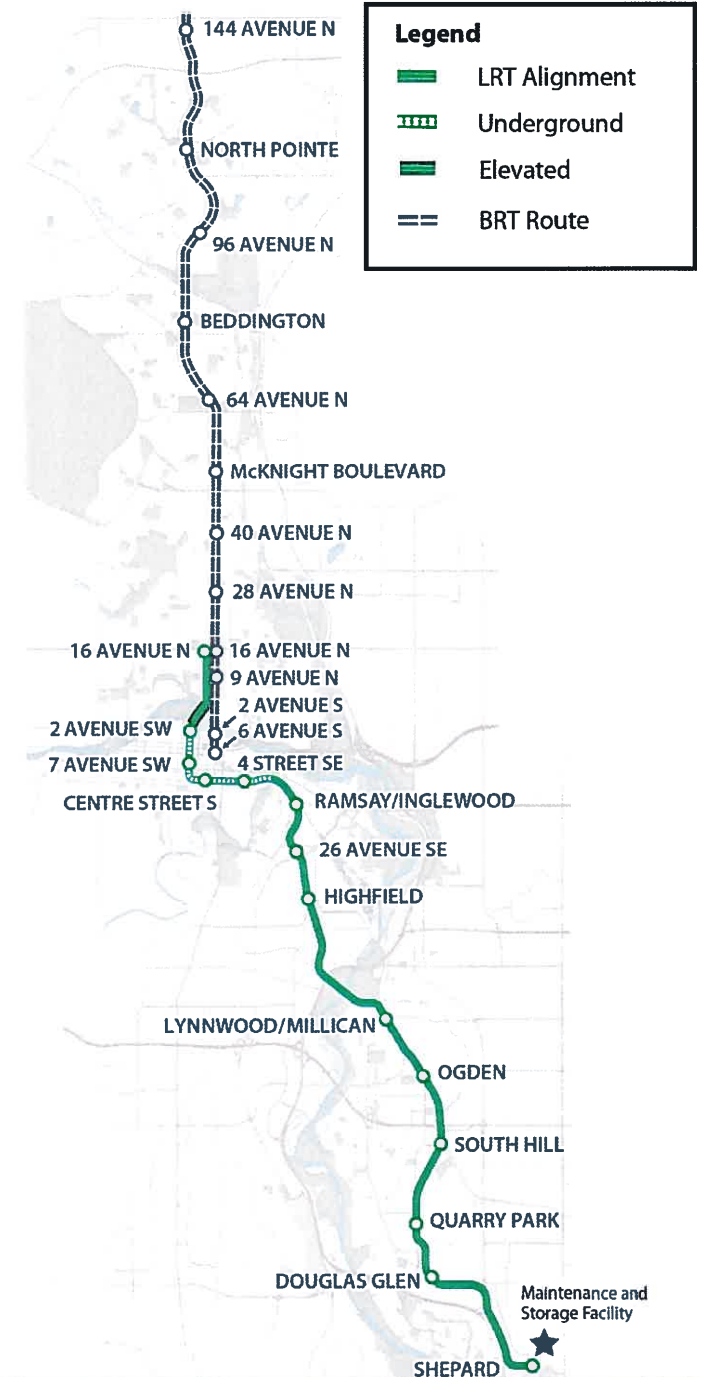
List of Options Reviewed

- ☐ Updated alignment (16 Ave N. to Shepard)
- ☐ Options that look to connect into Red & Blue Lines using existing City Hall tunnel
- ☐ Options for separate north and southeast LRT lines
- ☐ Options for shortened line that stop in the Beltline or downtown (does not cross river)
- ☐ BRT options

Updated Stage 1 Alignment

16 Avenue N to Shepard

- Surface-running on Centre ST N
- Bridge over Bow River
- Reduced tunnel in Downtown
- Shallow tunnel in Beltline on 11 AV S
- Three underground stations
- Elbow River to Shepard, same as original plan
- North BRT – Max



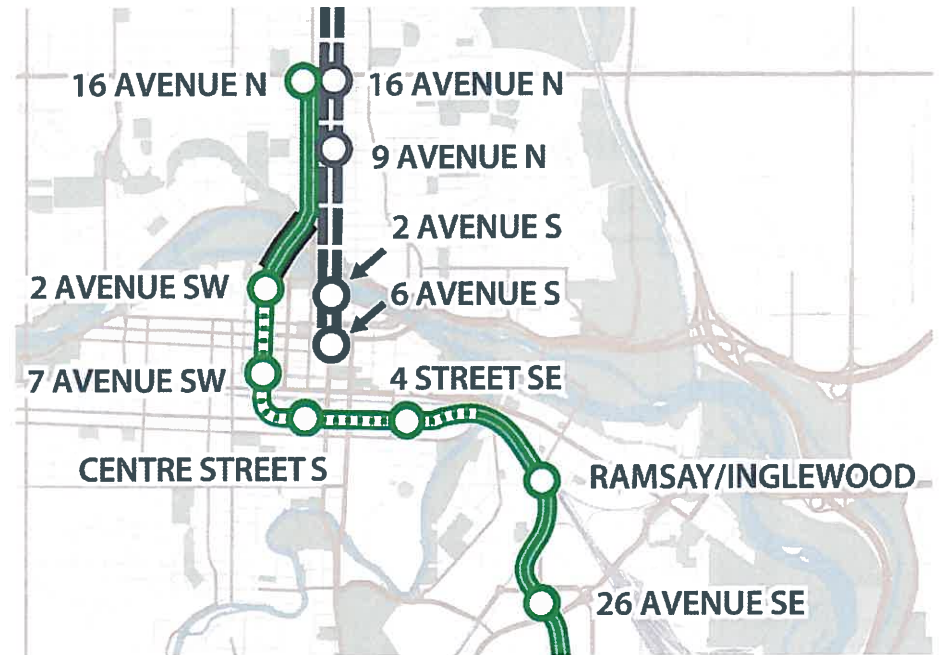
Updated Stage 1 Alignment

Pros

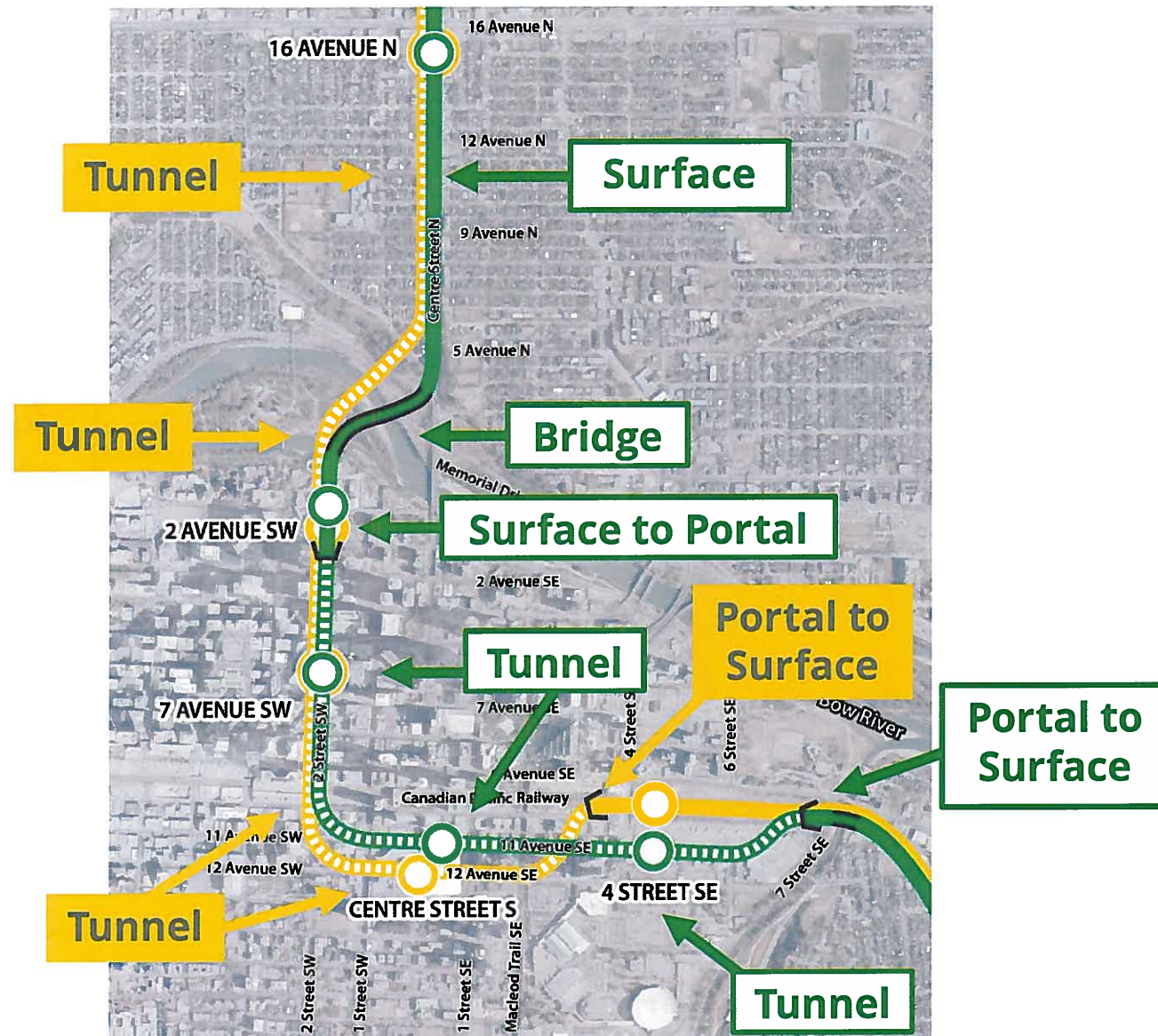
- \$4.9B
- Opening Day Ridership: 65,000
- Includes BRT Enhancements
- Shallower underground stations
- Maintains LRT expandability to north and south
- Direct connections to key employment destinations in the downtown

