

**STUDY OF DEVELOPMENT CHARGES
IN THE PROVINCE OF ONTARIO**

BY

TREVOR SLIMMON

**A Thesis submitted to
the Faculty of Graduate Studies
in partial fulfillment
of the requirements of the degree of
MASTER OF CITY PLANNING**

**Department of City Planning
University of Manitoba
Winnipeg, Manitoba**

(c) April 1993



National Library
of Canada

Acquisitions and
Bibliographic Services Branch

395 Wellington Street
Ottawa, Ontario
K1A 0N4

Bibliothèque nationale
du Canada

Direction des acquisitions et
des services bibliographiques

395, rue Wellington
Ottawa (Ontario)
K1A 0N4

Your file *Votre référence*

Our file *Notre référence*

The author has granted an irrevocable non-exclusive licence allowing the National Library of Canada to reproduce, loan, distribute or sell copies of his/her thesis by any means and in any form or format, making this thesis available to interested persons.

L'auteur a accordé une licence irrévocable et non exclusive permettant à la Bibliothèque nationale du Canada de reproduire, prêter, distribuer ou vendre des copies de sa thèse de quelque manière et sous quelque forme que ce soit pour mettre des exemplaires de cette thèse à la disposition des personnes intéressées.

The author retains ownership of the copyright in his/her thesis. Neither the thesis nor substantial extracts from it may be printed or otherwise reproduced without his/her permission.

L'auteur conserve la propriété du droit d'auteur qui protège sa thèse. Ni la thèse ni des extraits substantiels de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation.

ISBN 0-315-81813-1

Canada

Name A STUDY OF DEVELOPMENT CHARGES IN THE PROVINCE OF ONTARIO
 Dissertation Abstracts International is arranged by broad, general subject categories. Please select the one subject which most nearly describes the content of your dissertation. Enter the corresponding four-digit code in the spaces provided.

ECONOMICS - FINANCE or URBAN OR REGIONAL

0999

U·M·I

SUBJECT TERM

PLANNING

SUBJECT CODE

or 0508

Subject Categories

THE HUMANITIES AND SOCIAL SCIENCES

COMMUNICATIONS AND THE ARTS

- Architecture 0729
- Art History 0377
- Cinema 0900
- Dance 0378
- Fine Arts 0357
- Information Science 0723
- Journalism 0391
- Library Science 0399
- Mass Communications 0708
- Music 0413
- Speech Communication 0459
- Theater 0465

EDUCATION

- General 0515
- Administration 0514
- Adult and Continuing 0516
- Agricultural 0517
- Art 0273
- Bilingual and Multicultural 0282
- Business 0688
- Community College 0275
- Curriculum and Instruction 0727
- Early Childhood 0518
- Elementary 0524
- Finance 0277
- Guidance and Counseling 0519
- Health 0680
- Higher 0745
- History of 0520
- Home Economics 0278
- Industrial 0521
- Language and Literature 0279
- Mathematics 0280
- Music 0522
- Philosophy of 0998
- Physical 0523

- Psychology 0525
- Reading 0535
- Religious 0527
- Sciences 0714
- Secondary 0533
- Social Sciences 0534
- Sociology of 0340
- Special 0529
- Teacher Training 0530
- Technology 0710
- Tests and Measurements 0288
- Vocational 0747

LANGUAGE, LITERATURE AND LINGUISTICS

- Language
 - General 0679
 - Ancient 0289
 - Linguistics 0290
 - Modern 0291
- Literature
 - General 0401
 - Classical 0294
 - Comparative 0295
 - Medieval 0297
 - Modern 0298
 - African 0316
 - American 0591
 - Asian 0305
 - Canadian (English) 0352
 - Canadian (French) 0355
 - English 0593
 - Germanic 0311
 - Latin American 0312
 - Middle Eastern 0315
 - Romance 0313
 - Slavic and East European 0314

PHILOSOPHY, RELIGION AND THEOLOGY

- Philosophy 0422
- Religion
 - General 0318
 - Biblical Studies 0321
 - Clergy 0319
 - History of 0320
 - Philosophy of 0322
- Theology 0469

SOCIAL SCIENCES

- American Studies 0323
- Anthropology
 - Archaeology 0324
 - Cultural 0326
 - Physical 0327
- Business Administration
 - General 0310
 - Accounting 0272
 - Banking 0770
 - Management 0454
 - Marketing 0338
- Canadian Studies 0385
- Economics
 - General 0501
 - Agricultural 0503
 - Commerce-Business 0505
 - Finance 0508
 - History 0509
 - Labor 0510
 - Theory 0511
- Folklore 0358
- Geography 0366
- Gerontology 0351
- History
 - General 0578

- Ancient 0579
- Medieval 0581
- Modern 0582
- Black 0328
- African 0331
- Asia, Australia and Oceania 0332
- Canadian 0334
- European 0335
- Latin American 0336
- Middle Eastern 0333
- United States 0337
- History of Science 0585
- Law 0398
- Political Science
 - General 0615
 - International Law and Relations 0616
 - Public Administration 0617
- Recreation 0814
- Social Work 0452
- Sociology
 - General 0626
 - Criminology and Penology 0627
 - Demography 0938
 - Ethnic and Racial Studies 0631
 - Individual and Family Studies 0628
 - Industrial and Labor Relations 0629
 - Public and Social Welfare 0630
 - Social Structure and Development 0700
 - Theory and Methods 0344
- Transportation 0709
- Urban and Regional Planning 0999
- Women's Studies 0453

THE SCIENCES AND ENGINEERING

BIOLOGICAL SCIENCES

- Agriculture
 - General 0473
 - Agronomy 0285
 - Animal Culture and Nutrition 0475
 - Animal Pathology 0476
 - Food Science and Technology 0359
 - Forestry and Wildlife 0478
 - Plant Culture 0479
 - Plant Pathology 0480
 - Plant Physiology 0817
 - Range Management 0777
 - Wood Technology 0746
- Biology
 - General 0306
 - Anatomy 0287
 - Biostatistics 0308
 - Botany 0309
 - Cell 0379
 - Ecology 0329
 - Entomology 0353
 - Genetics 0369
 - Limnology 0793
 - Microbiology 0410
 - Molecular 0307
 - Neuroscience 0317
 - Oceanography 0416
 - Physiology 0433
 - Radiation 0821
 - Veterinary Science 0778
 - Zoology 0472
- Biophysics
 - General 0786
 - Medical 0760

- Geodesy 0370
- Geology 0372
- Geophysics 0373
- Hydrology 0388
- Mineralogy 0411
- Paleobotany 0345
- Paleoecology 0426
- Paleontology 0418
- Paleozoology 0985
- Palyonology 0427
- Physical Geography 0368
- Physical Oceanography 0415

