



# Development Agreement and Off-Site Levy Forecast

## *Fall 2023*

Briefing from Corporate Economics to Off-Site Levy Steering Committee  
*November 6, 2023*



# Context: Previous DIGC Direction

## Previous Approved DIGC Recommendation

That DIGC:

1. Receive the offsite levies forecast for information and approve one of the three cash flow forecasts for distribution to applicable City Departments to consider any potential budget impacts for the One Calgary business plans and budget cycle.
2. Direct that offsite levy forecasts on Greenfield Development Agreement (DA) expectations are provided to DIGC and GMSGC in Q3 every year to allow City Departments incorporate any budget implications as part of the City of Calgary Business Plan and Budget process.

- October 01, 2019

## The Team Stewarding the Update

	Team Member		Summary Responsibility
1	Galina Karadakova-Mineva	Infrastructure Strategist, Community Planning	Historical and potential activity – Development Agreements
2	Brian Wilson	Business Analyst, P&D Service Excellence Team	Historical split – industrial vis-à-vis residential/ commercial activity
3	Rayner Dsouza	Senior Planner, City and Regional Planning	Historical activity – suburban land absorption and land supply
4	Catherine Spaens	Finance Coordinator, City & Regional Planning, Finance	Financial analysis of levy forecast
5	Estella Scruggs	Senior Corporate Research Analyst, Corporate Planning and Performance	Forecast projections – database development
6	Chidi Osuji	Senior Corporate Economist, Corporate Planning and Performance	Forecast projections – modelling and analytical approach, 2023-2026 development agreement/ cashflow projections

# Overview of Today's Discussion



## Purpose

To reveal, at a high-level, the science and key influences behind the 5-year forecast of Greenfield land development (subject to off-site levies).



## Payoff

To provide the basis for a corporate understanding of cashflow implications for The City's departments