Cons

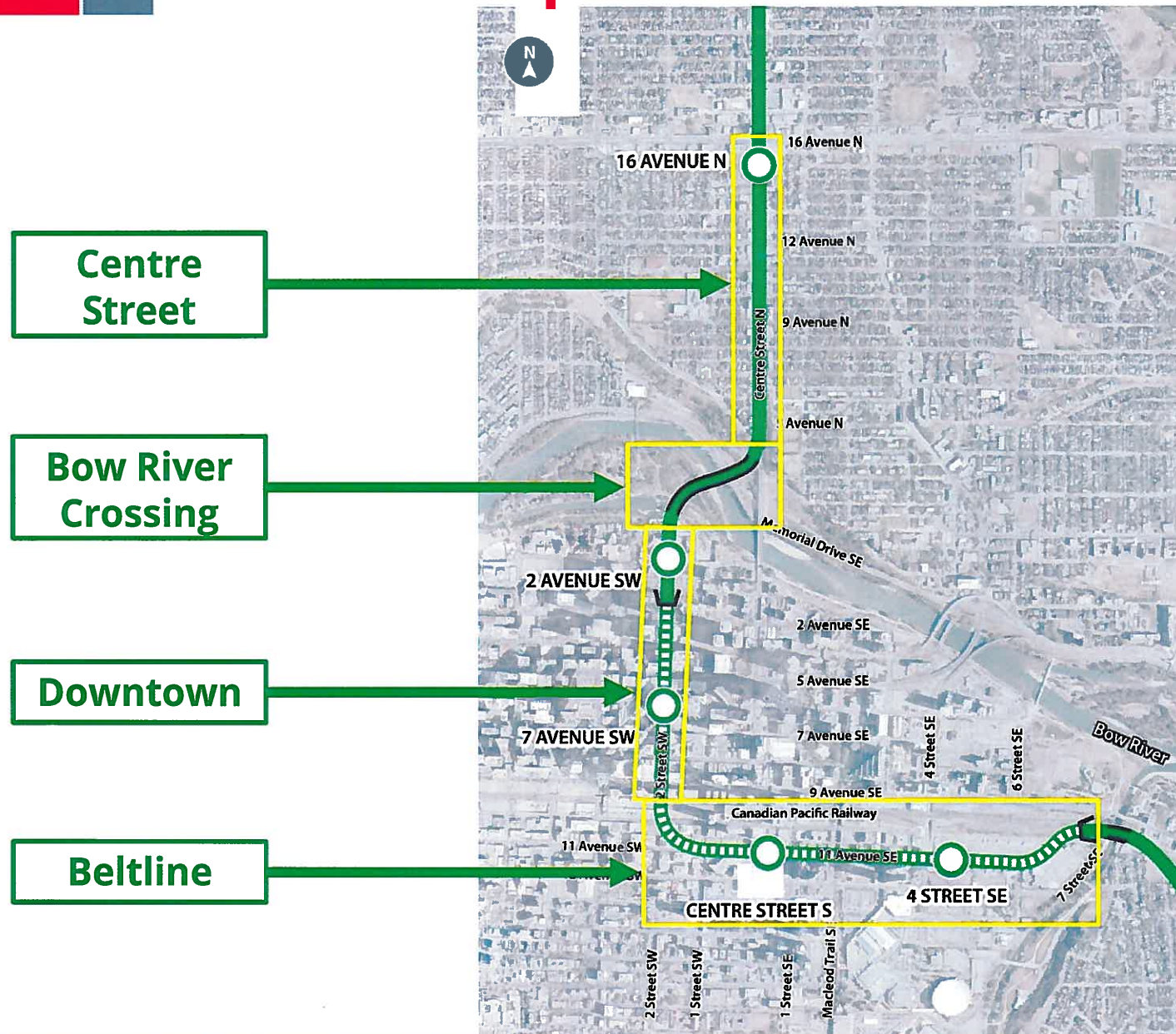
- Bridge over Bow River impacts to Prince's Island and river pathway need to be resolved
- Surface running LRT on Centre St in constrained right of way
- Reduced vehicle capacity on Centre St N will result in broader changes to traffic network



Updated Stage 1 vs 2017 Alignment



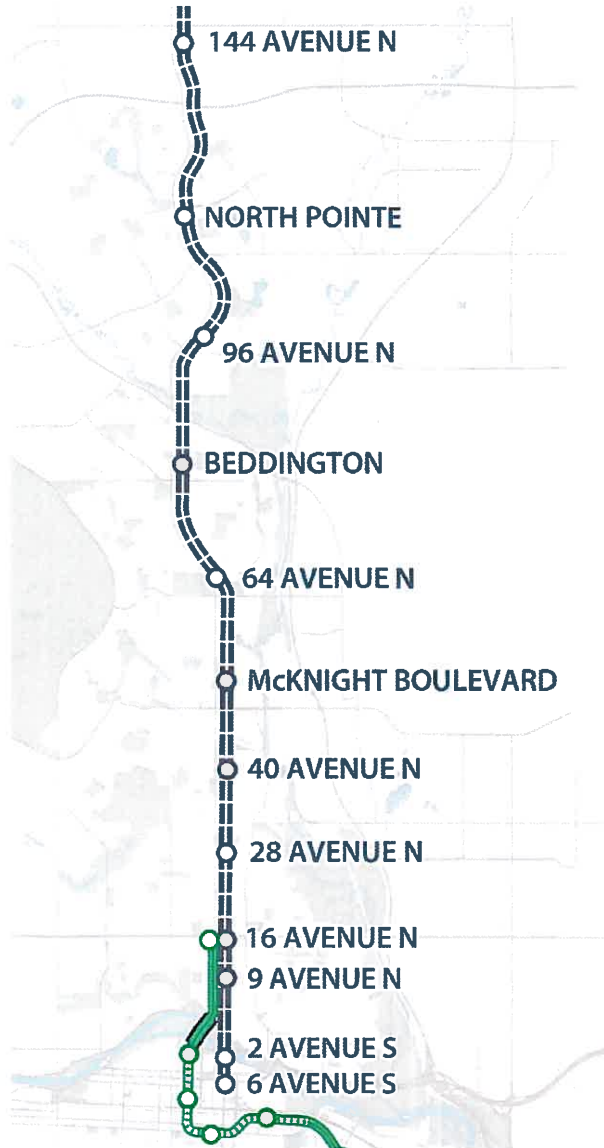
Review of Specific Focus Areas



Review of Specific Focus Areas

- ☐ Benefits and opportunities
- ☐ Stakeholder interests
- ☐ Planning and design objectives
- ☐ Next steps for March recommendation

North BRT Enhancements



Enhancements being considered:

Customer Service

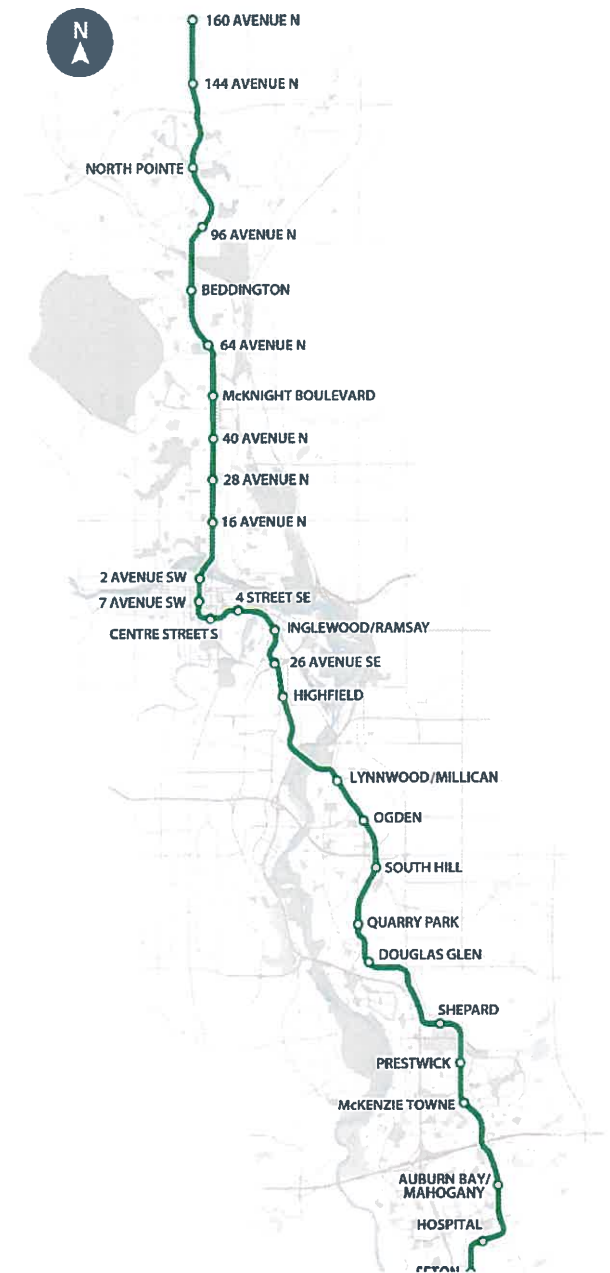
Increase the clarity and comfort of the system

Transit Priority

Measures that address the challenges of congestion and delay.

Future Stages Planning and Lands Acquisition

- Advancing functional planning for future stages
 - RFP to be released this year
- Advancing land acquisition program for future stages
- Continue to explore additional funding opportunities for future stages



Planning & Design Next Steps

- Investigate potential urban design concepts for streetscapes and LRT integration into the public realm
- Develop work plan for addressing changes to the mobility network
- Develop work plan for bridge design, including role of public
- Explore potential solutions for maintaining connectivity and value of river pathway (Eau Claire Promenade)
- Complete economic analysis of Stage 1 on long term property values

Stakeholder & Public Engagement Next Steps:

- Engage with key stakeholders to explore urban design concepts
 - Centre Street: Streetscape
 - Downtown: Integrating 2 AV SW Station & Portal
 - Beltline: Stations and Portal
- Gather public feedback on Updated Stage 1 Alignment
 - Online engagement (January 29 to March 9)
engage.calgary.ca
 - Public information sessions (March 1 to March 9)
 - Pop-ups (Various dates)

Green Line Vision

"A city-shaping transit service that improves mobility in communities in north and southeast Calgary connecting people and places and enhancing the quality of life in the city."

(Most recently revised and approved by Council on Jan. 13, 2020)

Administration recommends that the Green Line Committee:

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3. To enable further public engagement in regard to the Updated Stage 1 Alignment in anticipation of the March 2020 Green Line Committee meeting, release to the public the Green Line Public Presentation.



