
Offsite Development Levies for New Growth Areas

References: *Municipal Government Act, RSA 2000, c. M-26 (the "MGA"); Sections 648 and 651*
 Strathcona County Bylaw 20-2017 the Municipal Development Plan (the "MDP")
 Strathcona County Bylaw 25-2018 Offsite Development Levies (the "ODL Bylaw")

Cross-reference: Policy SER-008-013 *Major Recreation Facility Funding*

Policy Statement

This policy provides a framework in support of the principles that growth and development pays for itself while encouraging diverse, affordable neighbourhoods, amenities and housing opportunities within Strathcona County.

This policy also outlines direction and expectations for Strathcona County and Developers for the provision of Financing, design, construction, Funding and recovery of Leivable Infrastructure within New Growth Areas of Strathcona County.

Purpose

The purpose of this policy is to provide a fair, consistent and transparent approach for the Financing, design, construction, Funding and recovery of Leivable Infrastructure, while maintaining consideration of both Developer timelines and Council priorities.

Definitions

Benefiting Basin – A total of all Development Lands that directly benefit from the design or construction of the respective Leivable Infrastructure, where the benefit is defined as furthering availability of access or utility servicing to the Development Lands.

Development Lands – Lands in Strathcona County which are proposed for residential, commercial or industrial development and located within the Urban Service Area, Hamlet, or Country Residential Policy Area as designated in the MDP, as amended or replaced from time to time.

Development Stage – Development Lands that are being subdivided or otherwise developed within an associated Benefiting Basin.

Developer – A person that develops private or public lands in Strathcona County.

Eligible Cost – Can include preparation of technical reports, preliminary engineering, construction, repairs required for Construction Completion Certificate (CCC) and Final Acceptance Certificate (FAC), plus 15% of construction costs for detailed engineering design, field engineering, survey, testing, and all associated administration costs, plus any land assembly including arterial road dedication required for the associated Leivable Infrastructure and associated Financing costs as set out within this policy, all as applicable for the respective Leivable Infrastructure.

Finance or Financing – Refers to who is taking on the financial risk of providing Leivable Infrastructure servicing to Development Lands. This is determined by who takes out debt, or front ends the costs to provide the Leivable Infrastructure servicing.

Funding – Refers to who ultimately pays for the Leivable Infrastructure.

Gross Assessable Area – All lands within a Development Stage, excepting any lands dedicated for arterial roads, provincial highways, environmental reserve, municipal reserve, schools, regional public utility lots (stormwater management facilities, reservoirs, lift stations, etc.) and existing right-of-ways not within a Developer's titled area.

Leivable Infrastructure – Road, water, wastewater or stormwater infrastructure and its associated land, as defined by Section 648(2) of the MGA with the exception of water storage facilities and their associated supply mains, which will continue to be Funded by water utility rates.

New Growth Area – Development Lands within the Urban Service Area of Strathcona County that do not have any significant Leivable Infrastructure in place to service the lands at the time of approval of this policy.

Offsite Development Levy – A financial contribution assessed to Development Lands to pay for Leivable Infrastructure costs associated with growth. Offsite Development Levies transparently and equitably allocate Leivable Infrastructure capital costs to those that benefit, to ensure growth pays for growth. Offsite Development Levies are set by bylaw and are full and final payment of the assessed Development Lands' contribution to the associated Leivable Infrastructure.

Over Expenditure (OE) – Eligible Costs incurred by a Developer required to Finance all or a portion of the Leivable Infrastructure to accommodate a Development Stage, when it is in excess of the associated Offsite Development Levy assessed against the stage. A Developer is entitled to recover OE costs in the future from other Developers within the Benefiting Basin as authorized in Section 651 of the MGA, through this policy and in accordance with the respective Offsite Development Levy bylaw and development agreement for the Development Stage. The OE amount may also include any prior Over Expenditure Contributions paid to a previous Developer in the same Benefiting Basin.

Over Expenditure Contribution (OEC) – The total amount of OEs owed to previous developers.

Over Expenditure Sharing Strategy (OESS) – A Strathcona County created and Strathcona County administered process available for Developers who are required to incur an Over Expenditure, which entitles them to redistribute a proportionate amount of their Over Expenditure among all Development Stages within the Benefiting Basin.

Urban Service Area – The area defined as the Urban Service Area in the MDP.

Guidelines

Principles of Offsite Development Levies

1. In order to meet the increasing costs and challenges of servicing Development Lands, Strathcona County uses an integrated levy approach to support the economic viability of development while maintaining the principle that growth and development pays for itself.
2. The general principle of the integrated levy approach is that Strathcona County will Finance the design and construction of leviable underground utility infrastructure and its appurtenances, while Developers Finance the design and construction of leviable transportation and stormwater management infrastructure.
3. Financing of leviable land assembly including arterial road dedication, will follow the general Financing principals outlined above, with land parcels attributed to the highest elevation of Leviable Infrastructure located within its boundaries. Due to the intricacies of land acquisition however, special Financing consideration may be required by Council in some circumstances.