HEALTH AND ENVIRONMENTAL SCIENCES

- Environmental Sciences 0768
- Health Sciences
 - General 0566
 - Audiology 0300
 - Chemotherapy 0992
 - Dentistry 0567
 - Education 0350
 - Hospital Management 0769
 - Human Development 0758
 - Immunology 0982
 - Medicine and Surgery 0564
 - Mental Health 0347
 - Nursing 0569
 - Nutrition 0570
 - Obstetrics and Gynecology 0380
 - Occupational Health and Therapy 0354
 - Ophthalmology 0381
 - Pathology 0571
 - Pharmacology 0419
 - Pharmacy 0572
 - Physical Therapy 0382
 - Public Health 0573
 - Radiology 0574
 - Recreation 0575

- Speech Pathology 0460
- Toxicology 0383
- Home Economics 0386

PHYSICAL SCIENCES

- Pure Sciences
 - Chemistry
 - General 0485
 - Agricultural 0749
 - Analytical 0486
 - Biochemistry 0487
 - Inorganic 0488
 - Nuclear 0738
 - Organic 0490
 - Pharmaceutical 0491
 - Physical 0494
 - Polymer 0495
 - Radiation 0754
 - Mathematics 0405
 - Physics
 - General 0605
 - Acoustics 0986
 - Astronomy and Astrophysics 0606
 - Atmospheric Science 0608
 - Atomic 0748
 - Electronics and Electricity 0607
 - Elementary Particles and High Energy 0798
 - Fluid and Plasma 0759
 - Molecular 0609
 - Nuclear 0610
 - Optics 0752
 - Radiation 0756
 - Solid State 0611
 - Statistics 0463
- Applied Sciences
 - Applied Mechanics 0346
 - Computer Science 0984

- Engineering
 - General 0537
 - Aerospace 0538
 - Agricultural 0539
 - Automotive 0540
 - Biomedical 0541
 - Chemical 0542
 - Civil 0543
 - Electronics and Electrical 0544
 - Heat and Thermodynamics 0348
 - Hydraulic 0545
 - Industrial 0546
 - Marine 0547
 - Materials Science 0794
 - Mechanical 0548
 - Metallurgy 0743
 - Mining 0551
 - Nuclear 0552
 - Packaging 0549
 - Petroleum 0765
 - Sanitary and Municipal System Science 0790
 - Geotechnology 0428
 - Operations Research 0796
 - Plastics Technology 0795
 - Textile Technology 0994

PSYCHOLOGY

- General 0621
- Behavioral 0384
- Clinical 0622
- Developmental 0620
- Experimental 0623
- Industrial 0624
- Personality 0625
- Physiological 0989
- Psychobiology 0349
- Psychometrics 0632
- Social 0451



**A STUDY OF DEVELOPMENT CHARGES IN THE
PROVINCE OF ONTARIO**

BY

TREVOR SLIMMON

A Thesis submitted to the Faculty of Graduate Studies of the University of Manitoba in partial fulfillment of the requirements for the degree of

MASTER OF CITY PLANNING

© 1993

Permission has been granted to the LIBRARY OF THE UNIVERSITY OF MANITOBA to lend or sell copies of this thesis, to the NATIONAL LIBRARY OF CANADA to microfilm this thesis and to lend or sell copies of the film, and UNIVERSITY MICROFILMS to publish an abstract of this thesis.

The author reserves other publications rights, and neither the thesis nor extensive extracts from it may be printed or otherwise reproduced without the author's permission.

ACKNOWLEDGEMENTS

I would like to acknowledge the following people who, through their guidance and support, contributed to the preparation of this practicum: Dr. Mario Carvalho, Professor in the Department of City Planning and Associate Dean in the Faculty of Architecture, who acted as my advisor; Basil Rotoff, Professor in the Department of City Planner, who acted as internal reader; Thomas Keefe, Senior Planner with the Town of Markham, who acted as external reader; and, of course, my family and friends.

ABSTRACT

This practicum is an exploration of the municipal financial instrument known as the development charge in the Province of Ontario. It is based on the author's recent work experience in the area of municipal finance in the Province as well as current literature which discusses the development charge in North American jurisdictions.

The first chapter introduces the subject matter and the overall approach to the study. Chapter Two traces the evolution of the development charge in North America through the past century with a particular focus on the origins of present day legislation in the Province of Ontario.

Chapter Three is comprised of a descriptive discussion of the essential features of the development charge and an examination of the most detailed piece of legislation to date in the Province of Ontario which deals with the development charge, the Development Charges Act, 1989. An overview of the process of development charge by-law preparation which has followed the passage of the Act in Ontario is provided in Chapter Four, with discussion of the factors which may have influenced residential development charge amounts which were implemented as part of development charge by-laws prepared in the Province since passage of the Act in November, 1991.

Chapter Five reviews recent research which considers the effects of development charges with respect to housing pricing and provision, and community and regional development, and discusses these specific areas in the context of the Province of Ontario. The chapter continues with a comparative analysis of 612 local and residential municipalities in southern Ontario which considers the relationship between the amount of the residential development charge levied (in municipalities where a charge has been implemented) and municipality location within the province, population growth between 1986 and 1991, base population, and levels of service.

Alternative municipal revenue-raising mechanisms are reviewed in Chapter Six in a descriptive discussion, followed by a discussion of the future direction of development charge implementation in the Province of Ontario and the overall conclusions of the study.

TABLE OF CONTENTS

	PAGE
Acknowledgements	i.
Abstract	ii.
1.0 INTRODUCTION	1
2.0 EVOLUTION OF DEVELOPMENT CHARGES IN NORTH AMERICA	8
2.1 Regulation of Development 1900 - 1960	8
2.2 Growth Management: The 1960's	10
2.3 Making Growth Pay Its Own Way: 1970's and '80's	11
2.4 Development Charges: The Canadian Context - 1993	14
2.4.1 Development Charge Legislation in Saskatchewan, Alberta and British Columbia	15
2.4.2 Development Charge Legislation in Ontario	16
3.0 THE DEVELOPMENT CHANGE AND <u>THE DEVELOPMENT CHARGES ACT, 1989</u> ...	21
3.1 <u>The Development Charges Act, 1989</u> : Elements of the Act	21
3.2 <u>The Development Charges Act, 1989</u> : Part I: Guidelines for Calculation and Collection of Development Charges	23
3.2.1 Services Included in a Development Charge	25
3.2.2 Growth Considered in Calculating the Development Charge	25
3.2.3 Eligible Capital Costs	26
3.2.4 Service Standards in Effect	27
3.2.5 Net Capital Costs	28
3.2.6 Determination of Residential and Non-Residential Development	28
3.2.7 Definition of Development	29
3.3 <u>The Development Charges Act, 1989</u> : Part II: Front-End Financing	31
3.4 <u>The Development Charges Act, 1989</u> : Part III: Education Development Charges ...	32
3.5 <u>The Development Charges Act, 1989</u> : A Comparison with Previous Legislation ...	33
3.5.1 Introduction	33
3.5.2 Application of Development Charges in Local and Regional Municipalities	33
3.5.3 Changes of Implementation of Front-Ending Agreements	40
3.5.4 Education Development Charges	41