NOTICE OF MOTION

RE: Identifying a Funding Source for Public Realm Improvements in Established Areas

Sponsoring Councillor(s): Jyoti Gondek

WHEREAS:

- Community redevelopment helps keep our neighbourhoods vibrant, brings property tax uplift, and can help in creating complete communities;
- The City of Calgary needs to invest in established areas in order to incent redevelopment, as envisioned in the Municipal Development Plan (MDP), as well as to reignite investor confidence in Calgary;
- Strategic investment in public realm improvements in established communities will also assist in creating complete neighbourhoods that benefit residents and small businesses, as well as preparing the community for thoughtful redevelopment;
- There is no dedicated funding source identified for growth related public realm investments, and a funding gap generally remains for sustainable public realm investment in established communities;
- Policy priorities for Administration includes work on the Established Areas Growth and Change Strategy, as well as supporting initiatives like Main Streets and the Guidebook for Great Communities, in order to better prepare for and direct redevelopment in established areas;
- Administration is currently working on an analysis of variables like redevelopment readiness and economic viability to create a framework for prioritizing public realm improvements in established areas;
- The North Hill Multi-Community Plan is expected to come back to Council for approval in Q2 2020, and there are up to 41 multi-community plans that will follow, all of which will require a public realm investment framework for established areas with dedicated funding to be successful;
- A dedicated source to fund public realm improvements linked to redevelopment - such as but not limited to sidewalks, streetscapes, park space, traffic calming and recreation sites (either through capital or programming) - would be an equitable start in supporting quality of life within growing established communities while providing sufficient funds to help prove the concept/pilot within the 2019-2022 One Calgary budget cycle; and
- There currently exists a list of short-term, low cost, high impact unfunded public realm improvement projects in established communities, totalling approximately \$30 million.

NOW THEREFORE BE IT RESOLVED:

- That Council direct \$30 million from the anticipated 2019 Corporate Program savings (generated from favourable investment income) to create a dedicated funding stream for the Established Areas Growth Strategy, to be held and committed within the Fiscal Stability Reserve (FSR);
- That this dedicated funding stream for the Established Areas Growth Strategy will initially be allocated towards the following projects already in progress:
 - Public realm improvements arising out of the North-Hill Multi Community Planning pilot
 - Public realm improvements identified as gaps in Phase 1 established areas (map attached)
- That this dedicated funding stream for the Established Areas Growth Strategy will further be allocated by Administration for priority areas and projects arising from the upcoming investment decision framework (which may include Main Streets or TOD opportunities) to be outlined through the *Established Area Growth and Change Strategy* report to be brought to the Priorities and Finance Committee in 2020 May;
- That Council direct annual interest income earned from unused portions of the \$30 million to be recommitted to the Established Areas Growth Strategy within the FSR;
- That Council direct Administration to redirect on an annual basis any budget savings from investment income within Corporate Programs in the amount equal to 1% of the favourable variance to be allocated to the Established Areas Growth Strategy within the FSR;
- That as part of the continuing work on a suite of financing options for the Established Areas Growth Strategy, Administration explore the opportunity to replenish the dedicated finding stream outlined above with mechanisms such as property tax uplift in the area and density bonusing in order to ensure continued investment in redeveloping areas;
- That Administration develop Terms of Reference for the administration of the dedicated funding stream;
- That Administration report annually to Council through Priorities and Finance Committee on the status/balance, use and benefits of the dedicated funding stream for the Established Areas Growth Strategy through the *Growth Monitoring Report*; and
- That Administration return with an update to Council after recommendations related to the Solutions for Achieving Value and Excellence (SAVE) program are released, in the event that there are modifications to the Established Areas Growth Strategy and accompanying work plan.

Funding Framework.

Financial Tools for Delivering Infrastructure + Community Amenities in the Established Areas

There are a variety of necessary components to a “framework” for success for the Established Area Growth + Change Strategy – adequate / sustainable funding is key. The Strategy’s growth goals require a **holistic planning + funding framework** in order to achieve the shared goals of the Municipal Development Plan vision.

KEY COMPONENT 01 Existing Public Infrastructure + Life Cycle Maintenance

Addressing repair + replacement

Who’s responsible for funding:

- City – collection of municipal taxes + utilities

Funding mechanisms proposed:

- Ad hoc funding through City Budget cycles¹
- No agreement on a sustainable mechanism

What’s missing:

- Secure + sustainable funding
- Comprehensive EAGCS²
- Local MCP³ implementation / consideration
- List of existing deficits + anticipated costs
- Sustainable + transparent method of establishing priorities

KEY COMPONENT 02

New + Enhanced Public Amenities

With density must come amenity

Who’s responsible for funding:

- City – what portion?
- Developers⁴ – what portion?

Funding mechanisms proposed:

- Incremental Tax Redirection
- Ad hoc funding through City Budget cycles¹
- No agreement on a sustainable mechanism

What’s missing:

- Secure + sustainable funding
- Cost allocation between City + developers
- Comprehensive EAGCS²
- Local MCP³ implementation / consideration
- List of enhanced amenities + anticipated costs
- Sustainable + transparent method of establishing priorities

KEY COMPONENT 03

Developer-Sized Piped-Servicing Upgrades

Growth requires infrastructure

Who’s responsible for funding:

- City – what portion?
- Developers⁴ – what portion?

Funding mechanisms proposed:

- New levy being explored
- Ad hoc funding through City Budget cycles¹
- Development Permit Conditions
- No agreement on a sustainable mechanism

What’s missing:

- Comprehensive EAGCS²
- Local MCP³ implementation / consideration
- Agreement on levy methodology
- Better City information + utility mapping to inform capacity limitations / anticipated costs



Red Tape Reduction Recommendations

October 7, 2019

Contact:

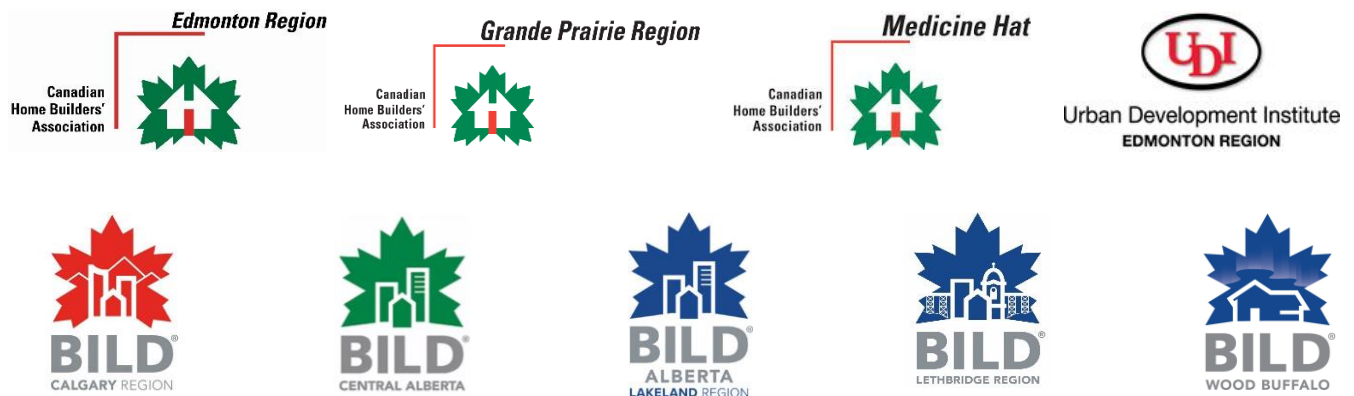
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This document was prepared based on consultation with and input from:

- Alberta Enterprise Group
- NAIOP Calgary
- NAIOP Edmonton
- Prosperity Edmonton
- BILD Calgary Region
- BILD Central Alberta
- BILD Lakeland Region
- BILD Lethbridge
- BILD Wood Buffalo
- CHBA – Edmonton Region
- CHBA – Grande Prairie
- CHBA – Medicine Hat
- UDI Edmonton Region

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1. Building Codes – Energy Step Codes and Net Zero Ready 2030

Ministry: Municipal Affairs

Legislation: Safety Codes Act

Issue

The Federal Government will be mandating Energy Step Codes as part of the National Building Code in 2020. This is viewed as a pathway to all new homes being built to a Net Zero Ready energy standard by 2030. Current models and policies have been largely directed by British Columbia with little consideration of Alberta's climate. Cost impacts will be in the tens of thousands of dollars per house if not properly mitigated.

Impact

- Energy Step Codes have largely been developed in British Columbia and have not undergone scrutiny or assessment for the cost implications of building these homes in Alberta's climate.
- Unless properly mitigated, Federally mandated Energy Step Codes will increase the cost of new homes while adding multiple layers of administrative burden for provincial and municipal staff.
- Delayed implementation of the Energy Step Codes will allow the Government of Alberta to evaluate the impacts in other provinces prior to determining an appropriate path for Alberta.
- Alberta builders are innovators with many already working on solutions to achieve greater energy efficiency while minimizing the cost impact on Albertans. BILD Alberta and its member companies are ready to work with the Government of Alberta in developing solutions to improve energy efficiency without adversely impacting businesses and housing affordability.

Recommendations

1. Maintain auto-adoption of the National Building Code but indefinitely delay the implementation of Energy Step Codes in Alberta through exemptions until proper evaluation can occur.
2. Monitor the impacts of Energy Step Codes on housing affordability in other jurisdictions.
3. Through working groups, work with the home building industry, municipalities and other stakeholders to determine cost-effective and strategic improvements to energy efficiency in new and existing homes while maintaining housing affordability. This could include determining which aspects of the new codes can be implemented immediately and which may require modification due to Alberta's market and climate.
4. Undertake an assessment of the viability of continuing with the auto-adoption of the National Building Code due to concerns of its standards being developed without appropriate consideration of Alberta's climate.

2. Building Codes – Appeal of Local Interpretations

Ministry: Municipal Affairs

Legislation: Safety Codes Act

Issue

Elements of the Building Code are often interpreted differently from one municipality to another. Standards, plans and construction methods may be approved in one municipality but then denied in the neighboring municipality or a different Building Codes Officer within the same municipality. This creates significant uncertainty, red tape and discourages builders from doing work across a region. The Safety Codes Council generally only reviews matters when they are provincial in scope leaving builders without recourse in many instances.

Impact

- Builders try to standardize their processes, plans and construction methods to maximize efficiencies and reduce costs. Having individual safety codes officers interpret the same requirement differently makes it difficult and often inefficient to build across a region. Ultimately the ease of the process is entirely dependent on the Safety Codes Officer assigned to the project.
- Unless a matter is provincial in scope, there is no method or procedure for builders to appeal a decision of the Safety Codes Officer and establish a common interpretation for all Safety Codes Officers in Alberta.
- If building code requirements are applied consistently across the province, the time to construct new units will decrease, benefiting businesses and home buyers.

Recommendations

1. Establish a process for builders to appeal Safety Codes Officers interpretations of the Building Code.
2. Publish decisions to allow for Safety Codes Officers from across the province to understand the correct interpretation and application of rules and standards.

