

THE REGIONAL MUNICIPALITY OF NIAGARA
REGIONAL DEVELOPMENT CHARGES TASK FORCE

REPORT 6-2009

Minutes of a meeting of the Regional Development Charges Task Force held in CE 102, Regional Municipal Building, Thorold, Ontario, on Monday, July 20, 2009, commencing at 10:05 a.m.

ATTENDANCE

Councillors: Councillors D'Angela, Committee Chair; Augustyn; Badawey; Burroughs.

Councillors

Other: Councillor Smeaton.

Staff: Mr. Bergsma, Commissioner, Corporate Services; Mr. Brothers, Commissioner, Public Works; Mr. Robson, Commissioner, Integrated Community Planning; Mr. Weaver, Director, Community & Corporate Planning; Mr. Murphy, Manager, Policy & Development; Mr. Colosimo, Director, Development Services; Mr. Steele, Associate Director, Strategic Business Management; Mr. Pilon, Associate Director, Service Quality & Improvement; Mr. Bendell, Financial Analyst; Ms. Vanecko, Acting Director, Administration; Ms. Reilly, Legislative Assistant.

Others: Ms. Barb O'Conner, Watson & Associates.

MINUTES

44. 5-2009 (RDC)

Moved by Councillor Badawey
Seconded by Councillor Augustyn

That Report 5-2009 (RDC) being the minutes of the Regional Development Charges Task Force meeting of June 24, 2009, be received.

Carried.

REVIEW OF PUBLIC MEETING

45. Mr. Murphy, Manager, Policy Development, advised that the July 16th Public meeting received a total of 22 submissions and delegations. Staff have reviewed and considered these comments and have provided their response as outlined in the July 20th memorandum from Patrick Robson.

Mr. Brothers, Commissioner, Public Works, commented that options for development charge (DC) relief as presented by several of the delegations may provide a level of relief for commercial/industrial, however this relief would come at the expense of other development sectors (residential) or continued subsidization by property taxpayers. No increases or freezes or reductions in the DC allocations would require the Region to build new infrastructure with borrowed money, carry the interest during construction and carry the cost of borrowing through the rate and levy program. The Region will also carry the cost of the post period component of the asset arising from new development infrastructure. Currently Development Charges contribute only 28% of the growth-related capital amount, and the Region is paying 72% from its capital program for new growth-related infrastructure. If development charge relief continues, this would further contribute to the existing \$300 million infrastructure deficit that has been identified in prior budget reports. The alternative to the revenue offset of forgone development charge revenue would be for capital projects to be eliminated or deferred. Mr. Brothers commented that the new stage of the process would update the background study on the capital program, for the next ten years, and review the exemptions and provide recommendations for changes and to move forward with a fresh look at the DC philosophy and fundamentals, identifying the roles and responsibilities of the Region, developers and consider a revised methodology that provides transparency, fairness and provides support to the policy objectives defined by the Region.

Mr. Bergsma, Commissioner, Corporate Services, advised that the proposed gradual increase in residential rates provided through discount reductions provides a balance between the DC revenues required to achieve the Region's Capital Budget Affordability Strategy with the potential impact on the level of future residential development in Niagara. He commented that this approach is also reflective of input received from the Public Advisory Group.

Mr. Robson, Commissioner, Integrated Community Planning Department, advised that Development Charges are intended to be a "beneficiary pay" policy tool and as such this review has sought to limit discounts that have the effect of transferring the benefit of infrastructure funding to new development and/or placing additional burden on the property tax base. Staff believes that the proposal put forward in the report represents an appropriate balance.

Mr. Robson commented that to frame the needed policy discussion, key questions need to be addressed, including:

- What are the guiding principles for a by-law that is intended to assist in aligning growth directions, infrastructure development and capital financing? For example, should we state clearly that it follows the 'beneficiary pay' principle?
- Are there types of development in future (e.g. re-development) that can be exempted to recognize that such activities may not require significant infrastructure investment?
- What has been the effect of exemptions on revenue raising capacity and infrastructure investment?

He commented that they look forward to engaging in that needed discussion in a deliberate way with Council.

In discussing the proposed By-law, it was important to note that, as the current Development Charges By-law expires on September 1, 2009 and would prohibit the Region of Niagara to collect any development charges after that date, that the proposed Region of Niagara Development Charge By-law (2009) come into force on September 1, 2009.

ITEMS FOR CONSIDERATION

46. Memo – Responses to Public Comments Regarding
Region of Niagara 2009 Development Charge Background
Study And Proposed By-law
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Moved by Councillor Badawey
Seconded by Councillor Augustyn

That the memorandum from Patrick Robson, Commissioner, Integrated Community Planning, respecting Regional Development Charges By-law Review Responses to Public Comments Regarding Region of Niagara 2009 Development Charge Background Study and Proposed By-law be received.

That, having considered the public comments summarized and assessed in this Memorandum, Regional Council approve the recommended changes to the Proposed Development Charges By-law as indicated in the Memorandum.

Carried.

(Refer to Councillor Information Requests.)

47. Report CSD 112-2009/ICP 38-2009
Region of Niagara 2009 Development Charge
Background Study and Proposed By-law

Moved by Councillor Burroughs
Seconded by Councillor Augustyn

That Report CSD 112-2009/ICP 38-2009, July 22, 2009, respecting Region of Niagara 2009 Development Charge Background Study and Proposed By-law, be received and the following recommendations be approved.

- i) That the 2009 Development Charge Background Study be adopted, and that the proposed Region of Niagara Development Charge By-law (2009) be approved, as **amended**.
- ii) That the capital forecast contained in the Region of Niagara 2009 Development Charge Background Study reflect Council's intent to ensure that the increase in the need for service attributable to the anticipated development is met.
- iii) That the proposed Region of Niagara Development Charge By-law (2009) comes into force on September 1, 2009.
- iv) **That the proposed 2009 Development Charge By-law incorporate an exemption for the new West Lincoln Memorial Hospital (see related correspondence)**
- v) **That staff be directed to implement a system of tracking development charge discounts and exemptions and that these exemptions be reflected in future budgets.**
- vi) **That, as the originally proposed By-law has been modified since the public meeting on July 16, 2009, Council confirms that no further public meeting under the *Development Charges Act, 1997 (S.12)* is necessary as a result.**

Carried.

COUNCILLOR INFORMATION REQUESTS

That staff:

- (i) Provide more exact assessment of new growth requirements as they relate to new infrastructure. (What are the exact charges when infrastructure requirements are not in place.) (Councillor Smeaton) Refer to minute 46.

- (ii) Develop, for future reference, a clear definition of “hospitals” as it relates to exemptions. (Councillor Badawey) Refer to minute 46.
- (iii) Provide a chronology of opportunities where the Public has been invited to speak to the DC Background Study and Proposed By-law. (Councillor D’Angela) Refer to minute 46.

ADJOURNMENT

The Regional Development Charges Task Force adjourned at 12:00 p.m. to meet again at the call of the Chair.

Henry D’Angela
Chair

Gail Reilly
Legislative Assistant