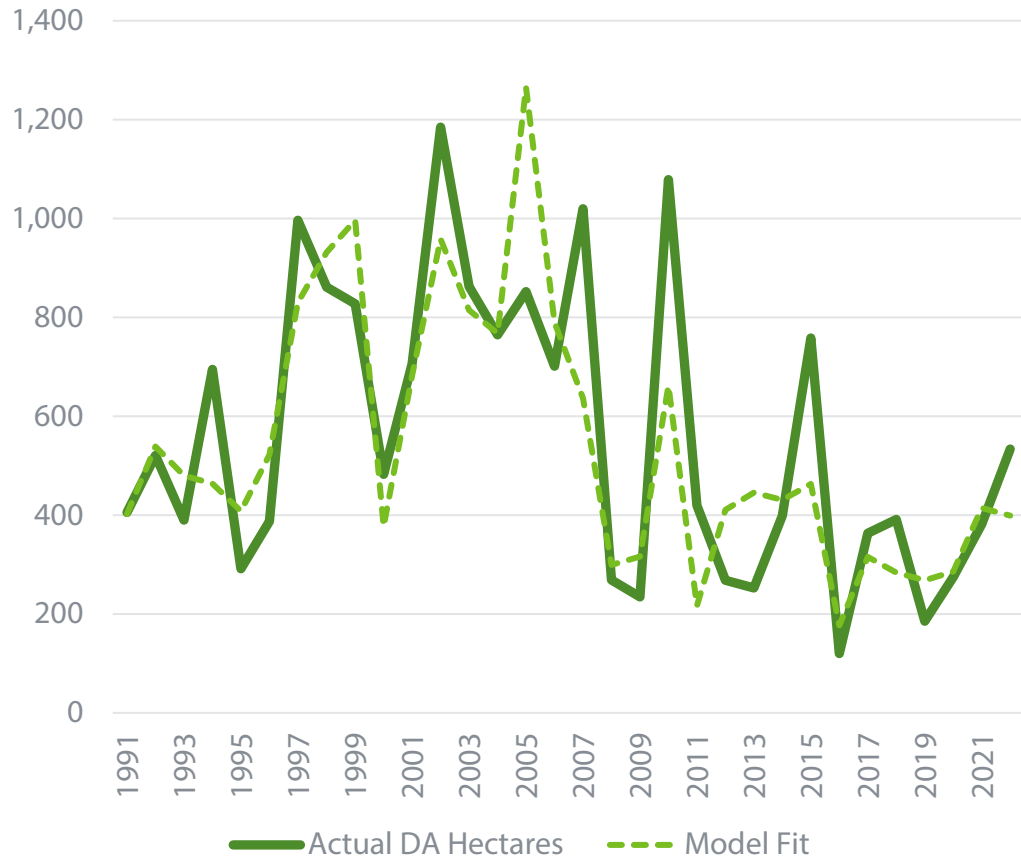
## Plan

To share a corporate forecast for Greenfield development hectares and off-site levy cash flows.

