



AMO Communications
<communicate@amo.on.ca>

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To "ravis@fort-frances.com" <ravis@fort-frances.com>

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Subject AMO Breaking News - Policy Update : Development Charges

TO THE IMMEDIATE ATTENTION OF THE CLERK AND COUNCIL

November 4, 2013

Policy Update: Development Charges – Make the Municipal Voice Heard

On October 24 2013, the Minister of Municipal Affairs and Housing, the Honorable Linda Jeffrey released a consultation document on Development Charges (DC) in Ontario. An invitation was sent to all municipal treasurers seeking their municipality's interest in attending consultation sessions. Municipal governments are requested to reply by **Tuesday, November 5th** to attend a consultation session. Alternatively, written submissions will be accepted up to January 10, 2014.

AMO, in every budget submission since 2008, has called for new DCA legislation and we encourage all municipal governments that currently use development charges or those that might in the future, to attend a session or make a written submission. Municipalities wishing to attend in person should reply to DCAConsultation@ontario.ca.

While municipal governments recognize the important role the development industry and housing plays in our communities, some key municipal issues regarding DCs should not be forgotten in the discussions. Highlights follow:

- In 1997 the new *Act* imposed significant restrictions on municipalities. These changes were dramatic. Initial estimates where some \$550 million in growth related costs were shifted from developers to existing property taxpayers.
- Plans for forward looking investments, like transit in cities, have been drawn up but not built. Research on DCs through the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) (2008) identified over \$1 billion transit investment gap, not including the \$2 billion annually required of [Metrolinx's Big Move](#) transit proposals in the GTHA. Ontario's Environmental Commissioner released a Report in September 2013 seeking reforms to the *DC Act*. Among the Commissioner's findings: "Public transit is treated inequitably, despite the clear benefits it provides in addressing traffic congestion" and "statutory limitations were specifically identified as a key barrier for municipalities wishing to enhance their public transit system".
- The 2007 provincial-municipal research and resulting report identified specific action. "Four priority areas appear to be most inconsistent with the 'growth pays for growth' principle". These areas are: ineligible services; the Mandatory "10% Discount" that must be applied to some services; the Service Level Calculation (10-year average service level); and the treatment of Grants, Subsidies and other Contributions under the *Act*. Despite this comprehensive review, no legislative

changes were made.

Several links are included to help municipalities prepare:

[PMFSDR Development Charges Report \(2007\)](#)

[Ontario's Environmental Commissioner's Report \(September 2013\)](#)

[Sustainable Prosperity's Report "Suburban Sprawl: Exposing Hidden Costs, Identifying Innovations" October 2013](#)

AMO's key messages and considerations:

- Growth must pay for growth. Development charges are important to ensuring tax equity among property taxpayers.
- Discounted development charges can drive up property taxes for all residents.
- Delaying infrastructure investments does not eliminate the problem, but can exasperate it more.
- If we devalue the public services which support our homes we shortchange our communities and their long-term future.

AMO will be making a submission itself, working with the Municipal Finance Officers Association (MFOA), urging it to consider the findings of the 2007 Development Charges Subgroup in its current deliberations.

AMO encourages municipal governments to directly deliver their own messages to the Province regarding the importance of DCs to your community's well-being and how the current legislation impacts your community.

Contact: Matthew Wilson, Senior Advisor, mwilson@amo.on.ca - 416.971.9856 Ext. 323.

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