



2009 Proposed Increases for Development Fees

**A Presentation to the Public Works Committee
Niagara Region**

Prepared by the St. Catharines – Thorold Chamber of Commerce

March 9, 2009

Re: Proposed Increases for Development Fees

Greetings, my name is Walter Sendzik, Executive Vice President and General Manager of the St. Catharines – Thorold Chamber of Commerce, and joining me today is Kithio Mwanzia – Policy Coordinator for the Chamber.

First, I would like to thank the Committee for the taking the time to permit us to present our concerns regarding the proposed increases in development charges for the region. It is our hope that the points we raise today will offer a pause for more reflective contemplation before the region takes any further steps down the road to increasing development charges and fees.

Since the release of the report to Corporate Services, the chamber has been examining the position taken by regional staff regarding the need to increase development charges and fees. We have met with individuals in industrial, commercial and residential development within our membership and in each case, great concern has been raised about the recommended increases during these uncertain economic times.

From our reading of the report – we understand that 19% of development planning and administration costs are currently covered through application fees.

We understand that there are regional staffing costs associated with development projects in Niagara.

And we understand that regional staff would like to recover upfront costs associated with developments in Niagara.

We get it – from staff’s perspective - there is money being left on the table that staff would like to access for administration and capital infrastructure costs associated with developments.

It is simple math – developers use regional services and the region must provide infrastructure services for development – therefore they should shoulder a great share of the costs.

As regional staff noted in its report to the Integrated Community Planning and Public Works Committee (PWA 15 – 2009): “An increase in development review fees will assist in reducing the financial burden on the Niagara taxpayer by transferring the costs to the users of these services”

In a one-dimensional world – this makes sense – but councilors, I am sure you will at least agree that we don't live in a one dimensional world – and the actions that are being considered today aren't simply about user fees – they are about something much more complex.

In our attempt at brevity - we have itemized our points of concern and opinion on the recommended increase in development charges.

1. In light of the currently economic realities, the raising of development charges counters a point made by regional staff in its draft report to Corporate Services Committee regarding Review of Regional Development Charges By-law and Related Policies, the report states:

“Project cost escalations and project scope changes have occurred that are not reflected in the Region's current DC rate calculations.”

Yet, in today's economic climate – lower costs of construction and transfer to communities for infrastructure builds from other orders of government should mitigate any need to increase DC charges for the foreseeable future.

This alone should effectively halt any increases in development charges until the economy fully rebounds.

2. Staff indicated that increases in the development charges would cover the increase in staff time due to provincial land planning policy legislation such as the Greenbelt Plan and Place to Grow. Yet, the province is in the process of uploading more than \$350 million dollars of services from the Region over the next 10 years.

This should provide the region with the room to mitigate the burden to the taxpayer and keep Niagara's development charges highly competitive compared to other municipalities in Ontario.

3. From a business predictability perspective – the jump from 19% to 50% cost recovery does not respect businesses in Niagara. In what business would you double and triple your fees all at once. At the very least – once we have moved beyond the current economic storm – regional staff should be directed to present an implementation scale to increase development charges over a 5 to 10 year period.

4. Looking at the comparatives used by regional staff and its consultants – we have noted that in the final report dated Feb. 25, 2009 – all the regions are in the GTA with the exception of Waterloo – and the numbers of Durham, York, Peel and Halton were used as justification for the increases as they charge more.

This is about supply and demand – those noted areas around the GTA are in high demand – Niagara is not. We should be looking at Windsor, Sarnia, London, and Brant County to see what their respective rates are.

In the earlier draft report prepared by the consultants – London is noted as waiving its industrial development charge – and when I called Gerry McCartney from the London Chamber to get his input on the idea – he stated that it has been an important tool in attracting SME industries to London.

And when you look at the new fee structure as noted in the appendix of the Feb. 25, 2009 document – if regional council approves the increases – we leap frog Waterloo in regional development charges. If anything – the goal should be to stay below places like Waterloo – and more importantly challenge places like London with innovative fee structures.

5. The report by staff indicated additional work that is a result of the provincial land planning policies, and local municipalities that must include regional input are driving up costs. It is the Chamber's opinion, that before any increase in development charge fees, the region and the 12 municipalities must harmonize the development process, and remove all layers of duplication.

In a bold step – the region and the 12 municipalities should examine the opportunities of shifting all land planning and development processing to the region. This consolidation of services could relieve the burden on the taxpayer – and create a more efficient and effective system for Niagara.

6. And lastly – as we mentioned in the beginning. This is not a one-dimensional issue. As regional councilors – you are well aware that with every new building – house, apartment, retail outlet or industrial company – taxes are generated into perpetuity. Taxes that go to providing the services for the benefit of residents – and yes business.

The staff report only looks at upfront costs versus immediate revenue. This is, quite frankly, shortsighted.

At the very least – you should ask staff to provide the details of each development over the past ten years – and the impact it has had on the tax base of Niagara.

When staff state: “An increase in development review fees will assist in reducing the financial burden on the Niagara taxpayer by transferring the costs to the users of these services.”

They are missing the point on the importance of development in Niagara. We cannot afford to push more development away from Niagara – and this measure just might be the straw that breaks the camel’s back.

I don’t know about people sitting on this committee, **but – I don’t know what it is like to invest \$1 million, \$5 million, \$20 million or \$100 million into expanding a company’s operational footprint, build an apartment building, construct a retail outlet or build a residential sub division.**

I do know this – those people that take the risks that would keep most of us up at night wondering where the money will come from – are the ones that provide the foundation from which future tax revenue will be generated that will sustain regional services for generations to come.

In closing – we urge this committee not to accept the staff recommendation to increase development charges. Now is not the time, and the logic used to justify the increase is flawed.

Again, as a Chamber, we would be more than willing to work with regional staff and council to construct a plan for development charges that is innovative and forward thinking.

I think we can all agree that Niagara will need its best tools in the toolbox if we are to be competitive and prosperous moving forward.

Thank you.