3. Building Codes – Reducing Mandatory Safety Codes Inspections

Ministry: Municipal Affairs

Legislation: Safety Codes Act

Issue

Through the Safety Codes Act the Province of Alberta mandates when inspections conducted by the Authorities Having jurisdiction related to enforcement of Safety Codes are required. Due to several factors including increasingly tight budgets, fluctuations in the volume of permits and continually evolving Safety Codes some Authorities Having Jurisdiction are struggling to conduct all mandatory inspections in as timely a matter as possible. Delays in inspections can significantly disrupt construction schedules and result in increased costs while building or renovating a home. The development permitting process could be speed up by eliminating the need for mandatory safety codes inspections when the Authority Having Jurisdiction (AHJ) deems them to be redundant or can mitigate risk through other means such as the use of new technologies or risk mitigation techniques.

Impact

- Increased permit costs associated with the number of required inspections by the Authority Having Jurisdiction.
- Increased costs associated with delays in the construction schedule caused by delays associated with the Authority Having Jurisdiction not being able to complete the required inspections.
- Mandating when inspections are required stifles the use of new technology or risk mitigation techniques to determine when inspections are needed to ensure public safety and code compliance.

Recommendations

1. Modify legislation and regulations to reduce the number of mandatory building inspections that the Province requires of local Authorities Having Jurisdiction when new technologies and risk mitigation techniques are developed.

4. City Charters – Building Codes

Ministry: Municipal Affairs

Legislation: Municipal Government Act - City of Calgary Charter Regulation and City of Edmonton Charter Regulation

Issue

Different interpretations of one specific clause of the City Charters have the potential to lead to costly legal challenges and multiple building codes in Alberta.

Impact

- A policy added to City Charters is intended to support the construction of features such as green roofs. City of Edmonton staff have indicated they believe this policy provides more expansive powers and could allow them to make substantial modifications to the Alberta Building Code on matters related to Energy Efficiency, effectively leading to a situation where builders in Alberta must contend with multiple building codes.
- Despite multiple conversations between Municipal Affairs and the City of Edmonton, the city continues to assess the extent to which they can use this new power. This could potentially include the city accelerating Energy Step Codes or requiring Net Zero homes at great cost to home builders and home buyers.
- Builders construct homes in multiple jurisdictions and having to contend with multiple building codes is an untenable situation. This occurred in British Columbia and led to significant confusion and cost increases.
- Removing the proposed policy does not impact financial powers granted to the cities under other sections. The potential of the two cities modifying code also creates the potential for liability issues for Calgary and Edmonton.

Recommendation

1. Remove Section 7(2) from the City of Calgary Charter Regulation and City of Edmonton Charter Regulation.
2. Issues related to building code and energy efficiency standards should occur in the method recommended in Item 1 of this submission.

5. City Charters – Inclusionary Housing

Ministry: Municipal Affairs

Legislation: Municipal Government Act - City of Calgary Charter Regulation and City of Edmonton Charter Regulation

Issue

Broad and expansive inclusionary housing powers were provided to Calgary and Edmonton through City Charters. These policies shift the burden of social housing onto private industry and new home buyers. This effectively creates a new tax, while enabling a system of inefficient governance of the dollars and housing units collected. Inclusionary housing is a tax on housing, to pay for housing – this is an inherently backwards approach. This is not a tool that works and erodes affordability while increasing red tape.

Impact

- Allowing such broad powers through charters to determine and define Inclusionary Housing (without regulatory oversight by province) does not reduce red tape – rather it enables a municipality to increase it. This will add additional layer of red tape to developers and home builders who will now have to navigate through additional municipal requirements as part of their approval process.
- Even in its most limited scope, preliminary estimates are that inclusionary housing could increase the cost of market units by an average of \$4,000 - \$10,000. This prices more Albertans out of home ownership, puts more pressure on the rental market and could result in more people requiring government subsidized housing.
- The two cities have no limitation on the number of units they can take or amount of tax they can apply to new housing developments which creates uncertainty for investors both in the immediate and long term.
- There are limited requirements for the management, governance and use of the units and money collected. There is nothing ensuring the funds collected are used to build actual housing versus funding a new municipal department.
- There are no requirements for offsets, which could enable municipalities to expropriate value, land and units without compensation.

Recommendation

1. Remove the following sections from the City of Edmonton Charter Regulation and City of Calgary Charter Regulation:
 - a) Section 31;
 - b) Section 35(c);
 - c) Section 35(d);
 - d) Section 35.5;
 - e) Section 36.1;
 - f) Section 37.5; and
 - g) Section 37.6.

6. City Charters – Offsite Levies

Ministry: Municipal Affairs

Legislation: Municipal Government Act - City of Calgary Charter Regulation and City of Edmonton Charter Regulation

Issue

The previous government rejected comprehensive and meaningful engagement on offsite levies with industry and municipal stakeholders by granting expansive powers to Calgary and Edmonton without prior discussion with industry. The powers provided allow the two cities to charge levies (taxes) for anything they deem to be a 'facility' or 'infrastructure' without demonstrating any benefit to the developer, builder and homeowner who will pay the tax.

Impact

- These powers were conferred in a rather 'sudden' manner by the previous government, not only without prior discussion with industry, but in a way that contravened recently-concluded discussions and agreements between Industry, municipalities and the Province.
- The uncertainty created by these policies has and will continue to lead to lost private sector investment and job creation if not addressed. While a current city council may use this taxation tool in an appropriate manner, there is nothing preventing future city councils from levying anything they would like.
- The Charters have removed the formal right of appeal for developers which is a critical process in ensuring the cities are transparent and accountable.
- The broad authority allows the cities to charge all new developments for infrastructure and facilities that are not within proximity and serve no benefit.
- Charter power increases variance (therefore reducing predictability and increasing administrative costs) on policy, fees and levies across the Province.
- Expanded levies are already permitted under the amended Offsite Levies Regulation which includes some safeguards intended to provide a level of certainty to industry. Providing limitless powers through the Charters hinders the predictability and potential viability of projects.

Recommendation

1. Remove the following sections from the City of Calgary Charter Regulation and City of Edmonton Charter Regulation.
 - a) Section 35.1;
 - b) Section 35.2;
 - c) Section 35.4; and
 - d) Section 39 – 5(3.1).

7. City Charters – Statutory Plans

Ministry: Municipal Affairs

Legislation: Municipal Government Act - City of Calgary Charter Regulation and City of Edmonton Charter Regulation

Issue

Calgary and Edmonton have been given the authority to designate any plan as a statutory plan. The only requirement will be that the cities must identify how these plans will interact with other statutory plans which could lead to substantial and unnecessary red tape for developers and home builders.

Impact

- This policy has the potential to add significant costs and red tape to projects. Anytime a new project is initially considered, planned and designed it requires a developer and consultants to review and work with the statutory plans to determine what is permitted, site design elements and other factors. While time consuming in its present form, there is a clear hierarchy for these standards. Calgary and Edmonton have numerous non-statutory plans that impact land development and the previous framework allows the cities to convert the policies from their non-statutory plans into policies within their statutory plans. This provides clarity to all applicants on the requirements for their projects.
- In Calgary, there are over 40 non-statutory plans. Through a relatively simple process those could all now be considered statutory documents. This would mean in preparing any development application you could be subject to reviewing and complying with over 40 statutory plans and obtaining Council approval of any amendments. Furthermore, there will likely be numerous inconsistencies between all these documents.
- This power creates new bureaucratic costs and red tape for municipalities as they prepare, maintain, coordinate and then reference all these plans at the local and Regional Board level. This extends to the review of applications which will likely have compared against multiple documents that may not align. This will just further increase red tape and delay approvals.
- Calgary and Edmonton already have the power to amend their statutory plans to include any policies from their non-statutory plans so this is an entirely unnecessary power that will lead to increased costs for applicants and the cities.

Recommendation

1. Remove Section (33) from the City of Calgary and City of Edmonton Charter Regulations.

8. MGA – Offsite Levies (Transparency, Accountability and Fiscal Responsibility)

Ministry: Municipal Affairs

Legislation: Municipal Government Act – Offsite Levies Regulation

Issue

Offsite levies are a major cost component of any new community with these costs eventually being paid for by Albertans. As an industry we support paying for cost-conscious infrastructure based on the degree of benefit but want to see additional measures of transparency, accountability and fiscal responsibility built into the existing regulation.

Impact

- There is nothing preventing municipalities from charging additional levies for the purposes of constructing gold-plated or excessive facilities. Municipalities often mandate public buildings to be built to LEED Silver and in some cases Net Zero Standard while including public art, retail space and expansions of playfield spaces. These features fall outside the core purpose of these facilities and limitations are required to ensure financial prudence. Businesses and residents should not be responsible for picking up the costs for unnecessary building designs or features that go beyond the core purpose of the facility.
- Municipalities can collect millions of dollars in levies, never actual build a facility and not be responsible for returning the funds to those who paid it. It is a fair expectation that municipalities build the facilities they are taxing for within a reasonable timeframe. If they are not built, the money should be returned to the parties who paid it. The return of levy funds (if not used) needs to occur in accordance with a joint, pre-established agreement with industry.
- There are limited requirements for transparency of levy calculations. If a municipality is requesting a developer to pay millions in levies, they should have the right to access all calculations, figures and background data used by the municipality.
- Appeal rights serve as a critical tool for the private sector to ensure municipalities are following legislation correctly. Presently, industry may only appeal to the Municipal Government Board on levies related to recreation centres, police stations, fire halls and libraries. This same appeal right should extend to levies associated with infrastructure related to water, stormwater, wastewater and roads. Any municipality in compliance with legislation will not have to worry about appeals or having bylaws overturned and thus should not fear a simpler legislated appeal process. If they are complying with legislation, a more efficient appeal system should be welcomed.

Recommendations

1. Under Section 1 (Definitions), add the following definition:
 - a) “appurtenance” includes items such as parking lots but does not include retail space, daycares, public art, fire trucks or other rolling stock, computers, televisions, furniture, library catalogues additional lands for park space or other items that go beyond the core construction cost of the facility.
2. Under Section 3 (General Principles) of the Offsite Levies Regulation, add the following policies:
 - a) Components of infrastructure or facilities that go beyond its core purpose or above standard energy efficiency requirements mandated by the Government of Alberta are not leviable. This would include items such as retail space, rentable space, public art or unnecessary building design / energy efficiency features.