TABLE OF CONTENTS CONTINUED

		PAGE
4.0	<u>SINCE THE DEVELOPMENT CHARGES ACT, 1989: DEVELOPMENT CHARGE PRACTICE IN ONTARIO</u>	42
4.1	Introduction	42
4.2	Process of Development Charge and By-Law Preparation	43
	4.2.1 Charge Determination: Political Pressures	46
	4.2.2 Charge Determination: Financial Pressures	47
	4.2.3 Charge Determination: Competition Pressures	48
4.3	Challenges to Development Charge By-Laws	50
5.0	RESIDENTIAL DEVELOPMENT CHARGE IMPLEMENTATION IN ONTARIO	55
5.1	Effects on Housing and Community Development	56
	5.1.1 Housing and the Housing Industry	56
	5.1.2 Community and Regional Development	63
5.2	A Comparative Analysis of Residential Development Charges: Southern Ontario ..	66
	5.2.1 Introduction	66
	5.2.2 Influence of Locational, Growth, and Population Size Factors in Charge Determination	70
6.0	THE FUTURE OF DEVELOPMENT CHARGES IN ONTARIO	90
6.1	Introduction	90
6.2	Alternative Revenue - Raising Mechanisms	91
	6.2.1 Introduction	91
	6.2.2 Alternative Financing Mechanisms	92
6.3	Conclusions	100

APPENDIX A - Local and Regional Municipality Locational Maps

APPENDIX B - Development Charge Tables and Charts for Southern Ontario Municipalities

BIBLIOGRAPHY

1.0 Introduction

The financing of municipal government in North America has traditionally relied on the real property tax. Attempts have been made to utilize other sources of revenue; sales taxes, for example, were levied by local governments in the Province of Quebec between 1935 and 1964. These taxes, however, were eliminated by the provincial government in 1965 due to problems of tax evasion and disputes over the division of tax proceeds among localities.¹ By and large, past experiments to diversify municipal revenue sources have not been overly successful.

Despite the significant role the property tax has played in municipal finance, it has been the subject of much criticism. The tax is viewed by many as regressive and critics point out that often it is not related to the benefits received by property (as, for example, in situations where the tax funds welfare).² Recent years have witnessed increasing number of property taxpayer public protests, especially as these taxes have been increasing at a high rate in order to offset decreases in transfers from senior levels of government. In Metropolitan Toronto in 1992, for example, property taxes increased by 14.0%.

¹ Johnson, J.A., "Municipal Tax Reform: Alternatives to the Real Property Tax", Canadian Public Policy, Special Issue, 1976, page 336.

² Report of the Advisory Committee to the Minister of Municipal Affairs on the Provincial-Municipal Financial Relationship, Ministry of Municipal Affairs, Queen's Printer of Ontario, 1991, page 73.

While the property tax remains the most important source of revenue in Canada, accounting for 53.8 percent of own-source revenues in the Province of Ontario in 1988, another source of revenue has been growing in importance³. A shift to user fees, including development charges on land, has progressed rapidly as municipalities and school boards struggle with ways of maintaining services and providing infrastructure while funding from upper levels of government becomes more scarce. ⁴

The subject matter of this practicum is a specific area of the field of municipal finance in the Province of Ontario, the financial instrument known as the development charge. These financial charges, which are levied by municipal levels of government on a unit of land being developed, are intended to recover all or a portion of the capital costs incurred, or anticipated to be incurred, by the municipality as a result of residential and non-residential development. Also known as development levies, impost fees, impact fees or lot levies, they have had a fairly long history of use in North America and specifically in the Province of Ontario, with the first example of the charge having seen application in the 1920's.

With the advent of the Development Charges Act, 1989 in the Province of Ontario, development charges are anticipated to become an increasingly

³ Ibid, page 73.

⁴ James E. Frank and Paul B. Downing, "Patterns of Impact Fee Use", Development Impact Fees: Policy Rationale, Practice, Theory, and Issues, edited by Arthur C. Nelson, Planners Press, American Planning Association, Chicago, Illinois and Washington, D.C., 1988, page 16.

important source of government revenue in Canada. Since the passage of the Act in November 1991, almost 200 local and regional municipalities in southern Ontario have prepared Development Charges By-laws required by the Act in order to implement these municipal taxation instruments while studies are underway in over 70 other which may lead to implementation of the charges.

The development charge has been chosen as the subject of this practicum. My involvement in the field of municipal finance has led to a interest in this financial instrument which seems destined to play a more important role within the Province of Ontario in the decades to come. Through the following exploration of the evolution of the charge, the structure and provisions of the Development Charges Act, 1989, and through an examination of the patterns in residential development charge application in the Province of Ontario in the first three years of the Act, I have gained considerable insight into both the intricacies of this piece of legislation and the broader world of municipal finance. In choosing to investigate this area of municipal finance and this municipal taxation instrument in particular, I have broadened my overall understanding of this field and, hopefully, provided others with more insight into the development charge and its use in the Province of Ontario.

As one who has had experience in preparation of a number of the local and regional charges in southern Ontario since the advent of the Act, I have appreciated the many factors that influenced, first of all, the decision whether or not to implement a development charge, and secondly, the calculation of the charge within each municipality. Examination of characteristics of the characteristics of local and regional municipalities in southern Ontario, including

location, growth rates, base population and present levels of service provided at the local level provides insight into the reasons for development charge implementation and the amount of development charge.

The following practicum, then, is centred on the subject of development charges in Canada and the United States, with particular focus on their application in the Province of Ontario. The discussion of development charges has been divided into five chapters with the first, Introduction, dealing with the overall approach to the discussion and an overview of the subject matter.

The second chapter, Evolution of the Development Charge, traces its history in North America through the past century. This chapter explores the reasons for its growing popularity as a municipal finance instrument and examines its success as a land management/growth management tool as opposed to a fiscal revenue source. The recent history of the charge in the provinces of Canada which have specific legislation in place authorizing application of development charges is discussed with particular emphasis on the Province of Ontario and the origins of the present day development charge legislation there.

Chapter Three, The Development Charge and The Development Charges Act, 1989, discusses the essential features of the development charge and, using the development charge as it has evolved in the Province of Ontario as a basis for comparison, examines the primary distinctions in its various manifestations in Canadian and American jurisdictions. In addition, this chapter examines in detail the most recent piece of legislation in Canada to deal with the development charge, The Development Charges Act, 1989, and its component

sections, including i) guidelines for calculation, collection and payment of lot levies, ii) guidelines for preparation of front-ending agreements, and iii) guidelines for calculation of education development charges.

Chapter Four, *Development Charge Practice in Ontario*, provides an overview of the process of development charge by-law preparation which has followed the passage of the Development Charges Act, 1989 and the factors which intervened to mediate in the preparation of the final charges which were implemented or are being implemented in municipal jurisdictions in the Province of Ontario.

