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**REGION OF NIAGARA  
DEVELOPMENT CHARGES WORKSHOP  
DRAFT NOTES ON THE DISCUSSION  
MAY 7, 2010**

Attendees:	Alan Teichroeb	Alex Herlovitch	Brian Treble
	Barb O'Conner (facilitator)	Bryan Webb	Glenn Barr
	Chuck Miller	Cam Watson (facilitator)	John Bergsma
	Donna DeFilippis	Councillor D'Angela	Grant Munday
	John Murphy	Jonathon Janzen	Ken Brothers
	Kumar Ranjan	Kirk Weaver (facilitator)	Patrick Robson
	Michael DiCienzo	Mary Lou Tanner (facilitator)	Mike Sauchuk
	Patrick Maloney	Peter Baker	Peter Colosimo
	Rej Picard	Rino Mostacci	Stephen Kaiser
	Trevor Hall	Stephen Bedford	Phill Lambert
	Phil Bergen	Scott Tipping	Jon Whyte

1. The workshop was attended by 33 participants. The Agenda is attached; the pre-circulated materials are available by contacting Kirk Weaver. Additional opportunity for feedback is provided at [www.niagararegion.ca](http://www.niagararegion.ca).
2. The discussion occurred over the course of three hours, divided between a presentation, plenary discussion, break-out sessions (four groups) and plenary reporting thereon.
3. These notes represent a summary of the primary points that were made by the participants.
  - (a) Arguments favouring area-specific charges:
    - (i) The Region wants to encourage development in particular areas (e.g. South) and for particular uses (e.g. employment) and in particular forms (e.g. intensification). These ends are best pursued via area-specific DCs where development costs are lower or where incentives are to be applied.
    - (ii) Area-specific DCs facilitate front-ending arrangements where new areas within the urban boundary are being opened up or accelerated. The Region doesn't have the capital funds to finance all of this activity.

- (iii) It's unfair to put all costs into a "blender" and make all development share in them uniformly, when some areas can accommodate new development at a very modest incremental cost and other areas place a substantial capital burden on the Region, which is having difficulty absorbing it.
  - (iv) Let residential "sprawl" pay for the full cost of providing services. Don't require development that can be economically serviced to share in that cost.
- (b) Arguments favouring the use of uniform Region-wide development charges rather than area-specific development charges. They:
- (i) are consistent with the Region's uniform tax and water rate and broad role in providing a similar service level for all ("Niagara needs to act like a Region, not a collection of lower tiers");
  - (ii) may generate more development and revenue than a system with high and low charges;
  - (iii) avoid the introduction of higher charges in some areas with associated shifts in property values, impact on market, appeal activity and additional staff time;
  - (iv) avoid having to deal with the fact that previous Regional investment in infrastructure has varied from one drainage area to the next and as a result, some areas have benefited more than others as of today;
  - (v) can be combined into an average charge for that part of the Region where the area-specific charges for several areas are similar;
  - (vi) are for services which are Region-wide in scope and can't readily be differentiated geographically.
- (c) Do high-rise (hotels or condos) generate the need for additional Regional capital services and DCs, if the servicing system was previously designed to accommodate that intense use and that infrastructure has already been paid for? Does the same argument hold for plant capacity? Was plant capacity previously and definitively allocated to full buildout or should the added cost of any plant

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capacity expansion be absorbed by any and all new development using the plant?

- (d) If the Region declares that, going forward, existing servicing capacity that has been previously funded can be utilized without any DC charged for that purpose and that DCs are based on the cost of providing new capacity, how should it address “the equity issue,” i.e. the concern that DC funding in the past may have been deployed unevenly in terms of geography, such that some areas (e.g. Thorold) currently have little available infrastructure capacity, whereas others (e.g. Niagara Falls) have considerable? As a result, growth may be able to proceed in Niagara Falls, for example, with much lower DCs than in the case of Thorold, for example. The Regional revenue impact of reducing DCs in Niagara Falls is considerable, in that it has the Region’s highest residential and employment growth prospects. Any DC collections sacrificed in that area must presumably be made up from development elsewhere in the Region, where market demand is not as great.
- (e) Rather than having a separate area-specific charge for each of the Region’s 26 central areas and numerous greenfield areas, it may be more appropriate to have one Region-wide average, central area charge and one separate Region-wide average greenfield charge. This would also help to reduce parochialism.
- (f) In most cases, Niagara Region does not have the market demand and developer size and financial strength of the GTA. Niagara has a large number of relatively low growth areas and can’t expect the local development industry to front-end finance major infrastructure as in the case of Milton, York and Seaton, for example.
- (g) Much low density housing doesn’t pay its own way from a property tax impact perspective. It doesn’t make sense for the Region to also absorb part of the infrastructure financing burden as well, in the form of higher rates and taxes on existing development. This raises the question of how important growth is to the Region and what it is prepared to do to encourage it. Consideration should also be given to the fact that some non-residential uses make limited use of municipal services such as waste management, parks, recreation and libraries, etc., and have lower municipal operating cost implications as a result.
- (h) Industrial, office, tourism, agri-business, knowledge based/creative industry and related development (other than population-related retail and service) requires special attention and treatment with respect to serviced land provision if the