- b) Municipalities shall demonstrate that they will provide the facility or infrastructure for which a levy was collected within a reasonable timeframe or as stipulated by a specified trigger event based on consultation and collaboration with contributing parties.
 - c) Municipalities shall establish a method and procedure to refund any private entity who provides the front-end cost of infrastructure or facilities so that the entity does not pay more than the established degree of benefit.
- 3. Under Section 5 (Principles and Criteria for Determining Levy Costs) of the Offsite Levies Regulation, add the following policies:
 - a) A levy shall be based on a formula that is clearly stated with the calculations and input data being easily reproducible and verifiable by outside parties. No information, including proprietary spreadsheets, shall be withheld.
 - b) A levy bylaw shall include policies requiring any surplus or unused levy funds to be properly accounted for and either used to the benefit of those who funded the levy or returned to the contributing party in instances where the infrastructure or facility was not constructed or constructed to a lesser degree (size, scope or standard) from what was originally planned.
- 4. Under Section 10 (Levy Bylaw Appeals), expand appeal rights for all levies, not just recreation centres, fire halls, police stations and libraries. Appeals should also apply all infrastructure identified under Section 648(1) of the *Municipal Government Act*.
- 5. Under Section 11 (Appeal Period), modify the policy as follows:
 - a) An appeal must be submitted to the Municipal Government Board within ~~30 days~~ **90 days** of the day on which the bylaw imposing the levy was passed.

9. MGA – Offsite Levies (Facilities In-Scope)

Ministry: Municipal Affairs

Legislation: Municipal Government Act – Offsite Levies Regulation

Issue

Fire Halls are important to new communities as they ensure resident safety while facilitating orderly and timely development. The benefit of these facilities is directly to the new residents. The other facilities included through the Municipal Government Act Review (recreation centres, police stations and libraries) benefit the broader region / municipality and do not have the same direct benefit on the new community. In addition, these facilities are often not built for years or even decades after levies are collected so the residents who fund them often do not enjoy the benefit.

Impact

- Recreation facilities, libraries and police stations do not have a clear service area or direct link to the benefit achieved by future residents. Municipalities should not be taxing a basic human “needs” (housing) to fund a “want” item like libraries or recreation centres. This will often result in new home buyers being charged twice for items like recreation facilities where their property taxes are paying off existing facilities while also being charged for facilities that have not yet been built.
- Levies, due to their impact on cost of basic human needs should be limited to basic need like water, sewer, roads and fire protection.
- If levied, these services must be available to the resident. There is far too great a chance that levies collected for matters like new recreation centers will not actually be there to serve the resident paying for them in their house price.

Recommendations

1. Remove all references to recreation centres, police stations and libraries from the *Municipal Government Act*.
2. Remove all references to recreation centres, police stations and libraries from the Offsite Levies Regulation.

10. MGA – Inclusionary Housing

Ministry: Municipal Affairs

Legislation: Municipal Government Act

Issue

Inclusionary housing is a flawed tool introduced through the *Municipal Government Act* Review process which involves municipalities taking a specified number of units from a builder / developer at a discounted rate. This results in increased costs for all the other units in the project. Under the previous government, consultation on this item occurred but a regulation was never brought forward.

Impact

- Inclusionary Housing serves as a tax on housing to pay for housing, driving up the cost of market units, potentially resulting in more Albertans having to rely on government subsidized housing.
- Investors, developers and builders remain concerned that this regulation could be introduced, conservatively adding between \$4,000 - \$10,000 dollars per housing unit.
- The increased costs would further reduce the number of Albertans that could access market housing while adding more red tape for industry in the form of approvals.
- Enabling this tool will create the need for additional municipal overhead in the form of new staff and in some cases entire departments.

Recommendations

1. Remove all references to Inclusionary Housing from the *Municipal Government Act*.

11. MGA – Permit Timelines & Approvals

Ministry: Municipal Affairs

Legislation: Municipal Government Act - Subdivision and Development Regulation

Issue

Under the Modernized *Municipal Government Act* legislated approval timelines for municipalities were removed which has added unpredictability and risks increasing costs for projects.

Impact

- The previous government removed critical measures of accountability for municipalities approving subdivision and development applications. This has resulted in a situation where municipalities have no legal requirement to process applications in a timely fashion.
- Delays in municipal approvals have major cost implications on projects. They result in additional financing costs and the uncertainty puts projects and jobs at risk.
- In addition to property taxes, developers and builders pay (often) considerable application fees to help fund municipal staff responsible for processing permits.
- All municipalities (regardless of size) should have legislatively mandated timelines to process applications. Municipalities should be encouraged or incentivized to be more efficient in their policy development and internal processes. This provides tremendous benefits to the local and provincial economy. When timelines cannot be met, applications should be considered approved.

Recommendations

1. Re-instate mandated approval timeframes to improve business predictability and encourage investment by:
 - a) Deleting of Section 640.1 of the Municipal Government Act in its entirety.
 - b) Deleting reference to Section 640.1 of the Municipal Government Act from Section 6 of the Subdivision and Development Regulation.
2. Include clarifying policies within the Subdivision and Development Regulation that applications not approved / denied within the legislated timeline are deemed approved.
3. Establish a clear and predictable process for extended timelines in cases involving complex applications.
4. Establish performance measures (i.e. a report card) for municipalities related to approval timelines that translate to capital grants from the province.

12. MGA – Municipal Reserve Allocation and Use

Ministry: Municipal Affairs and Transportation

Legislation: Municipal Government Act – Subdivision and Development Regulation

Issue

Outdated policies under the Municipal Government Act could allow municipalities to take additional land from private sector developers. Some municipalities continue to explore opportunities to use Municipal Reserve (MR) land for purposes beyond parks / open space.

Impact

- Under amendments to the Municipal Government Act in 1995, a policy was added that allows municipalities to take an additional 5% (above the already granted 10%) of a developer's land at no cost for use as a municipal, school or special reserve. When introduced it was believed that a municipality would get that land as a bonus for allowing additional density. Since 1995, new communities have changed dramatically, and developments are now required by municipalities to have upwards of 40 units / hectare. This often prevents developers and builders from providing the housing products that are in most demand. Additional density is no longer a privilege.
- Density should be determined by market demand but is now being dictated by local governments and regional boards. Developers and builders have learned to manage under these conditions but allowing municipalities the ability to take an additional 5% of land at no cost when they mandate the density is not reasonable.
- Municipalities are increasingly asking for more Municipal Reserve while also more options to use Municipal Reserve without going through a proper public disposition process. There is no guarantee that the addition 5% Municipal Reserve being taken with be used for open space or will be located within the denser community where it is implied it would be needed. Municipalities also struggle to maintain the Municipal Reserve spaces they already have. The Provincial Government should be challenging municipalities to make more effective use of the MR they are being provided rather than to increase development and housing costs by taking more land just because they have now mandated minimum densities.
- Unreasonable development policies and request for provision of land for items such as Municipal Reserve, schools and other reserves should be viewed as economic expropriation and remedied with reasonable compensation.

Recommendations

1. Remove Section 668(1) from the *Municipal Government Act*.
2. Remove Section 17(1) and 17(2) from the Subdivision and Development Regulation.
3. Limit the ability for municipalities to convert or sell MR lands taken from developers for non-park / open space uses.

13. MGA – Approvals from Ministry of Transportation

Ministry: Municipal Affairs and Transportation

Legislation: Municipal Government Act – Subdivision and Development Regulation

Issue

All development and construction projects are required to go through municipal approval processes. Often, applications must also go to Alberta Transportation. Whether it be a simple referral or a more in-depth review, the timelines for response from Alberta Transportation have become unpredictable and often time consuming. The Modernized Municipal Government Act further compounded this issue by doubling the referral radius for many applications.

Impact

- Delays associated with approvals add considerable costs to projects and can risk investment.
- Commitments from provincial departments to approval timelines in addition to some minor regulatory changes could reduce redundancies and delays currently experienced. This increases the predictability for private sector investment.
- Changes to the Subdivision & Development Act have created a situation where even minor boundary adjustments in many communities will require approval / comment from the Ministry of Transportation. This adds red tape for municipalities, provincial staff, residents and industry while duplicating some existing safeguards:
 - The massive increase in referral area has little practical value for most applications, uses significant resources and adds time to all application reviews.
 - The Ministry of Transportation already receives and is to provide comment / approval on all Area Structure Plans (ASP) in proximity to a highway. If a subdivision application does not conform to the ASP, then the ASP must be revised and approved by Council. This will automatically mean that the revised ASP must be considered by Transportation prior to approval. This seemingly minor change adds another step to the approval process, and it is entirely unnecessary given an appropriate check and balance already exist.

Recommendations

1. Implement a 60-day timeline on permits and regulatory approvals from Ministry of Transportation. Referrals on municipal applications should be responded to in 20-days. Appropriate timelines can be developed through consultation with industry and municipal stakeholders.
2. Under Section 14 of the Subdivision and Development Regulation, change the referral requirements back to 0.8 km from 1.6 km as currently contained within the regulation. 1.6 km from a highway means that almost every application (including small boundary adjustments) within small and medium-sized communities must be referred to Alberta Transportation.
3. Remove the words “at the time of subdivision” Section 14(e) of the Subdivision and Development Regulation.

14. MGA – Provincial Transportation Levy

Ministry: Municipal Affairs and Transportation

Legislation: Municipal Government Act – Offsite Levies Regulation

Issue

Funding and constructing highway improvements to facilitate private sector investment and development is a complex problem that requires thoughtful solutions. As part of the Municipal Government Act Review, a provincial transportation levy was introduced but the implementation does not appear possible based on the current policies and regulation.

Impact

- A clause added to the MGA and Offsite Levies Regulation related to off-site levies to pay for new or expanded provincial transportation infrastructure has created substantial confusion amongst industry and municipalities.
- The levy conflicts with Ministry of Transportation internal policy guidelines which makes the implementation of the levy almost impossible.
- The greatest challenge with this infrastructure is finding the upfront funding to facilitate development to fund the levy and generate tax revenue, the levy does nothing to address this.
- Until these issues have been addressed, the existing policies have the risk of adding significant delays and even risking projects across the province. Removing these policies until a functional solution is developed is important to reduce potential delays and uncertainty for projects.

Recommendations

1. Delete section 648(2)(c.2) from the *Municipal Government Act*.
2. Delete Section 5.1 from the Offsite Levy Regulation.
3. With stakeholders, undertake a substantial review of funding mechanisms and alternatives for highway infrastructure adjacent to new developments. This needs to include existing Ministry of Transportation internal policy documents and build off the previous work completed by the stakeholder group in 2018.

15. MGA – Appeal Processes to Ensure Municipal Accountability

Ministry: Municipal Affairs

Legislation: Municipal Government Act

Issue

Private sector appeals are an effective tool in ensuring and promoting municipal accountability. Presently, formal appeal processes vary, are often inadequate and occasionally non-existent. The consistent remedy often available is the Court of Queen's Bench which is a costly and time-consuming process for industry and municipalities.

