Tough choices ahead: Developers

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Joe Glube

Stephen Kaiser says he does not envy the provincial government, as it faces tough choices.

By BRAD REAUME

The Champion

The president of the Urban Development Institute (UDI), a large land development lobby group, spoke to a Milton Chamber of Commerce breakfast meeting last week and outlined his organization's approach to alternatives facing the Harris government.

At the ferefront are changes expected this month to the

Development Charges Act. The charges help finance roads, sewers, and other amenities linked to new residential or commercial development.

According to Mr. Kaiser development charges have been rising to pay for increased levels of municipal service, in order to keep taxes from going up. Now, "everything is being looked at. This is a tremendous time for change in our industry," he said. "There are tough decisions for government to make. The government is faced with either raising taxes or reducing spending and Ontario is already a heavily taxed jurisdiction."

Outlining UDI's position on changes to the act, he characterized municipal services which are funded through development charges as basic, discretionary or excluded. He said the late 1980s was a time when municipalities built large infrastructures without concern for the future requirements of their maintenance or replacement.

Under the UDI proposal basic services which would be 90 per cent funded from development charges include: Sanitary sewers, water supply, drainage, roads and the capital costs of police, fire, electrical power and parks.

Discretionary services, funded on a 50-50 split between development charges and the tax base would include: Indoor recreation facilities, library and transit services.

According to Mr. Kaiser he would like to see solid waste treatment, land acquisition, cultural services, hospitals, social services and education excluded from development charges. He said these services should be dealt with by the municipalities, and some funded through user fees.

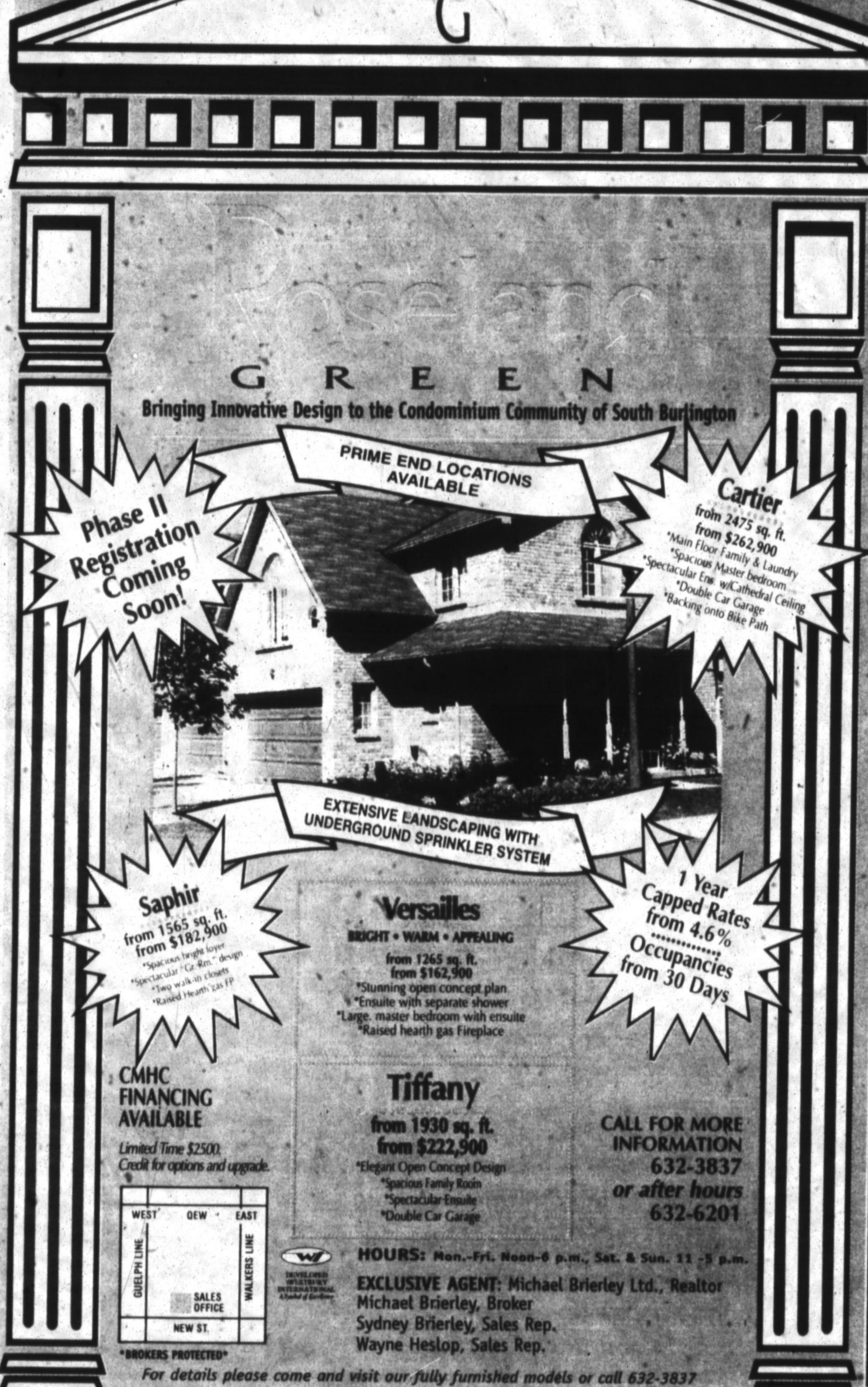
Mr. Kaiser said the government study of development charges was aimed at increasing the fairness of the charges, reducing the costs of development, and decreasing the barriers to development the charges currently impose.

"We don't want to battle, we want to strengthen the partnership between UDI and the municipalities," said Mr. Kaiser. "It is an attempt to bring uniformity and accountability into the system while exploring costs and alternative ways of providing services."

Mr. Kaiser said in some cases the cost of development charges exceed the cost of the land being developed. He said for the average new home in the Greater Toronto Area the development charges amount to about \$45,000 when spread over the length of the mortgage. He said many U.S. jurisdictions value the yearly taxes and increased employment brought to their areas by industrial and commercial developments enough to provide tax breaks, rather than levy development charges.

Predictably, other associations in the development industry have supported UDI's stance on development charges. In addition the Ontario Taxpayers Coalition has lent support, according to Mr. Kaiser, who quoted its president Paul Pagnuelo as saying. UDI's position is "creative, with good ideas on who pays and establishing service levels."

The new legislation will likely see some services fall out of development charges and a change in service levels, according to Mr. Kaiser. He pointed to the possibility of municipalities taking over funding for the capital side of education, which could lead to schools doubling as community centres. He said that would be a more cost effective way to fund both services.





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