

Development fees a threat to new malls

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Staff Reporter

A York Region plan to hike development charges could jeopardize future mega-malls and plaza expansions — and

the huge property taxes they generate.

That warning comes from one of York's top mall developers, and from politicians worried prospective retailers will flee to surrounding communities if the region jacks up

its rates. Development charges are the fees imposed on new homes, stores, factories and office buildings, to help pay for infrastructure such as roads and sewers.

Paul Gleason is vice-presi-

dent of development for Cambridge Shopping Centres, part of a consortium planning to build a 73-hectare mall at Hwy. 400 and Rutherford Road in Vaughan.

The massive shopping centre could attract as many as 20

REGION

million visitors a year and contribute \$7 million in annual property taxes.

Cambridge also plans to build a 300,000-square-foot expansion to Upper Canada Mall in Newmarket next year.

At a regional meeting last week, Gleason complained the development charges his company faces are inflated.

York is about to become the first region in Ontario to adopt new development fees under the province's new Development Charges Act.

York's fees on new homes are slated to jump to \$9,012 for a single family home, up from \$7,480.

A phased-in increase will bring charges for industrial, office or institutional developments up to \$2.49 a square foot by March 2002. That's up from today's rate of \$1.29.

But it's the new fee being recommended for commercial development that is causing the most uproar.

Retailers now pay \$1.29 a square foot. But regional staff are recommending boosting it to \$3.25 by March 2002.

Tom Webster, York's director of development financing, said commercial should pay more because it often needs more services.

And it's easier to attract retailers because they need to be near residential development. By comparison, industry has more flexibility in choosing its location.

Webster pointed out both sectors are getting a break. The region would have to charge industries \$3 a square foot and commercial development \$6.50 a square foot to fully recoup the cost of providing them with the services they need.

But Gleason pointed out retailers already pay more in property taxes than industry.

And he argued commercial construction provides thousands of jobs, increases tourism and raises the region's profile.

Gleason added it's unfair to base development charges solely on a mall's size.

"There must be some recognition that, as the size and magnitude of the project increases, there are diminishing returns of regional services."

He suggested a cap beyond a certain size. But Vaughan Mayor Lorna Jackson said a sliding scale would be more appropriate.

She agreed that a huge increase in development charges would scare retailers away. She said commercial properties soon pay back any break they get in development charges, once they start paying property taxes.

By reducing development charges, Jackson said York would encourage bigger commercial centres, which would result in more taxes.

Markham Councillor Ralph Aselin is also concerned about the high retail charges. He said stores provide far more jobs per square foot than most industries do.

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