Chapter Five, *Residential Development Charge Implementation in Ontario*, considers the effects of development charges with respect to housing pricing and provision. Much of the current opinion holds that, despite the provisions of the Development Charges Act 1989 in support of affordable housing in Ontario, there are impacts detrimental to affordable housing in particular, the housing industry in general, and to communities which are the result of development charges.

Chapter Five continues with a comparative analysis of municipalities in southern Ontario which considers the relationship between the amount of the residential development charge levied (in municipalities where a charge has been calculated), base population, population growth rates between 1986 and 1991, and location (for upper and lower levels of municipal government in this region of the province). Municipalities considered in this study have been categorized on the basis of the characteristics which they have in common, with discussion of the implications for future growth, housing provision, and levels of service.

Four distinct categories of municipalities are discussed which have particular characteristics which influenced whether or not a residential development charge was implemented and the amount of the residential development charge implemented (in municipalities which did implement a charge).

Chapter Six, *The Future of Development Charges in Ontario*, considers three alternative municipal revenue-raising mechanisms, including Value Capture Financing, Specific District Financing and Facility Leaseback, to place the use of development charges in the proper municipal financing context. Their relative merits and limitations are discussed as well as concrete examples of their application to date. The future direction of development charge implementation by local and regional municipalities, and by school boards is considered at the conclusion of this chapter, with consideration of factors which include trends in upper level government financing and appeals of by-laws to the Ontario Municipal Board and to the Divisional Court of Ontario,

Appendix A provides a series of maps reprinted with the permission of the Ministry of Municipal Affairs which assist in location of the regional and local municipalities which are part of the development charge analysis discussed in Chapter 5.

Appendix B provides information related to residential development charges and population growth for each individual municipality considered in the analysis in chapter five. Residential development charges and average annual population growth rates between 1986 and 1991 for each of the local and regional municipalities in southern Ontario which have implemented development

charges are indicated in Table B-1. Average annual population growth rates between 1986 and 1992 for municipalities which had not implemented a residential development charge as of Spring 1992 are indicated in Table B-2. In order to illustrate more graphically the relationship between development charges and population growth in the 1986-91 period, charts have been prepared which indicate the corresponding average annual population growth rate between 1986 and 1991 for each individual local municipality which has implemented a residential development charge, by region or county. These data are indicated in Charts B-1 to B-17 in Appendix B.

2.0 Evolution of Development Charges in North America

2.1 Regulation of Development: 1900 - 1960

Use of development charges by municipalities in North America has gradually evolved out of the powers granted to these levels of governments by higher levels of government in order to permit them to regulate physical development (including zoning and "nuisance" regulations). The early part of the 20th century witnessed widespread adoption of zoning and subdivision regulations providing cities with the power to limit the type of development that occurred in particular areas. Influence of the "City Beautiful" philosophy prevalent in North America during this period held that there was a common good that was served by development which was planned, orderly, and compatible with its surroundings, and which met certain standards of design which protected the health, safety, and welfare of the community.

In the United States, for example, regulation of land development became widespread in the 1920's, following the United States Supreme Court validation of zoning in the Euclid case and the United States Commerce Department's publication of the model statutes for state enablement of local government planning and zoning. The Standard Planning Enabling Act, adopted by the majority of American States, required the provision of streets, water mains, sewer lines, and other utility structures within a subdivision development as a

condition of approval of development.⁵ At this point, clearly, it was established that municipalities could require developers to accept responsibility for provision of infrastructure internal to the development site. Generally though, most local governments in Canada and the United States provided and financed required infrastructure, through higher property taxes and debt financing.

Following World War II, rapid urbanization and the associated demand for housing placed increasing demands on local municipalities to provide infrastructure for new development. The prototypical development, which we now term "suburban", placed greater demands on municipalities in terms of provision of infrastructure than previous more efficient forms of development. Suburban development unequivocally proclaimed the ascendancy of the private automobile over public transportation and was accompanied by high standards of service in addition to the large land requirements.

This postwar period witnessed the introduction of policies established in the United States into the Canadian municipal environment. Municipalities began to require developers to provide all "hard" services (including roads, sewer, and water facilities) which were within the boundaries of newly created subdivisions. The legality of such "Subdivision Agreements", required by the municipality as a condition of approval for development, was questioned until 1959. In this year provincial legislation known as the Planning Act established the right of the municipality to enter into subdivision agreements and,

⁵ Ibid, page 3.

furthermore, stipulated that the municipality could require for park facilities 5 percent of the land area of the subdivision or a cash payment equal to the amount of the land.

2.2 Growth Management: The 1960's

The ramifications of the rapid growth North American society witnessed in the post-war period became more of an issue in the 1960's. Air pollution, over-filled land fill sites, and urban sprawl were experienced against a backdrop of skyrocketing land prices and property taxes. Degradation of the environment and the high costs associated with provision of new suburban infrastructures began to shake long-held perceptions that growth was a uniformly beneficial phenomenon. Development of an environmental movement in the 1960's led to a challenging of traditional attitudes towards growth and progress, which held that all growth must be good. This new attitude was evident in areas beyond the environment, influencing fields such as municipal finance as traditional notions of fiscal burdens and responsibilities were challenged.

Frank E. Frank and Paul B. Downing suggest that "concern for the environment set the stage for the public to question whether new development, under a general tax regime, produced more in new tax revenues than it did in new service costs", and following from this, whether growth should be limited in certain situations.⁶ By the early 1970's many American cities had determined that there was a limit to the amount of infrastructure that they could afford to provide to new development and began to attempt to manage growth. The

⁶ Ibid, page 15.

legality of this approach was established in 1972 in the precedent setting case of *Golden vs. Planning Board of the Town of Ramapo*, in Ramapo, New York, when the courts upheld the legality of a municipal program which established a schedule for constructing new infrastructure and stipulated that new development could not occur until these facilities were provided.⁷

2.3 Making Growth Pay Its Own Way: 1970's and '80's

The 1960's and 1970's witnessed a period of sustained economic growth and expansion in North America with considerable urban sprawl resulting, requiring large investments in infrastructure to service it. The predominant urban forms during this period were low density "suburban" residential areas within which the single family detached dwelling predominated, and "industrial parks" with generous separation of the incompatible land uses and commensurate high standards of service.

By the late 1970's and early 1980's, rapid growth in many areas combined with increases in construction costs and interest rates and reductions in transfers of revenue from upper levels of government to local levels resulted in a dramatic increase in the cost of providing new infrastructure.

Municipal levels of government in Canada have traditionally had little access to "growth taxes" such as sales taxes and income taxes which increase directly as

⁷ Thomas P. Snyder and Michael A. Stegman, Paying for Growth: Using Development Fees to Finance Infrastructure, The Urban Land Institute, University of North Carolina, 1987, page 6.

the economy expands and the gross national product increases. Furthermore, restrictions on the extent to which a municipality can rely on financing through issuance of debentures translates into increased dependence on the predominant source of municipal revenue, the property tax.