Impact

- The lack of an appeal process other than the Court of Queen's Bench creates a situation where developers do not have the capacity to challenge a municipality as it means their development comes to a halt. Court processes are lengthy and impact financial and staff resources of both municipalities and developers. Developers will often acquiesce with actions that do not comply with provincial legislation to avoid additional delays.
- Creation of a more comprehensive and non-partial appeals process provincially would provide a timelier appeal mechanisms and tool that prevents costly legal challenges for all parties.
- The addition of industry appeals to help refine and improve the process; allowing it to be more adaptive and responsive over time. Allowing industry to appeal all matters of offsite levies and engineering standards would encourage a more thoughtful, transparent and inclusive policy development at the local level.

Recommendations

1. Increase the authority of the Municipal Government Board or create a provincial level appeal board, specifically for applicants, in order to provide a forum for challenging municipal accountability for items such as:
 - a) Engineering standards and approvals;
 - b) Offsite levies;
 - c) Zoning decisions; and
 - d) Permit decisions and timelines.

16. MGA – Taxation of Farmland Intended for Development

Ministry: Municipal Affairs

Legislation: Municipal Government Act – Matters Related to Assessment and Taxation Regulation

Issue

Under the current regulation, any time topsoil is removed from lands intended for future development, the municipality may tax that property at market value and at a residential tax rate. This policy discourages the continued use of lands for farming purposes, increases land costs and results in further financing charges that homeowners eventually pay.

Impact

- Stripping and grading practices are determined by industry in a manner that strives to maximize operational and cost efficiencies (keeping costs down for customers). This currently includes prudent management of the land resource, including maintaining and integrating agricultural uses. Introduction of a taxation scheme skews and creates a bias against efficient market behaviour that currently includes beneficial and practical agricultural uses.
- Development of large parcels of land takes years and it is a common practice to use top soil from part of the land in construction of the preliminary phases. This does not preclude the developer from continuing to lease this portion of the land for farming purposes (i.e. raising, production and sale of livestock). The current regulation assumes that land stripped of topsoil cannot be farmed, which is incorrect.
- Maintaining agricultural tax rates on unserviced, undeveloped lands incentivizes developers to preserve farming operations for as long as possible. Continued farming use should be encouraged in the regulation.
- Municipalities generally rezone substantial portions of future development lands to direct their use. Removing the farmland designation on portions that can still be farmed allows municipalities to not only tax the property at market rate, but for a use that currently does not exist and services that are not provided.

Recommendations

1. Delete the last paragraph from the definition of 'farming operation' Section 2(1)(f):
~~but does not include any operation or activity on land that has been stripped for the purposes of, or in a manner that leaves the land more suitable for, future development;~~
2. Add a clause that permits property to be taxed at a farmland rate so long as it is being actively used for a 'farmland operation'.

17. MGA – Development Proceeding While Appeals Take Place

Ministry: Municipal Affairs

Legislation: Municipal Government Act

Issue

Appeals are a critical tool to ensure municipalities are accountable and following provincial legislation. There are often situations where a developer may appeal a municipality on matters related to levies of other development taxes. Municipalities will often prevent the development in question and occasionally all development within the area from proceeding until the appeal or court case concludes.

Impact

- Due to interest payments and lost opportunity costs, developers will often pay the fee (legal or not) to avoid the even more costly delay rather than ensure municipalities are following legislation.
- When matters of appeal strictly relate to fees and/or levies, these funds can be held in trust until the matter is resolved. This will allow projects and investment to proceed while enabling industry to challenge municipalities when they may not be following legislation.

Recommendations

1. Within the MGA, provide for the ability for development to proceed while appeals take place on matters related to fees, offsite levies, taking of land and other matters.
2. Require that any fees and/or offsite levies are held in trust until the resolution of the appeal process.

18. MGA – Balancing Applicant Property Rights

Ministry: Municipal Affairs

Legislation: Municipal Government Act

Issue

Municipally elected officials are often forced to make difficult development decisions based on the views of a vocal minority instead of established policy, science and best practices.

Impact

- Municipal governments often establish policy through a political process, but then applications are not fully supported through that same political process. For example, policy requirements in a Municipal Development Plan may speak to the need for increased density, but then council refuses applications meeting the municipality's intent, due to opposition by an existing neighbourhood.
- Administration and elected officials often proceed cautiously and slowly due to pressure from a vocal minority. This can result in delays and new requirements for developers to undertake rigorous, costly and extensive public engagement for infill or redevelopment projects to 'bring the community onside', despite the project being consistent with established municipal policy.
- Denials are often easier for a council to issue, despite the impact to the investor's property rights, the impact to Alberta's economy, the broader community interests and the intent of their own municipal policies and standards.
- Years of planning and thousands or millions of dollars in investment can be derailed due to the concerns of a few. This adds uncertainty and red tape to every single project, even if the applicant is proposing something that is largely compliant with the plans and policies of a municipality.

Recommendation

1. Incorporate a framework to balance applicant's property rights with community interests:
 - a) Differentiate development uses between temporary nuisances versus permanent nuisances, requiring different mitigations for each;
 - b) Remove restrictions which are applied based on activity or industry. Instead require restrictions based on community impact, so there are consistent standards between industries; and
 - c) Require that development can only be denied based on unmitigable concerns which are cited to be likely outcomes of the development.

19. MGA – Priority for Resource Development

Ministry: Municipal Affairs

Legislation: Municipal Government Act

Issue

The *Municipal Government Act* lacks standards to assure a property owner's right to fully develop surface resources, such as sand and gravel. As a result, much of the resource base has been sterilized by municipal policy including mandatory setbacks, implementation of mandatory rezoning processes which cannot be appealed, and land use planning which clearly details the inability to extract resources.

Impact

- Resources are non-renewable, non-relocatable and incredibly rare. Aggregates are a great example:
 - Public consumption accounts for over 50% of their use with provincial and municipal comprising the rest. All developments require sustainably affordable and accessible sources of the resource.
 - Albertans consume more aggregate than any other commodity. Consumption is more than all forms of energy combined, and 25 times more than food. It is consumed locally.
 - In the Edmonton region, aggregate resources occur on less than 1% of land area.
- Municipal policy does not always consider and provide weight to the broad interests of all Albertans. Provincial policy does not provide protection for a property owner's right to fully develop the resource, instead much of the resource base is now sterilized by municipal policy. This has resulted in:
 - Municipal revenues valued at \$0.40/tonne CAP levy are often sacrificed by councils in favor of appeasing residents' concerns related to extracting these non-relocatable resources.
 - A property owner's development rights are effectively subordinated to those of their neighbors or community, instead of being mitigated as they would be for other forms of development in the very same location or proximity to the adjacent resident or community.
 - Some municipalities have knowingly or unknowingly effectively enacted a "ban on resources".

Recommendations

1. Amend the *Municipal Government Act* to expressly prevent municipalities from unreasonably sterilizing any aggregates or resources, by either physical sterilizations or by economic sterilizations:
 - a) Municipalities must be required to create reasonable development conditions which enable extraction within "setbacks" from adjacent residents.
 - b) Reasonable setbacks from residents should be incorporated for processing resources but should not exist for excavation/extraction.
2. Enact legislative amendments to include all surface resource development under Natural Resource Conservation Board jurisdiction together with consistent and defined standards, including operating conditions (such as hours of work) when near neighbors or communities.

20.OHS – Joint Worksite Health and Safety Committees

Ministry: Labour

Legislation: *Occupational Health and Safety Act*

Issue

Joint Worksite Health and Safety Committees are designed to operate in a single work site environment and do not function effectively in residential construction where companies operate on multiple temporary work sites. The reliance on rigid committee structures and cumbersome procedures has created significant administrative burden and increased costs for industry while providing no measurable improvements to job site safety outcomes.

Impact

- Employers need to contend with multiple committees, representatives or both, creating significant overlap, administrative burden and duplicate costs.
- Most sub-contractors are self-employed persons, are on each site for only a fraction of a project's length and often at differing times which makes participating in all committees or as representatives for the duration of temporary projects extremely burdensome.
- Committees and Representatives are responsible for duties that may be best handled by qualified designates who are better equipped to quickly deal with safety challenges on site.
- Employers have indicated they are not seeing any measurable improvement in safety outcomes onsite since the creation of Joint Work Site Health and Safety Committees or Representatives.

Recommendation

1. Alberta Labour and Immigration to continue working with BILD Alberta on comprehensive changes to Joint Worksite Health and Safety Committees for residential construction.
2. Working with industry stakeholders, undertake a review of the *Occupational Health and Safety Act* to ensure it is focused on health and safety outcomes.
3. Update Part 3 of the *Occupational Health and Safety Act* to eliminate the reliance on rigid structural requirements that do not improve safety on worksites.
4. Allow industry the flexibility to ensure that their health and safety practices meet the unique nature and challenges of their workforce and job sites.
5. Enable trained safety professionals to take leadership to in establishing and implementing health and safety programs.

21. Environment – Water Act Approval Timelines

Ministry: Environment

Legislation: Internal Policies and Procedures

Issue

Delays in *Water Act* approvals can add millions in financing charges, impact jobs and risk private sector investment.

Impact

- Applications for wetland disturbance under the *Water Act* take, on average, between 12-18 months for review and decision. There is also a high degree of variance in timelines and decision-making outcomes between regions of the Province.
- Longer approval timelines add increased financing charges which impact the viability of projects and cost of the eventual homes constructed. A one-year delay results in approximately \$1,000,000 in financing charges per quarter section of land. This is money that goes to banks and does not flow back into communities. If the end users (home buyers) cannot absorb these additional interest charges, it reduces the return-on-investment and impacts the ability to receive financing on future projects.
- Adding predictability to this process through mandated approval timelines would increase investor confidence, reduce costs on the end consumer and create more jobs through faster construction.
- Approvals have somewhat improved almost immediately following the provincial election which is something that should be built on.

Recommendations

1. Mandate an 8-week decision timeline on *Water Act* applications.

22. Environment – Review Process for Public Lands Act & Water Act Applications

Ministry: Environment

Legislation: Internal Policies and Procedures

Issue

A lack of integration in review of *Public Lands Act* and *Water Act* applications have added, in many cases, a year or more worth of delays for projects.

