



URBAN LEA  
LOND

# DEVELOPMENT CHARGES

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URBAN LEAGUE OF LONDON, MAY 5, 2014





# Thank you

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The Urban League Appreciates Council including us in the Stakeholder discussions

Been at this for 20 years

Learnings for both the League, LDI and LHBA made possible by working at the same table



# Supportive but Concerned

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Urban League supportive of the report

Concern if you delay this until June 23 as suggested by LDI, you won't have DC by law come August. Staff have said drop dead date is June 24 Council meeting



# Growth should pay for growth

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BUT IT DOESN'T

Taxpayer paying for so called exemptions including industrial, downtown, Old East and next, SoHo.

UL supports including water system in DC because:



# Water capital should be in DC

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- growth should pay for growth
- savings in the water rate is small per household, BUT, the impact for large water users in the industrial, commercial and institutional sectors is larger and significant in business retention and attraction, a goal of this council.

# DC rate, the rate is the rate

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There are two elements of the calculation:

- forecasted demand for housing and for commercial institutional and industrial space,
- forecasted cost of projects to service the growth costs of new development.

Modifying one or both is the only way to change the rate.

# Change the demand forecast?

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↑ the forecasted demand for new housing and new space, ↓ the rate.

Traditionally, the estimated housing demand in the DC study has been higher than actual, which means the rate was too low - a reason why some reserve fund levels are lower than is comfortable for staff. A DC that is too low means your debt issuance is higher than it should be.

# Change the demand forecast?

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For commercial, Council has already included more commercial development than recommended by staff and consultants resulting in more projects needed sooner to service that growth. MEANING? ↑ DC for commercial



# Change the capital forecast?

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City staff have already done two things to lower the forecasted cost - dropped projects, particularly road projects.

This was how the last DC rate was lowered and the city continues to lag beyond in road projects. This will inconvenience residents and businesses.

# Change the capital forecast?

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City staff have already changed the capital forecast to lower the charge by lowering the estimated increase in the cost of future projects.

Ignores the likely higher construction costs due to the pending implementation of the Federal New Building Canada Fund.

# Change the capital forecast?

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## MEANING?

Like the last infrastructure program, when the private sector knows you have to spend money on projects to get matching funds, the demand and price for their services goes up. Meaning not enough money will be collected in the DC to cover the costs, resulting in a higher debt issuance.



BEWARE OF APPLES AND ORANGES



# Beware of apples and oranges

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Some communities don't charge for storm water, it is a local work

We have roads to widen, smaller communities don't

# Conclusion

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- League supportive of staff recommendation
- Recommend water growth needs be paid by growth related charges
- Be careful what you are asked for