However, of the total increase of revenues of the public finance system of Canada (including federal, provincial, and municipal forms of government) from 1950-1974, property taxes were responsible for a scant 6.8%, compared to 40% for income taxes, 12% for retail and consumption taxes, 13% for custom and excise duties and taxes, and 20% for "other fields", all of which are collected by federal and provincial levels of government.⁸ Since property taxes are not a "growth tax" (ie. they do not increase automatically as the value of property increases), they require annual adjustments to mill rates in order to increase. These adjustments receive a great deal of public scrutiny at the local level. As a result, property taxes are viewed as one of the least fair taxes and consequently are difficult for municipalities to increase to the extent that they need to in order to cover costs of growth.⁹

The overwhelming approval of Proposition 13, the 1978 California ballot initiative which placed limits on property taxes, demonstrated that the public's tolerance for taxation of property had limits. This movement began a shift from

⁸ Canadian Federation of Mayors and Municipalities, Puppets on a Shoestring: The Effects on Municipal Government of Canada's System of Public Finance, Ottawa, April 28, 1976, page 25.

⁹ J.A. Johnson, "Municipal Tax Reform - Alternatives to the Real Property Tax", Canadian Public Policy, Supplement 11, 1976, page 335.

an emphasis on general taxation to that of user fees, whereby the user of a service was expected to assume a greater burden of its actual costs. The development charge could clearly be considered one of the most important "user fees", in that it is a charge which is linked to the actual costs of providing services and infrastructure to a new household.

While fiscal revolts such as occurred in many parts of the United States during this period reflected a growing sentiment that "those who wanted government services should be charged for them and those who choose not to consume the services should enjoy a lower tax rate"¹⁰, underlying these sentiments one might possibly discern growing concerns over who actually benefitted from large public expenditures on municipal infrastructure. A Province of Ontario study of financing arrangements for Ontario municipalities suggests that the primary beneficiaries of public investments in municipal infrastructures were large landholders and developers who realized considerable windfall profits in increased value of land, especially in larger urban centres where land values skyrocketed in the 1970's and 1980's.¹¹

At the same time that there was growing awareness of the enormous profits from land speculation, there was increasing appreciation of the escalating costs of providing the municipal infrastructure to service these lands. In addition to the traditional "hard services", such as roads, waterworks, sewage systems and

¹⁰ James E. Frank and Paul B. Downing, *ibid*, page 16.

¹¹ "Study of Innovative Financing Approaches for Ontario Municipalities", Final Report, Ministry of Municipal Affairs, Province of Ontario, March 1991, Appendix I, page 26.

garbage collection/landfill sites, "soft service" costs such as transit service, libraries, police and fire protection, and provision of health and social services were weighed against the benefits of urban growth.

As North American society proceeded into the 1980's, all of these considerations took place against a backdrop of overall decreasing transfers of revenue from senior levels of government and deteriorating infrastructure in inner city neighbourhoods. In 1978, for example, Ontario municipalities spent \$4.1 billion to provide services to their residents. Over the next ten years, these expenditures rose by over 160% to \$10.8 billion. During this period, while property taxes provided the major source of revenue funding (39.2% in 1978 and 39.1% in 1988), transfer payments from senior levels of government and payments in lieu of taxes declined (on a percentage basis) from 33.0% to 30.5%. The short fall in senior government funding was made up by an increased use of non-property tax revenue sources (such as development charges and other user fees) representing 27.2% in 1978 and increasing to 30.5% in 1988.¹² The development charge as a form of "user fee" increasingly became a favoured form of alternative to the property tax for the capital expenditures necessary for infrastructure development.

2.4 Development Charges: The Canadian Context - 1993

There is considerable variation between provinces in Canada with respect to the use and imposition of development charges. While most provinces do not have

¹² Gary Scandlan, "Municipal Sources of Revenue", Municipal World, October 1992, page 16.

specific legislation in place which provides for their application, in four provinces there is legislation in place which makes reference to development charges or impost fees.¹³ An overview of the development charge policy in provinces other than Ontario helps to place the Ontario development charge experience in a proper framework. This evolution of impost fee policy and practice in Ontario is described in detail following the discussion of policy in other Canadian provinces.

2.4.1 Development Charge Legislation in Saskatchewan, Alberta and British Columbia

In Alberta, the Planning Act clearly stipulates that a charge for off-site services may be imposed for a specific set of hard services. The services that may be included in the charge are water supply and treatment, sewage drainage and treatment, and land related to these facilities.

The Planning and Development Act in Saskatchewan not only specifies the services that may be included in subdivision agreements but also that councils may establish charges for a number of off-site facilities. The practice in major cities in Saskatchewan, however, has been to levy a charge for hard services.

British Columbia, through its Municipal Act, has detailed legislation regarding

¹³ David P. Amborski, "Impact Fees Canadian Style: The Use of Development Charges in Ontario", Development Impact Fees: Policy Rationale, Practice, Theory, and Issues, edited by Arthur C. Nelson, Planners Press, American Planning Association, Chicago, Illinois and Washington, D.C., 1988, page 56.

the application of development charges by municipalities, regional districts and local governments. It provides ground rules under which the charges will be collected and establishes guidelines regarding acceptable methods for collecting them. The legislation, which has been in effect since 1977, authorizes municipalities to bill developers to recoup the capital cost of providing sewerage, waterworks, drainage, highways and parking, and provision of parkland.

In the City of Vancouver, which operates under its own charter, development charges can also cover additional day-care facilities required as a result of growth, and the cost of low-cost housing for people displaced by development.¹⁴ Under the powers it acquired in fall 1990 to levy development charges, Vancouver levies development charges in an area known as "downtown south" which is being transformed from low-density, wholesaling and semi-industrial uses into a high-density residential and commercial neighbourhood.

2.4.2 Development Charge Legislation in Ontario

Origins of present day development charge legislation in Ontario can be found in the 1950's when municipalities began to require developers to provide the services which were within the boundaries of a newly created subdivision. The services provided were exclusively hard services, which could include roads, sewers, and water facilities, and under the terms of these agreements, developers could be required to install these services at municipally set standards. The

¹⁴ Sonita Horvitch, "British Columbia Charts Own Course on Land Charges", Financial Post, August 3, 1991.

legality of these "subdivision agreements" was established in legislation passed in 1959 called the Planning Act. Subsection 50(4) of the Act specified the following responsibilities of developers:¹⁵

"In considering a draft plan of subdivision regard shall be had . . . to the following:

(i.) the adequacy of utilities and municipal services."

Subsection 50(5) provided further authority for municipalities to impose lot levies:

"The Minister may impose such conditions . . . as are . . . reasonable . . ."

Based on this subsection, Draft Plan Approvals prepared by municipalities included the following condition:¹⁶

"That the owner agrees in writing to satisfy all the requirements, financial and otherwise of the municipality, concerning the provision for roads and establishment of sufficient services and drainage."