Impact

- When an impact is proposed to a Crown-owned wetland, an application must be made, reviewed, and approved under the *Public Lands Act* prior to submission and review under the *Water Act*. Current processes separate the provincial review under two different acts, which creates an incomplete view of a project or wetland impact. This can lead to misinformed rejection or denial of applications, and costly and time-consuming appeals processes.
- *Public Lands Act* applications take, on average, between 12-36 months for review and decision. Some projects have exceeded that timeline.
- When reviewing applications for disturbance of Crown-owned wetlands, an incomplete picture of the project is presented in the application (focused on the “land” portion of the wetland). Missing components of the “wet” are presented in the *Water Act* application, which is only submitted once a decision is rendered under the *Public Lands Act*.
- An incomplete view of a proposed project, and the opportunities and constraints of a site, can lead to a misinformed decision – either for approval or rejection of an application.
- In addition to provincial red tape on these issues, municipalities often have their own requirements or make their own interpretations on wetland policies. A lack of clarity of roles and jurisdiction often results in increased delays, costs and duplication of reports provided to the two levels of government.

Recommendations

1. Introduce a mandated 8-week review timeline for Public Lands dispositions applications and renewals.
2. Establish a concurrent submission and review process for *Public Lands Act* and *Water Act* applications, when applicable.
3. Integrate teams at Alberta Environment and Parks so that applications can be reviewed holistically.
4. Ministry of Environment to provide clarity on the roles and jurisdictional powers related to *Public Lands Act* and *Water Act* applications to reduce delays and duplication.

23. Environment – Consistent Application of Wetland Policy

Ministry: Environment

Legislation: Internal Policies and Procedures

Issue

Developers are witnessing substantial variations in approval timelines and the application of policy from region to region, despite being subject to the same legislation and policy.

Impact

- BILD Alberta (and its legacy organizations) were highly engaged throughout the development of the Alberta Wetland Policy and advocated for a framework that would be consistently applied by provincial departments throughout Alberta, resulting in a “level playing field” for development across municipalities.
- Application of policy, including timelines and requirements for approvals, remain widely varied across the Province:
 - Some offices will not meet with applicants as part of the pre-application and approval process.
 - Variation of municipal wetland policy objectives, and roles of municipal staff versus provincial staff are inconsistent across the Province.
- The above has resulted in a perceived advantage of developing in one region of the Province compared to another.

Recommendations

1. Introduce a mandated 8-week review timeline for wetland and Water Act approvals.
2. Align implementation of existing policy across the Province to make it easy and cost effective for proponents to “do the right thing”. This includes working with municipalities on removing barriers to wetland retention within urban settings.
3. Establish consistent processes for staff across the Province to ensure consistency in review times and comments on applications.
4. Provide applicants opportunity to meet with Alberta Environment and Parks staff to discuss projects prior to application to ensure that all components are included to allow for a fulsome and thorough review upon submission.

24. Environment – Water Reuse and Stormwater Use

Ministry: Environment

Legislation: Internal Policies and Procedures

Issue

Existing legislation often prevents the reuse of treated stormwater which benefits the environment, municipalities and industry.

Impact

- Water is a precious and finite resource in Alberta. Existing legislation, including the South Saskatchewan Basin Closure Order, often prevents the reuse of treated stormwater for irrigation, wetland conservation, or other valuable uses. Alberta Environment & Parks has worked to develop the draft Alberta Water Reuse and Stormwater Use Guidebook, which was circulated on January 21, 2019 for stakeholder discussion purposes, but has not yet finalized the Guidebook for application by industry.
- Conflicting legislation, and lack of guidelines, is preventing the reuse of captured water and treated stormwater within Alberta. This results in a higher than necessary use of potable water, leading to concerns with existing municipal water licenses, potential future drought conditions, and lack of water supply for future population growth.
- Potable water is being used for industrial activities (such as hydraulic fracturing and industrial / commercial processing, natural resource extraction, fire control, etc.) due to lack of guidelines, when there is opportunity to reuse water or use stormwater for the same activity.

Recommendations

1. Convene a working group involving industry, the province, municipalities and regional boards to streamline the approach to stormwater, wetlands and water reuse.
2. Finalize the Alberta Water Reuse and Stormwater Use Guidebook and allow for implementation across the Province on a pilot basis.
3. Engage with user groups to review the results of the pilot after 12 months implementation and determine if modifications to the Guidebook are necessary.
4. Provide industry a mechanism to communicate valuable information, technology and learnings to staff on an ongoing basis.

25. Environment – Missing Directives Under the Alberta Wetland Policy

Ministry: Environment

Legislation: Internal Policies and Procedures

Issue

An enhanced Alberta Wetland Policy will provide more opportunities for wetland banking and mitigation which benefits the environment and encourages private sector investment.

Impact

- The Alberta Wetland Policy references numerous directives, including two (wetland enhancement and wetland banking) that have yet to be developed. When the policy was released in 2013, it was anticipated that the finalization of all directives would be completed in 5 years. Wetland enhancement and wetland banking are two mitigation options that the land development industry would like to implement within urban centres to replace lost wetland functions and provide natural amenities for residents.
- The policy states that an applicant can commit to onsite reclamation, but this is not consistently applied or made available to applicants.
- Without a directive in place, opportunities for wetland banking and enhancement are being lost.
- Opportunities for wetland mitigation in urban areas is currently limited to wetland construction. The requirements under the Wetland Restoration Directive severely limit application in urban areas.
- The missing directives do not allow for a fulsome suite of wetland mitigation opportunities in Alberta.

Recommendations

1. Task Alberta Environment & Parks with development of directives for wetland banking and wetland enhancement.
2. Engage with industry on opportunities to implement wetland banking and wetland mitigation directives within urban settings. Some alternatives include development of a program that allows applicants to:
 - a) Use the “banked wetlands” to reduce wetland restoration requirements or compensation amounts; and
 - b) Post a security in the amount of any remaining areas of wetlands to be disturbed. When the applicant restores the wetlands, then they can apply to have portions or all of the posted security amounts refunded.

26. Condo Act – Building Assessment Reports

Ministry: Service Alberta

Legislation: New Home Buyer Protection (General) Regulation

Issue

Existing legislation and regulations require that a building assessment be completed for the common property and common facilities of a condominium building. The requirements are very specific and are not related to building type (i.e. they also apply to semi-detached and row houses). All these units are previously inspected by Authorities Having Jurisdictions and covered under the Mandatory Warranty Program, so these reports duplicate existing safeguards.

Impact

- These reports must be completed by a qualified person (usually understood to be an architect or engineer) despite many condominiums not being built with professional involvement (duplex, semidetached, row housing). This increases the cost (approximately \$2,000 per door) because a professional is now involved in every part of construction.
- The process leads to conflict between the builder and the condominium corporation especially if there was no architect / engineer involvement in the project. The builder hires a “qualified person” to assess the building(s) and if there is a disagreement then the only way to resolve that claim is through warranty or litigation. Often there is not a warranty claim in this process, so the only option is litigation.
- Many builders are avoiding building condo products due to the cost, red tape and risk associated with them. Removing this requirement will bring a level of certainty back to this marketplace and help to reduce costs on condo buyers.

Recommendations

1. Repeal the requirements to have a building assessment report completed by deleting the following sections from the New Home Buyer Protection (General) Regulation:
 - a) Section 4;
 - b) Section 5; and
 - c) Section 6
2. Delete Section 16.1(1)(f) from the *Condominium Property Act*.

27. Condo Act – Build Time Specifications

Ministry: Service Alberta

Legislation: Condominium Property Act – Condominium Property Act Regulation

Issue

Pre-selling condominium units is generally required for the builder / developer to receive the financing needed to construct the building. Under changes to the Condominium Property Act Regulation, when a builder or developer pre-sells a condo they need to provide three dates – earliest possession, likely possession and latest possible possession. Exact and often even approximate construction timelines are extremely difficult to predict and is discouraging the construction of these products.

Impact

- The construction of many condominium projects in Alberta is subject to financing from banks or other lending institutions. In many cases, receiving the required financing is subject to a specific amount of pre-sold units. Without the presales, financing is not available.
- The time it takes to finalize construction is entirely dependent on the current state of the market, municipal approvals and procuring the necessary pre-sales needed to receive financing to move forward with construction.
- This adds a tremendous amount of risk to each project which could discourage their construction moving forward.

Recommendations

1. Remove requirements for build time specifications from Section 20 of the Condominium Property Act Regulation.

28. Expropriations – Development During Expropriations

Ministry: Municipal Affairs

Legislation: Expropriations Act

Issue

When developing large communities, expropriation of lands is often required to facilitate new roads and other infrastructure. As expropriations move through the legislated process, they often get delayed when determining land valuation and compensation. This is an extra step of red tape that delays projects from moving forward when the matter in question simply relates to compensation to the landowner.

Impact

- Delays over the compensation aspect of expropriations can lead to multiple months of delays which results in considerable interest charges for industry when the matters going through the process simply relate to compensation, not the design of the project.
- Development proceeding as this process plays out still provides the affected landowners with fair compensation and maintains the ability to challenge the expropriation at previous stages. Once the process moves to the compensation stage, money will still be paid, debate and process is simply focused on the amount of compensation.

Recommendations

1. Through the *Expropriation Act* and other relevant legislation and regulations, allow development to proceed once the expropriation process moves to the step of valuation and compensation.

29. Mortgage Rules

Ministry: Finance and Treasury

Issue

Federally imposed mortgage rules were designed for Vancouver and Toronto have been negatively impacting Albertans seeking affordable market housing along with builders and developers. ATB and Credit Unions are not required to follow the federal rules.

Impact

- The Federal Mortgage Rules are designed to address issues in housing markets within British Columbia and Ontario. The same affordability issues that plague Toronto and Vancouver are not prevalent in Alberta.
- The federal mortgage rules prevent an additional 150,805 Alberta households from qualifying for an average priced home. This has led to historic numbers of housing inventories across Alberta which are risking the viability of companies and employment for skilled trades.
- The mortgage rules impact the ability for some Albertans to explore moving their mortgages to different lending institutions and receive more competitive rates.
- Inventory levels are at historic highs in Alberta and putting more Albertans into homes they can afford will reduce stresses on rental housing.

Recommendation

1. Government of Alberta to work with ATB and other Alberta-regulated financial institutions in developing modified rules in Alberta such as:
 - a) Removal of stress test requirements for 3 to 5-year fixed rate mortgages;
 - b) Re-instate 30-year mortgages; and
 - c) Assess opportunities to expand the eligibility of the Federal Government's first-time home buyer's incentive.

October 23, 2019

Honourable Grant Hunter
Associate Minister of Red Tape Reduction
130, Legislature Building
10800 – 97 Avenue NW
Edmonton, AB T5K 2B6

via email

Re: Proposals for Red Tape Reduction for Issues Affecting Commercial Real Estate Owners and Developers

Dear Minister Hunter,

Thank you for the opportunity to provide recommendations for reducing red tape that affects our industry. NAIOP Calgary represents the commercial real estate industry in Calgary and surrounding municipalities and counts among its members the largest owners and developers of commercial properties in these markets. We are supportive of the recommendations submitted by BILD Alberta under its letter of October 7th and are taking this opportunity to supplement those submissions with recommendations specific to our membership.