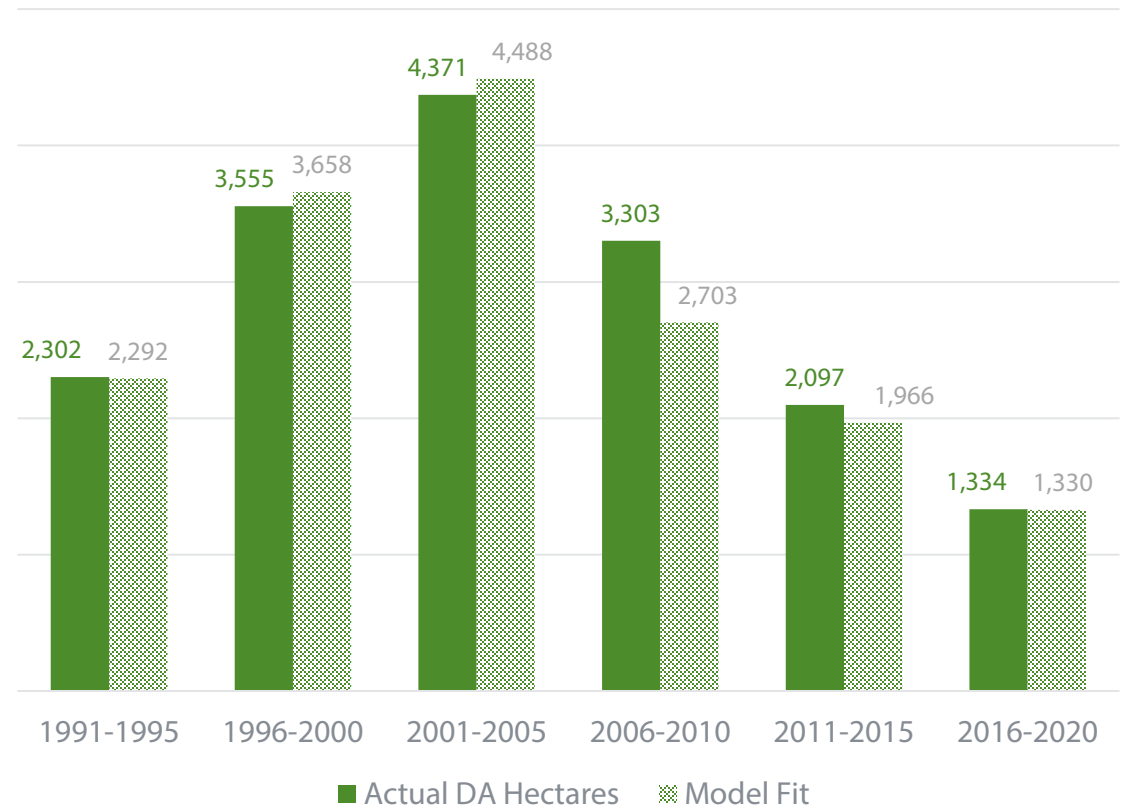


# Analytical Approach: Needs to reflect Volatility

**Total DA Land Forecast Model Historical Fit (1991-2022)**

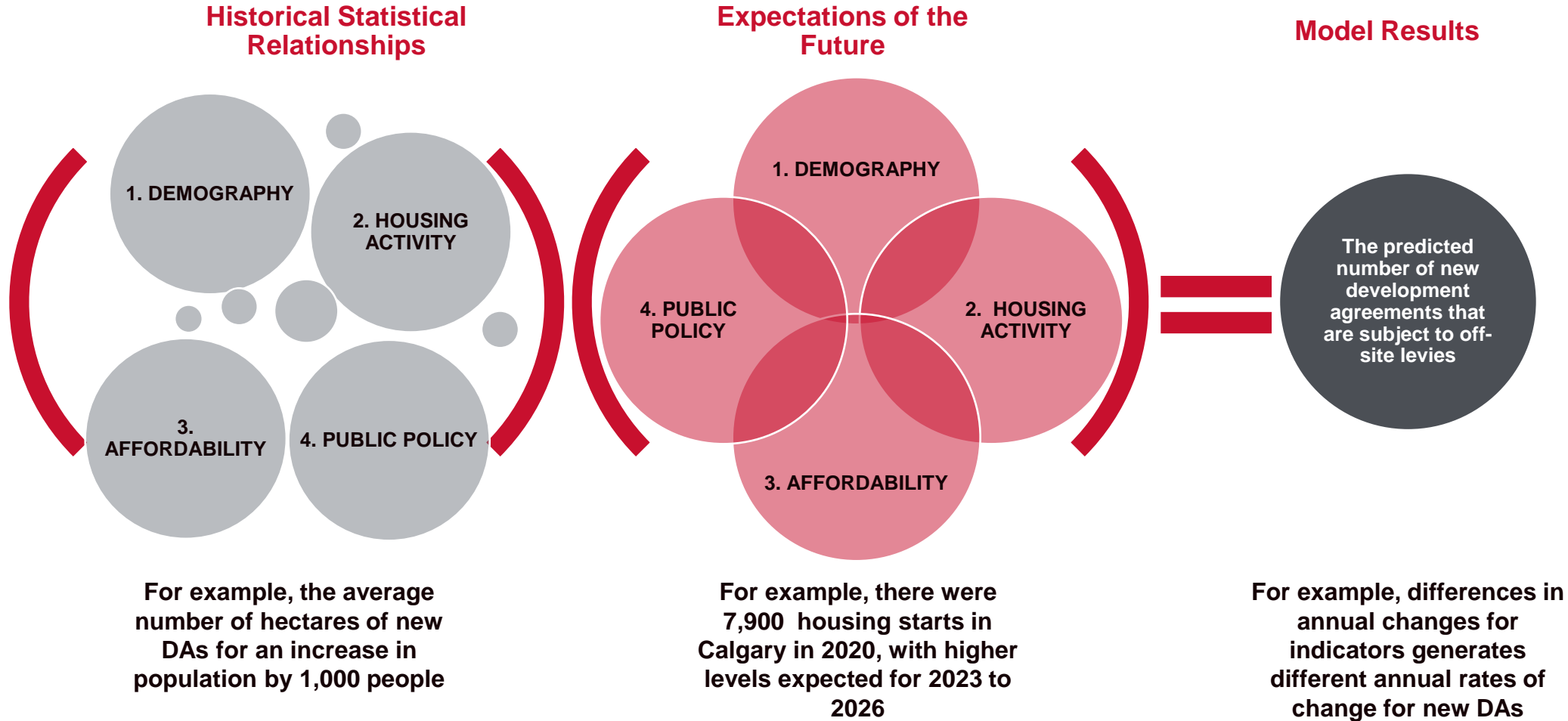


**Total DA Land Forecast Model Historical Fit: 5-year Periods**





# Analytical Approach: Broad Structure of the Model



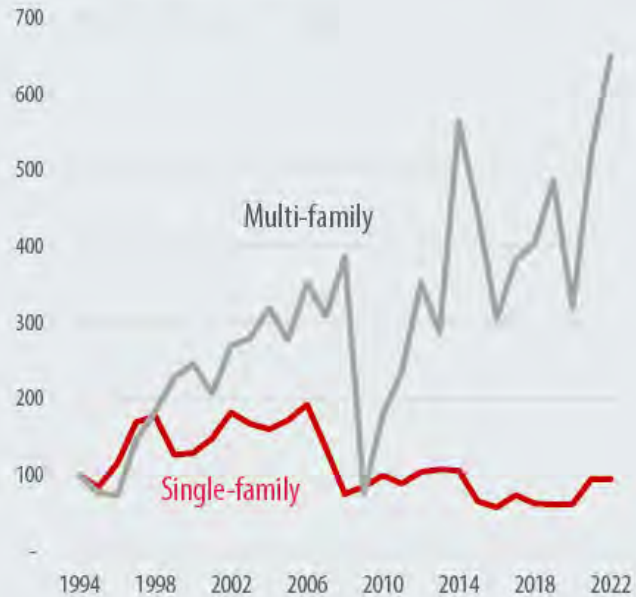


# Analytical Approach: Key Forecast Drivers

## Shift from Single-to-Multi-Family

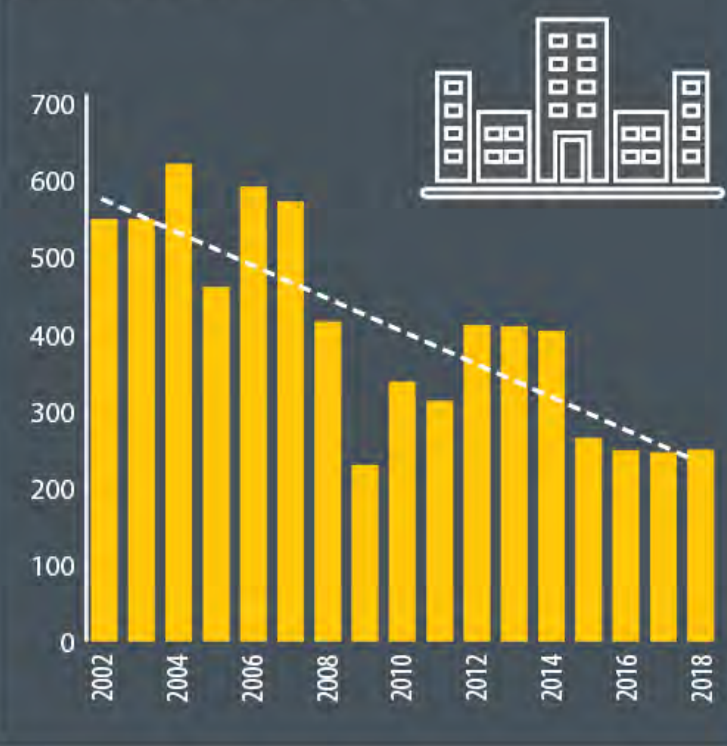
Fewer hectares needed to deliver the same number of housing units

(indexed to 1994 = 100)

