Off-site Levy Bylaw Review – Industry Working Group Meeting Notes

Date/Time: December 11, 2025 / 8:30 – 10:00 AM

Location: Andrew Davidson Building, Edinburgh Boardroom / MS Teams

Attendees:

Internal	External
Krista Campbell,	Jackie Stewart (online)
Erin Felker	Christian Undseth (online)
Pamela Ajoku	Brian Hahn (online)
Natalia Ivanova	Leahsa Grandberg (online)
Brian Arthur	Grace Lui (online)
Sara Alinaghi Pour	Joel Armitage (online)
Helen Hu	Jeff Curran (online)
Quinn Eastlick	Mohamad Mohamad (online)
Laura Urbain	
Elizabeth Tan	
Rodney Babineau	
Andrew Chui	
Roberto Marzitelli	
Regrets	
	Leo Rahey

Agenda

1. **Water Interest Rates Discussion** (Erin, Rodney)
2. **Questions to Andrew Chui** (Andrew)
3. **Industry Suggestions** (Jackie)

Feedback & comments collected:

Water Interest rates

- Would it be possible for you to share the source you are using for the provincial interest rate please?
- I understand there is a change in the provincial lending rates. Namely, the upcharge has been removed. We would expect to see this removed from the levy rate as well. Is there a link to a website or other place way that is published?

Andrew Questions

- Have you mapped any of the escalation rate data against actual inflation data, i.e. how well does the data approximate the actual inflation to project costs? This would be a reasonable test to

validate this against project costs (City project costs). Is inflation rate from StatsCan the appropriate measure? The OSL balance has increased over the years, which means that money is being held by The City, and could be put to higher and better uses by industry members.

- Why are you adding the average plus the standard deviation to get the five-year smoothed rate? Not capturing all of 9% inflation we had a few years ago, but hedging it a bit?
- Where could we source the information regarding the discount rate?
- If we looked at the investment report presented at January Audit Committee meeting, all those percentages shown in column A look like what was presented in that meeting, correct?
- What we see on the screen is not a dollar-for-dollar match for what is in the investment report?
- From what I recall, The City holding these is a hedge against inflation, is that correct?
- Doesn't represent City's full investments, does it? ENMAX is not included is it? Though City does put equity into ENMAX?
- Might want to note that this is this year's numbers. Would like to share this with industry, so please let us know when this has been vetted so we can share.
- Are rates used here the same ones that would be used for the updates to the financial models. And in the financial model, the discount rate would be less than the escalation rate, which is not typical. Is that what The City wants to use?

Industry Suggestions

- 20% was not committed by the end of the year, and the report shows there is an amount committed by industry that is bigger than the balance, and there is yet more that will be collected from DA signed this year. Balance will continue to grow, and has grown to a very large number. Would like to explore some sensitivity in the levy models in the discount rate, levy rate and inflation rate (applied across project costs) and explore how those would have impacted the modeling (using the 2024 model), specifically the levy balance against the base case in a 2-3 year timeline. That would tell us whether that would have a meaningful impact on the balances, or look at something else that would have an impact on those balances. Industry's money is getting parked in a way that has a suboptimal return, and we're all trying to optimize capital to build housing. Paying levies removes capital to build housing. With that in mind, could we get tighter in managing those balances? City benefits by growing their tax base through more homes built.
- In terms of scenarios, The City publishes monthly an inflation rate, which is currently 2%. The other is 0%.
- The levy balance is absolutely relevant to all of this. The primary objective of this is that growth is paying for growth. But the balance is showing that growth is out ahead of growth.
- The levy balance has not been less than $400 million for the last 20 years. There is a cushion there. There is also a contingency in the project costs. And then there is the safety factor in the levy rates as well. I get that this is important in the modeling, but it seems like there's contingency upon contingency, and we need to make sure we're as reasonable and accurate as possible in these rates. These costs then get passed down to the consumer and impact affordability.
- Our increases when we go to develop a project are the increases in the levy rates, which just gets passed down. If we're trying to encourage affordability, we need to be really reflective in what we're putting in these rates.
- It's not what it does in the end, it's what it does to the levy in the near term. The levy rate will get updated every few years, and the correction will take place. We are saying, if we are keener on that and ensure that the balance doesn't continue to grow, we are creating greater intergenerational equity.

- BILD to put together some scenarios that we could run a sensitivity based upon, we could run the models, and then have a discussion around the results of that analysis.
- Want to make sure City and industry are jointly sharing the risk.
- Will send something in the New Year.

Action Items

- BILD to put together sensitivity models to present to The City in the New Year for discussion.