Strathcona County-Financed Infrastructure

4. Strathcona County Financed portion of the integrated levy approach may follow one of two methods, or a combination of the two:
 - a. Strathcona County Financing, design and procurement of construction of the Leviable Infrastructure following the framework outlined in the ODL Bylaw, as amended or replaced from time to time, or;
 - b. Developer design and procurement of construction of the Leviable Infrastructure with Strathcona County Financing of the Eligible Costs as defined within the Offsite Development Levies for New Growth Areas Procedures.

The selected method will be at the discretion of Strathcona County on a case specific basis, considering the impacts of public disruption, construction efficiencies, timing, clarity of warranties and potential for third party damage disputes.

5. All Strathcona County Financing is subject to approval by Council.

Developer-Financed Infrastructure

6. The Developer Financed portion of the integrated levy approach will follow the OESS process, in order to apportion OE costs among all active Developers within a Benefiting Basin based on their total Gross Assessable Area, until the entire Benefiting Basin is developed.
7. Developer Financed projects or portions will not require approval by Council through the annual budget process as there is no budget impact to Strathcona County.

Ultimate Funding Obligations

8. Both Strathcona County and Developer Financing of Leviable Infrastructure is ultimately Funded by the collection of Offsite Development Levies, assessed by total Eligible Costs evenly allocated among the total Gross Assessable Area within a Benefiting Basin. All costs including debt interest incurred by Strathcona County in Financing leviable underground utility infrastructure are to be recovered from Developers through Offsite Development Levies.

9. Developers are entitled to recover all Over Expenditure costs incurred, including debt interest that is in excess of their base, required Offsite Development Levies.
10. The detailed Offsite Development Levies will be outlined in an Offsite Development Levies bylaw for the Benefiting Basin(s) as they are determined.

Applicability

11. This policy is applicable to New Growth Areas only and does not replace any obligations that exist under the ODL Bylaw, as amended or replaced from time to time, nor does it apply to any rural areas or hamlets within Strathcona County.
12. This policy does not contemplate funding of provincial infrastructure, which includes new or temporary intersection treatments, flyovers or interchanges. Contributions for provincial infrastructure will continue to be evaluated and collected on a case specific basis.
13. This policy does not apply to Financing or Funding of municipal soft cost infrastructure, which includes new or expanded fire halls, police stations, libraries and/or community recreation facilities. Infrastructure Funding contemplated within this policy is independent of Policy SER-008-013 "Major Recreation Facility Funding", which requires new residential development to contribute to major recreational facilities.

Requirements for Developers

14. Prior to development within a New Growth Area, each Developer is required to provide a cost estimate of all Leivable Infrastructure to Strathcona County based on the approved statutory plan for the area. An OESS will then be negotiated among all participating Developers and Strathcona County, and an Offsite Development Levies model and bylaw developed to reflect the negotiated OESS.
15. Upon written agreement by all participating Developers, or at the discretion of Strathcona County in the event one or more parties are unable to come to an agreement, all Eligible Costs will be allocated among all Development Lands within the Benefiting Basin(s) by implementation of the negotiated OESS. OEs will be proportionately recovered by OE holders as Development Stages are brought forward within the associated Benefiting Basin.
16. The Developer will be required to carry an OE until subsequent Development Stages proceed. The Developer and the subsequent Developer(s) will be required to carry their proportionate share of the remaining OE amounts until the entire Benefitting Basin has been subdivided or otherwise developed, at which time all Eligible Costs will have been proportionately distributed over the basin area as identified in the associated Offsite Development Levies bylaw.
17. Once adequate servicing information is available within a New Growth Area, Strathcona County may, in collaboration with all participating Developers within the associated Benefiting Basin(s), coordinate, develop and administer an OESS and Offsite Development Levies model and bylaw for all Leivable Infrastructure within each Benefiting Basin. This includes all OE calculations including applicable interest, tracking and accounting of Eligible Costs and cost sharing, as well as all associated agreements with the Developers within each basin.

18. All applicable Offsite Development Levies and Over Expenditure contributions (to previous Developers) will be required to be paid at the time of execution of a development agreement with Strathcona County as a condition of subdivision or any other development application of Development Lands within a Benefiting Basin.

Other Requirements

19. All Offsite Development Levies models and bylaws will be updated annually.
20. Security requirements for Developer Financed Leivable Infrastructure may be reviewed by Strathcona County on a case specific basis for opportunity to balance both Developer financial impact and Strathcona County liability.

Policy Record

Date of Approval by Council: July 23, 2019

Resolution No: 2019/208

Next Review Date: July 23, 2022

Policy No: SER-009-044

Last Review Date: July 23, 2019

Replaces: N/A

Administrative Review: Planning and Development Services