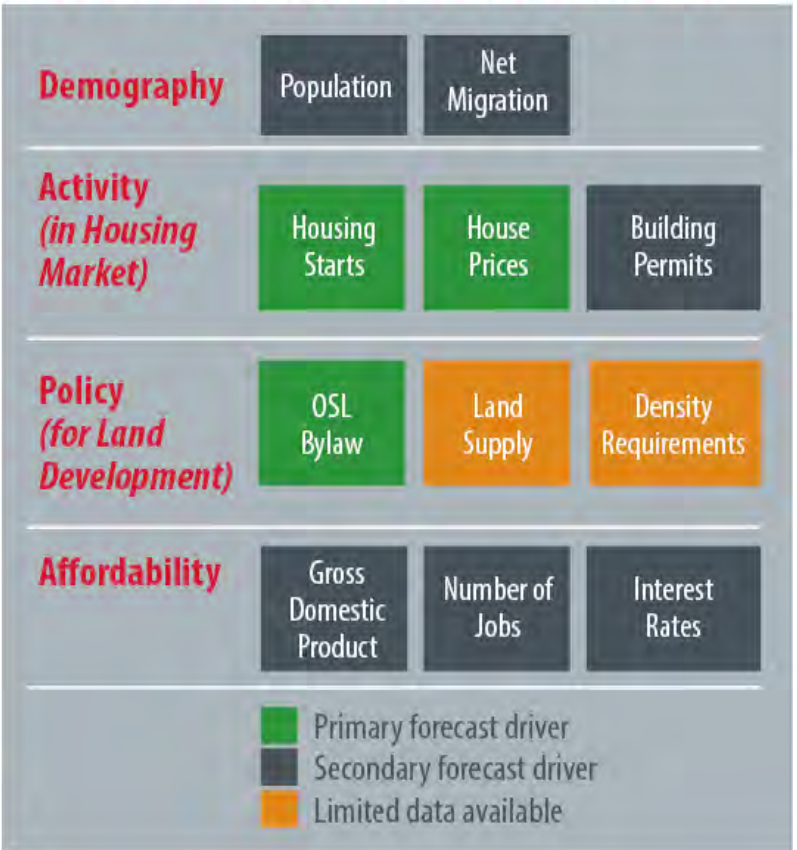


## Efficient Land-Use

Suburban Land Absorption  
(Gross Residential Hectares)



## Factors Driving DA Land Demand





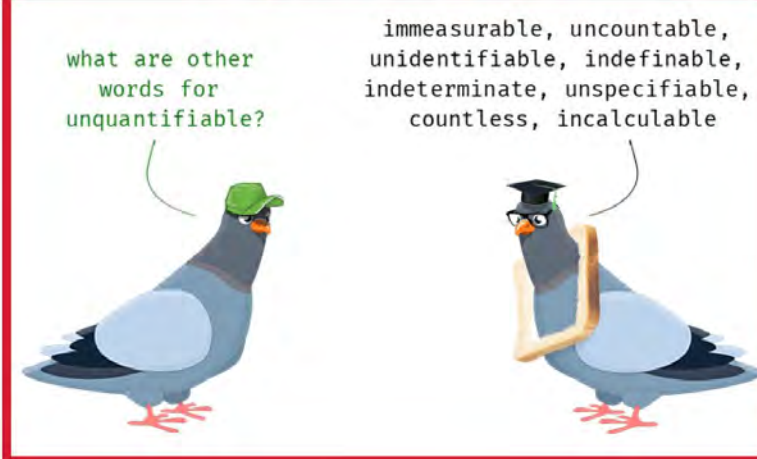
# Challenges and Risks

## Challenges

### Missing Data



### Unquantifiable Factors



## Risks



Off-Site Levy Bylaw (Policy) review



Global Economic Uncertainty



# Results – DAs (in hectares) and Cash Flows

## Development Agreement Land Actual and Forecast

### Development Agreement Land Absorption

#### Greenfield - Actuals

(hectares)



#### Greenfield - Forecast

(hectares)



## Development Agreement Cashflow Forecast

(\$millions)

- Community Services
- Transportation
- Water Resources

### Forecast



## Greenfield DA Forecast Comparison

(hectares)





# Summary Findings

## Total DA



(hectares)



## Greenfield OSL Revenues



(\$million)





# Recommendation

That DIGC:

1. Receive the development agreement and offsite levies forecast for information.
2. Direct that offsite levy forecasts on Greenfield Development Agreement (DA) expectations are provided to DIGC and GMSGC in Q4 every year.



# Key Takeaways and Implications

## To summarize:

- DA forecast has been adjusted upwards for the upcoming budget cycle
- Updated cashflow forecast includes the inflationary increases to the OSL rates for 2024
- As a result, additional cashflows for Water (likely committed through next budget cycle) and Transportation and CS (uncommitted through next budget cycle)
- Opportunity at mid-cycle adjustment to plan to utilize these funds
- Continue monitoring annually