Extension of responsibility by developers for the provision of services off-site

¹⁵ Planning Act, Revised Statutes of Ontario, 1990, Chapter P.13, Queen's Printer for Ontario, June 1990, page 68.

¹⁶ W.D. Russell, "Ontario's Development Charges Act: It's a 'zinger'!", Municipal World, February 1990, page 10.

was also found in this legislation, although the subsection on which this responsibility was based was somewhat vague and it was over a longer period of time that it was interpreted to establish the right of a municipality to impose such charges. The subsection referred to is subsection 51(5) of what is now the Planning Act, R.S.O. 1990, which provided that "the owner of the land may enter into one or more agreements with a municipality, or where the land is not in a municipality, with the Minister (of Municipal Affairs) may consider necessary, including the provision of municipal services".¹⁷

In the 1950's, the Municipal Act also provided support for application of development charges. In what is now section 166 in the revised act, this legislation stipulated that when a municipality received contributions in relation to expenses anticipated due to the subdivision of lands, these funds should be used for expenditures that benefit the occupants of the land within the subdivision. Further, the legislation attempted to ensure accountability by having the funds earmarked for the uses described above, rather than have them included in general revenue.¹⁸

Development charge legislation in Ontario prior to the Development Charge Act, 1989 was the least clear, compared to legislation in other provinces, as to how municipalities could determine their development charge policy. A high number of development charge by-laws were judicially challenged and the Ontario

¹⁷ Planning Act, Revised Statutes of Ontario, 1990, Chapter P.13, Queen's Printer for Ontario, June 1990, page 68.

¹⁸ David P. Amborski, *ibid*, page 53.

Municipal Board (OMB), the provincial judicial body charged with responsibility for reviewing development charge by-laws, was dealing with a high number of cases pertaining to impost fees. According to C.N. Watson of C.N. Watson and Associates, Ltd., a Toronto consulting firm specializing in economic analysis at the municipal level, the practice of imposing development charges under the Planning Act, 1983 "was somewhat inferential and only defined in practical terms through a wide array of Ontario Municipal Board decisions, Cabinet appeals and Court decisions."¹⁹

The current legislation dealing with development charges evolved out of the lack of a clear, consistent framework within which municipalities in Ontario could calculate and implement impost fees. In 1980, in an effort to deal with the high number of appeals of municipal by-laws or resolutions which established development charges, the Association of Municipalities of Ontario (AMO), prepared draft legislation which was designed to strengthen the municipal authority to impose development charges. The legislation was opposed by the development industry, who were primarily represented by the Urban Development Institute (UDI) and the Ontario Homebuilders Association (OHBA).

Under the auspices of the Ministry of Municipal Affairs, a Working Group consisting of representatives from the AMO, the UDI and the OHBA negotiated from 1985 to 1988 in an attempt to establish a common position on

¹⁹ C.N. Watson, "Development Charges - Bane or Salvation?", Land Economist, Winter 1991, page 2.

development charges. This group, however, was unable to reach consensus on a number of issues and a paper outlining the positions of the participants was prepared and released by the Ministry of Municipal Affairs in April, 1988.

A green paper entitled Financing Growth-Related Capital Needs which attempted to resolve the points of contention between the groups described above was released in December, 1988 by the Ministry of Treasury and Economics. Following from this, the Development Charges Act, 1989 was passed by the Ontario Legislature on November 23, 1989. This legislation was primarily based on the work of the Working Group and on the Green Paper and, as discussed in more detail in later sections, provided more clearly defined statutory authority for application of development charges and substantially widened the scope of their application.

3.0 The Development Charge and The Development Charges Act, 1989

3.1 The Development Charge Act, 1989 : Elements of the Act

The specific legislation under which authority development charges are currently collected in the Province of Ontario is considered in detail in this section. As described in the previous section, this legislation was passed in November 1991 and is presently one of the most comprehensive in Canada in terms of its prescription for the calculation and application of development charges in Ontario.

The four component parts of the Development Charges Act, 1989 are described below and discussed in further detail later in this chapter. Essentially, there are four sections described as Part I, Development Charges; Part II, Front-End Payments; Part III, Education Development Charges; and Part IV, General.

Part I of the Development Charge Act, 1989 provides clear legislative authority for municipalities to impose charges on all forms of development for net capital costs which are considered related to growth. The provisions of this section supplants the provisions of the Planning Act, 1983, which have been the authority for municipal lot levies in Ontario in the past. While the authority to

collect development charges was vague and ill-defined in Sections 50 and 52 of the Planning Act, 1983, the Development Charges Act, 1989 contains considerable detail on all aspects of the development charge. The extent to which the Act more clearly defines development charge calculation and application is the topic of Chapter 3, Section 3.5, which compares the Act with previous legislation providing for development charges in the Province of Ontario.

Part II of the Development Charges Act, 1989 codifies a financing arrangement between a municipality and a developer or group of developers which is known as a front-end financing agreement. Under this type of agreement, developers provide services or cash payments to municipalities up-front in order to proceed with the development of their lands at an earlier time than the servicing plans of a municipality would otherwise permit. Over time, municipalities will reimburse these developers for their additional costs, through development charges subsequently received from other owners of lands benefitting from those services.

Part III of the Development Charges Act, 1989 provides that school boards may pass by-laws for the imposition of Education Development charges against lands undergoing residential or commercial development if there is residential development in the area of the school board's jurisdiction that would increase the education capital costs of the board and the development requires a zoning by-law, a minor variance approval, part lot control exemption, a plan of subdivision, a severance, a condominium description or approval, or a building permit.