The attached recommendations address the following more detrimental examples of red tape or government overreach:

- Reporting requirements of Real Estate Council of Alberta (*Real Estate Act* and RECA Rules);
- City charters enabled by regulation rather than legislation (*Municipal Government Act*, City of Calgary Charter, 2018 Regulation and City of Edmonton Charter, 2018 Regulation);
- Ability to create non-residential property tax assessment sub-classes (*Municipal Government Act* and Matters Relating To Assessment Sub-Classes Regulation).

We look forward to working with your Ministry.

Sincerely, on behalf of, NAIOP Calgary



Guy Huntingford
Director Strategic Initiatives
NAIOP Calgary

Reporting Requirements of Real Estate Council of Alberta (*Real Estate Act* and RECA Rules)

RECA is created by the *Real Estate Act* (the “**Act**”) and is given authority to create rules (the “**Rules**”) with respect to industry members and applicants. Essentially, the Act prohibits a person from trading in real estate as a real estate broker unless they hold an appropriate authorization for that purpose.

RECA’s legislative authority for creating the Rules is set out in s. 12 of the Act, in particular subsection 12(o). Subsection 12(o) permits RECA to create rules requiring industry members and applicants “to provide information, reports and returns and other information to [RECA], and respecting the manner in which and the circumstances under which information, reports and returns are to be provided”.

The applicable Rule we are concerned with is Rule 32(g), which requires a brokerage to immediately notify RECA’s executive director in writing of a change in the directors, officers or shareholders of a corporation if the brokerage is a corporation. RECA interprets this rule broadly, resulting in several large commercial property owners being deemed by RECA to be real estate brokers, notwithstanding that these owners are dealing with (ie, leasing, typically) their own property or in which they have a substantial interest.

This has resulted in numerous demands for information with respect to any changes to shareholders (direct and indirect all the way up to ultimate individual voting owners), directors and officers - an onerous and unnecessary task for larger corporate property owners whose complex ownership structures do not fit neatly within the exemption from such reporting requirements. For example, we are aware of at least two major Calgary property owners and managers who have dedicated full-time staff to administer these unnecessary reporting requirements. This problem is industry-wide.

A. Statutory Framework

Definitions

A “real estate broker” is a person who, for another and for consideration or other compensation, either alone or through one or more persons, trades in real estate. “Trade” has a broad definition, and includes, among other things:

- a disposition or acquisition of, or transaction in, real estate by purchase or sale;
- property management;
- the solicitation, negotiation or obtaining of a contract for an activity referred to above; or
- any conduct or act in furtherance or attempted furtherance of an activity referred to above.

A “sale” includes a lease “or any other disposition of an interest” in real estate. “Property management” includes the leasing or negotiation of a lease or rental of real estate.

B. Statutory Exemptions

Section 2(1)(c)

The Act provides certain exemptions from the regulatory framework. Section 2(1)(c) provides that the Act, as it relates to trading in real estate, does not apply to:

(c) a person

...

(ii) who disposes of real estate owned by that person or in which that person has a substantial interest, or

(iii) who is an official or employee of a person acquiring or disposing of real estate within the meaning of subclause (i) or (ii).

The hurdle for many of NAIOP’s larger corporate members is with respect to exemption 2(1)(c)(ii).

The definition of “substantial interest” was added to the Act in 2008, meaning an ownership interest in real estate of not less than 25%. According to Hansard, the legislative amendments made to the Act in 2008 were ostensibly for the purpose of protecting the public and consumers from mortgage fraud. Indeed, the minimal debate that occurred focused on mortgage fraud so it is difficult to discern why a definition of “substantial interest” was added at all. Further, it is unclear whether the definition encompasses direct or indirect interests. Many of our larger corporate members would not have a direct 25% interest in any of the properties they deal with. However, they certainly would have indirect interests in many of these properties based on majority and minority ownership of various entities in their respective corporate ownership structures.

We see two potential solutions to these unnecessary and costly reporting requirements:

1. *Section 2(1)(f)*

Section 2(1)(f) exempts from the Act a person who is named in the *Exemption Regulation*. The classes of persons acting as a real estate broker exempt under the *Exemption Regulation* are limited to on-site managers, which would not typically include these larger corporate property owners. The *Exemption Regulation* can be amended by an Order in Council, on the recommendation of the Minister of Service Alberta. Any amendment sought could be as broad as a total exemption from the Act for larger corporate property owners, or as limited as an exemption from reporting requirements issued under the Rules in accordance with section 12(o) or Rule 32(g).

2. *Section 12(aa)*

Section 12(aa) provides RECA with the authority to make rules exempting persons or classes of persons from the Rules. There are currently no rules respecting exemptions from the Rules nor have efforts by our members to discuss such Rules changes with RECA been productive.

City Charters Enabled by Regulation rather than Legislation (*Municipal Government Act*, City of Calgary Charter, 2018 Regulation, City of Edmonton Charter, 2018 Regulation)

We wish to draw to the attention of this Government a fundamental concern we have with how city charters have been enabled in this Province. They are enabled by regulation not legislation. These charter regulations in turn enable the city councils of Edmonton and Calgary to pass charter bylaws that supersede the *Municipal Government Act* and all other provincial legislation in the event of a conflict. To our knowledge every other Canadian city that has enacted a city charter has done so by an enactment of their respective provincial legislatures.

Our concern is three-fold: (1) too much power has been delegated to Alberta's charter cities; (2) the Cities of Edmonton and Calgary have a demonstrated history of spending that far exceeds increases in population and inflation; and (3) these charters are arguably unstable because they could be vulnerable to legal challenge as an improper delegation of power.

NAIOP Calgary is of the view that the city charter amendments to the *Municipal Government Act* and the city charter regulations should be repealed. If the Province is nevertheless supportive of charters, they should be implemented through an enactment of the legislature.

Ability to Create Non-residential Property Tax Assessment Sub-classes (*Municipal Government Act* and
Matters Relating To Assessment Sub-Classes Regulation)

As you are aware, property values in Calgary's downtown have dropped precipitously during the economic recession that has affected our city and province since 2015. Downtown office vacancies have skyrocketed to near 30% as businesses fail or significantly scale back. Lease revenues and lease rates in our downtown have fallen correspondingly, and so have the assessed values of these office towers. In 2015 taxable downtown office properties comprised 32% of the assessed value of the total non-residential tax base. That has fallen to 18% for 2019 and remains there for 2020. Although downtown property values might recover, it is unforeseeable that they will climb to pre-recession levels.

Calgary City Council has for the past three years chosen to mitigate the most severe increases to non-residential taxpayers – particularly to those properties outside the downtown core – by implementing the Phased Tax Program (PTP). Essentially, The City was moving monies from reserve accounts to property tax accounts. The hope was that our economy would recover during this time to restore the downtown portion of the non-residential tax base to its pre-recession levels. This hope has not materialized, and The City is out of reserves to spend in this fashion. Non-residential property taxes – particularly for those properties outside the downtown core – will spike in 2020 without the PTP.

In an attempt to mitigate this spike, Calgary City Council is considering the creation of a small business sub-class of the non-residential assessment pursuant to section 297(2.1) of the *Municipal Government Act* and section 2(1)(b) of the *Matters Relating To Assessment Sub-Classes Regulation*:

Assigning assessment classes to property

297(1) When preparing an assessment of property, the assessor must assign one or more of the following assessment classes to the property:

- (a) class 1 - residential;
- (b) class 2 - non-residential;
- (c) class 3 - farm land;
- (d) class 4 - machinery and equipment.

(2) A council may by bylaw divide class 1 into sub-classes on any basis it considers appropriate, and if the council does so, the assessor may assign one or more sub-classes to property in class 1.

(2.1) A council may by bylaw divide class 2 into the sub-classes prescribed by the regulations, and if the council does so, the assessor must assign one or more of the prescribed sub-classes to a property in class 2.

(3) If more than one assessment class or sub-class is assigned to a property, the assessor must provide a breakdown of the assessment, showing each assessment class or sub-class assigned and the portion of the assessment attributable to each assessment class or sub-class.

Prescribed sub-classes

2(1) For the purposes of section 297(2.1) of the Act, the following sub-classes are prescribed for property in class 2:

- (a) vacant non-residential property;
- (b) small business property;
- (c) other non-residential property.

- (2) The subclasses referred to in subsection (1) can be applied to both the Urban and Rural Service Areas for Lac La Biche County and the Regional Municipality of Wood Buffalo as if the service areas were separate entities.
- (3) For the purposes of subsection (1)(b), “small business property” means property in a municipality, other than designated industrial property, that is owned or leased by a business
- (a) operating under a business licence or that is otherwise identified in a municipal bylaw, and
 - (b) that has fewer than
 - (i) 50 full-time employees across Canada, or
 - (ii) a lesser number of employees as set out in a municipal bylaw,
- as at December 31 or an alternative date established in a municipal bylaw.
- (4) For the purposes of subsection (3), a property that is leased by a business is not a small business property if the business has subleased the property to someone else.
- (5) For the purposes of subsection (3), a municipality may, by bylaw, prescribe procedures to allow for the effective administration of the small business property sub-class tax rate, including, without limitations, a method for determining and counting full-time employees, and the frequency of that count.

Were Calgary City Council to adopt a small business property sub-class, the effect would be a substantial increase in property taxes (approximately 18% according to The City’s own estimates) to all other non-residential taxpayers that do not meet the definition of “small business property” as that term is defined in the Regulation. NAIOP Calgary is of course very concerned with shifting the tax burden to a smaller pool of taxpayers within the proportionately smaller non-residential tax base (by comparison to the larger residential tax base, which is more than 3x the assessed value of the non-residential base). However, we recognize that this would be a decision within Calgary City Council’s discretion and not one to be interfered with by the Province.

Having said that, we are very concerned that the recent amendments to the *Municipal Government Act* and the adoption of the Matters Relating To Assessment Sub-Classes Regulation even give this ability to municipalities to create assessment sub-classes. Furthermore, the definition of “small business property” in the Regulation, because it is based on the number of full-time employees a business employs nationally, would be difficult to enforce, could be subject to manipulation by affected businesses, and would require excessive civic administration. It also has the great potential to create inequities in The City of Calgary’s property tax regime - it appears to be based on the assumption that “larger business properties” should pay a premium simply because they have a larger employee base, notwithstanding that they likely already pay more based on the higher assessed value of their property. It is NAIOP Calgary’s position that the legislative and regulatory provisions for non-residential sub-classes should be repealed.