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economy of the Region is to prosper. What is the most effective way to encourage such development – by discounting DCs or by charging full DCs and providing an attractive enhanced supply of land on the market? How best to provide a strong investment climate?

- (i) There is a case for no or low DCs in areas where serviced population/ employment lands aren't expanding and existing services are basically adequate. For example, why should building additions give rise to a DC? The DCA already provides exemptions for 1-2 unit residential intensification, for industrial expansions (50% of existing) and implicitly for demolition or conversion replacements.
- (j) The Region has a number of planning and finance levers or tools it can use to encourage, force or focus employment growth to occur in particular areas such as the Gateway Economic Zone, the Free Trade Zone, the Canal Corridor, etc. How best to use DCs in this regard?
- (k) The Region's Growth Plan which responds to the Provincial Growth Plan, seeks to change the way the market functions in Niagara, geographically and in terms of intensification. But is the plan achievable? Does it require tweaking? Can it be market driven?
- (l) It's very difficult to have a meaningful discussion about area-specific charges without having information in front of us which provides an indication of the size and scope of the charges potentially involved. What sort of areas are contemplated? For what service? What sort of cost differences are involved? The charges shouldn't be so high as to cripple development in various locations. Is the concept to have a core charge applicable to all, with a surcharge on top, in order to fund special requirements? At minimum, ensure that the Region's debt and equivalent financing costs are incorporated in the DC.
- (m) As a result of ineligible services, discounts, exemptions, phase-ins, etc., growth doesn't fully pay for growth capital via DCs. The Region should limit and track exemptions. There is a need to understand what roles these play in achieving Regional policy objectives.
- (n) The Region has an important leadership and co-ordination role in aligning development intentions for both municipal tiers, such that they are a synchronized form of partnership. This is to eliminate gaps in the current system, where growth plans are not perfectly aligned. The Region should guide growth

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projects defining recovery boundaries, co-ordinating and aligning Regional and local infrastructure plans. Fiscal plans should flow from this cost sharing partnership. The Region should facilitate co-operation in providing needed servicing.

- (o) For projects and development that area out of sequence, there is the operating expenditure impact to consider, as well as capital. Also, a 5-year developer payback period may be unrealistic – it may take 10-20 years, if development is not progressing rapidly. It shouldn't always be a municipal risk; however, the developer may be entitled to an indexed repayment to help absorb the financing cost.
- (p) Hard service DCs should be collected at subdivision agreement in many cases.
- (q) DC policy should be used to help the Region to address its strategic objectives.
- (r) Intensification may increase costs less than greenfield; but there are additional costs (including added wear and tear) and the exemption should only be partial and should be co-ordinated with the local municipalities;
- (s) DC exemptions deflect costs to others and should be limited, enshrined in policy and carefully tracked as investments.
- (t) Front-ending should be part of DC policy to address out of sequence development or works that were not contemplated in the capital plan, with clarity re payback timeline, subject to benefiting development occurring.
- (u) Focus on strategic economic drivers, which may be use-based rather than simply geographic-based. Need a mechanism to prevent inappropriate growth and infrastructure (Growth Plan) and to force phasing where appropriate.
- (v) The development community may need to provide upfront financing. Capacity for services may be committed at the draft approval stage, but potentially revoked after a certain period of time.
- (w) The Region should link timing and phasing of growth and infrastructure with financial plan; tie to strategic objectives. Region to assist in defining growth areas and playing a coordinating role.

- (x) There are concerns about the timing for provision of services between the Region and the lower tiers. Lower tiers may not be ready when the Regional infrastructure is provided.
4. Next Steps include circulating this material, completing the consulting report and coming before Council in June or July for direction re development charge policy updating.