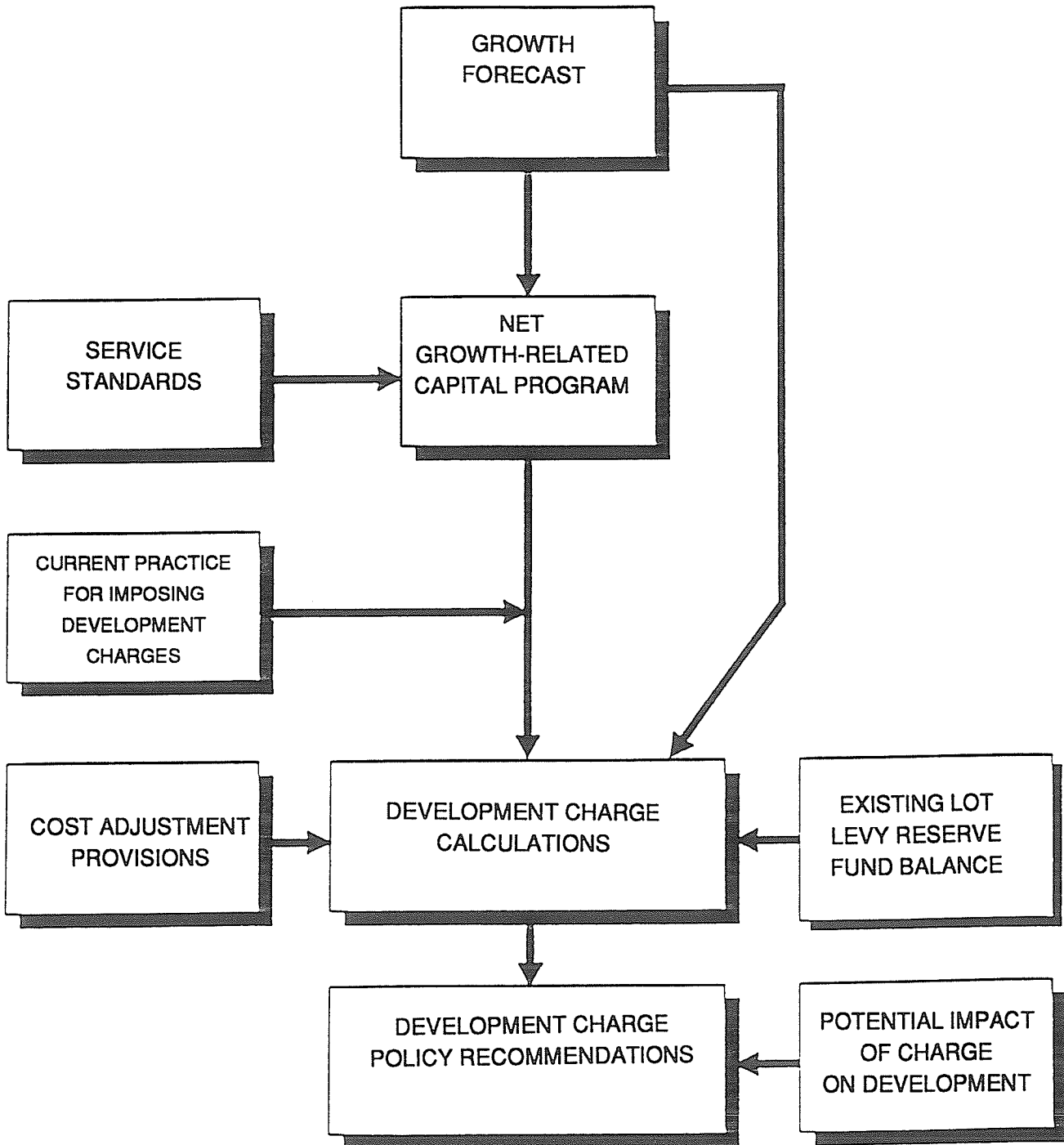
Part IV of the Development Charges Act, 1989 provides for the termination of existing by-laws and resolutions which establish development charges in the Province of Ontario, establishes that agreements under the subdivision and consent provisions of the Planning Act, 1983 are not affected by this legislation, and establishes that no new development charges may be imposed under the Planning Act, 1983.

3.2 The Development Charges Act, 1989 : Part I: Guidelines for Calculation and Collection of Development Charges

The first section of the Development Charges Act, 1989 establishes the broad principles which must be followed in developing a schedule of development charges. Terminology, the framework within which levies are calculated, and the methodology involved are discussed in the following section.

Development charges, as defined in the Act, are intended to finance capital costs which are related to growth which increases the need for services in an Ontario municipality. The process of calculation of development charges involves defining the services which will be included in a charge; determining the population and household growth (for a residential charge) and/or commercial and industrial growth (for a non-residential charge) over appropriate time frames, and estimating the net growth-related capital costs which will be incurred by this growth. Each of these processes is detailed in a subsection below while the interrelationship of each is illustrated in Figure 3.1.

FIGURE 3.1
KEY COMPONENTS OF
DEVELOPMENT CHARGE PREPARATION



3.2.1 Services Included in a Development Charge

The Act does not provide a list of services for which a development charge may be imposed but rather excludes certain services from the charge, specifically those which are not being provided at the time the development charge is being calculated. This is to ensure that new development is not used to finance a range of services which do not currently exist.

Municipalities commonly impose development charges for sanitary and storm sewers, waterworks and roads, but may go beyond these services to impose charges for police stations, fire halls, day care centres, administration buildings and libraries.

3.2.2 Growth Considered in Calculating the Development Charge

In estimating the growth in a municipality to which development charges will apply, municipalities are encouraged to consider a number of aspects of growth. With respect to residential growth, anticipated population increases as well as the number and type of expected housing units are important, while for non-residential growth, estimates of demand for commercial and industrial property should be projected.

In determining the level of growth, municipalities are allowed to consider a 10 year planning time frame for most services. In recognition of the longer lead times required for planning and construction and the typical amortization periods relating to debt financing, a longer time frame is allowed for water supply

services, sanitary sewer services, transportation services and waste disposal services. In these cases, no maximum time frame is specified and municipalities are free to use their best judgement as to the appropriate period of growth to consider.

The definition of growth within a municipality does not necessarily mean overall growth. While the overall population forecasts for a municipality may indicate a decline in the population or number of households, there may be areas within a municipality experiencing growth and an increased need for municipal services, to which a development charge would appropriately be applied.

3.2.3 Eligible Capital Costs

A detailed determination of the capital expenditures for services required to serve the growth described above must be made for services which have been included in development charge calculation. As described in the previous section, eligible capital costs are those which are incurred within a ten year time frame for services other than the four "hard services" for which a longer undefined period may be considered appropriate.

Capital costs which are eligible to be incorporated into the development charge must be those generated by development in all or some part of the municipality. A determination is required as to the extent to which a facility or service will be required by new residents as opposed to existing residents. Only the portion of the service or facility's cost which is required as a result of growth is included in the development charge calculation.

Costs of services provided directly by a municipality are considered eligible as are growth-related capital costs of local boards affiliated with the municipality (although the municipality must ensure that monies collected through development charges for local boards are spent on the intended projects).

The Act offers a liberal interpretation of what constitutes a growth-related capital cost, indicating as eligible items such as costs to acquire land or an interest in land such as an easement, and costs to acquire, construct or improve buildings or facilities include rolling stock, furniture, equipment and library materials. Eligible capital costs may also include the costs of studies required in connection with acquiring land or constructing buildings or facilities, including engineering studies, environmental impact studies or related consulting studies.

Clearly, with regards to capital cost, the Act is extremely inclusionary, giving municipalities considerable leeway in deciding what type of growth-related capital costs they choose to use in any development charge calculation. As indicated in Section 3.2.4 and 3.2.5, however, there are strict determinations as to the amounts of these costs which will be eligible for inclusion.

3.2.4 Service Standards in Effect

Capital costs included in development charges must be based on service standards which have been established by the municipality's council and met at some point in the past 10 years. Section 2 of the Development Charges Act, 1989 specifically addresses this point in prohibiting a development charge for a

service which is not currently provided. Similarly, Section 3 of the Act establishes that "prevailing standards" criteria must be applied in determining whether a service standard is an appropriate basis on which to calculate the development charge. Standards which have been approved by a municipal council but not actually met within the previous 10 years are not considered eligible. The Act requires a municipality to calculate its costs based on service standards which have been officially adopted by council and met within the previous 10 years.

3.2.5 Net Capital Costs

Capital costs considered for inclusion in a development charge must be reduced by all relevant offsets against these costs, including:

- i. anticipated grants from other levels of government,
- ii. subsidies and contributions from other bodies, and
- iii. amounts collected under a previous development charge by-law in cases where a development charge by-law is being updated.

3.2.6 Determination of Residential and Non-Residential Development

In order to assess the appropriate development charge for residential versus non-residential development, capital costs must be further segregated as to the sector of development to which they provide benefit. A determination is required on the basis of the prevailing and anticipated land uses in the area of the

municipality where the capital costs are being incurred or on the basis of anticipated use by the sector of development of that particular service or facility.

3.2.7 Definition of Development

The Development Charges Act, 1989 provides that a municipality may require all forms of development which increase the need for services pay development charges. Subsection 3(1) elaborates by including in the definition of development the following:

- i. passing of a zoning by-law or an amendment to a zoning by-law,
- ii. approval of a minor variance,
- iii. a conveyance of land,
- iv. a consent,
- v. approval of a plan of subdivision,
- vi. a description of a condominium , and,
- vii. the issuing of a building permit.

However, the imposition of development charges is not allowed in certain circumstances while in other situations is at the discretion of the municipality as to whether to impose levies.

Specifically, development charges cannot be levied on lands owned by a municipality or school board which are used for municipal and school purposes respectively. There are specific exemptions, as well, in situations where

alterations are being made to existing dwellings.

The Act also empowers municipalities to provide, at their discretion, full or partial exemptions for properties that they designate as institutional (such as hospitals, churches, universities, or federal or provincial property). Full or partial exemptions may be provided as well for categories of residential properties which are designated by the municipality as affordable housing.

Finally, exemptions from development charges are provided where local services have been installed at the expense of the owner as a condition of approval under Section 50 or 52 of the Planning Act, 1983, or where local connections to water mains, sanitary sewers and storm drainage facilities done at the expense of the owner and charges paid under the Section 219 of the Municipal Act.

Part I of the Development Charges Act, 1989 provides detailed descriptions of other requirements for implementation of development charges, including:

- i. accounting procedures and reserve funds required for revenues from development charges,
- ii. appeal mechanisms and procedures,
- iii. public accounting and notices,
- iv. indexing of development charges, and,
- v. other credits and exemptions.

The Act effectively terminates all previously existing by-laws or council resolutions providing for development charges and stipulates that no new

development charges may be imposed under the Planning Act, 1983. Development charge by-laws passed under the authority of the Development Charges Act, 1989 have a maximum life of 5 years while municipalities may provide for a shorter term if they desire.

3.3 The Development Charges Act, 1989 : Part II : Front-End Financing

Part Three of the Development Charges Act, 1989 provides detailed codification of the front-end agreement method of service financing. While front-ending has been extensively used by developers and municipalities in the past few decades, the arrangement has never been as clearly defined as in the latest legislation.

Front-end financing involves a situation where a developer or developers are required to construct capital works at their own expense which will be of benefit to all future landowners within a defined area. This upfront payment enables the development to proceed at an earlier time than the municipal servicing would normally permit. The municipality recovers these costs from the landowners within the defined area if and when they develop, and these revenues are used to pay the front-end developers in a pre-arranged manner. If all development proceeds as anticipated, the front-end developer is compensated for the benefits conferred on others through the installation of these services. The municipality benefits by receiving the services at no cost to its existing ratepayers, no impact on its debt capacity and without the potential cash flow

problems which can result when facilities are financed through development charges.

Further discussion of the changes to front-ending arrangements which are the result of the Development Charge Act, 1989 follows in Section 3.5.2.

3.4 The Development Charges Act, 1989 : Part III: Education Development Charges

The Development Charges Act, 1989 makes available to school boards throughout the Province of Ontario, for the first time, the right to impose Education Development Charges for growth-related net education capital costs. Part Three of the Act provides that school boards (as defined by the Act) may pass by-laws for the imposition of Education Development Charges against lands undergoing residential or commercial development if there is residential development in the area of the board's jurisdiction that would increase the education capital costs of the board and the development requires a zoning by-law, a minor variance approval, part lot control exemption, a plan of subdivision, a severance, a condominium description or approval, or a building permit.

Since the education development charge calculation process differs dramatically from that used in preparation of the development charge described in this practicum for local and regional municipalities, it is only described in terms of its overall importance as part of the Development Charges Act, 1989 and the precedent set in providing for its imposition.

3.5 The Development Charges Act, 1989 : A Comparison With Previous Legislation In Ontario

3.5.1 Introduction

The Development Charges Act, 1989 substantially altered the system of development charge calculation and imposition in the Province of Ontario. The discussion in the following sections addresses the provisions of the Act which constitute substantial change from previous legislation governing application of development charges in Ontario. As discussed in Chapter 2, Section 2.4.2, Planning Act legislation previously guided the calculation and application of local and regional municipal development charges, while there was no legislation in place which provided for the application of education development charges or specifically addressed the requirements of front-ending agreements.

3.5.2 Application of Development Charges in Local and Regional Municipalities

Overall, the Development Charges Act, 1989 provides a great deal more certainty to the process of development charge calculation and application which previously had lacked a clear, consistent framework. For example, under previous legislation which had guided development charge application there was no clear definition as to what type of and over what time period growth-related capital costs incurred by a municipality could be included in calculation of a development charge. In addition, no standards were provided as to the quality

of population growth projections which would be the basis for the per unit development charges, nor clear definition of the levels of service which would be supported by development charges. No appeal mechanisms, administrative procedures, or accounting procedures were described, resulting in confusion over the requirements of both municipality and landowner and inconsistency across the Province of Ontario in the method of calculation and in the application of the charges.

The most recent development charge legislation, however, imposes a structure and discipline to the calculation and imposition process, defining explicitly the costs which can be included in the calculations, the service standards which must be defined, growth projections which are necessary, and administrative and accounting procedures which must be followed. The Act provides clear mechanisms for appeal of the development charge by-law and, additionally, provides that an appeal can affect the entirety of the by-law rather than simply the financial obligations of a particular project.

3.5.2.1 Broadening of Opportunities for Imposition

Historically, in the Province of Ontario, impost levies were charged by municipalities by requiring such payments as a condition on subdivision approvals granted under Section 50 of the Planning Act or under Section 52 of the Planning Act through a consent to sever lands and in some instances on the registration of a condominium under the Condominium Act. Section 3 of the Development Charges Act, 1989 now provides seven opportunities for a development charge to be imposed against land if the development of such land

would increase the need for services. These opportunities, which are listed in Section 3.2.8 of this chapter, vary from the approval of a zoning by-law through to an approval of a minor variance thereby giving a municipality many more opportunities to collect such charges. Previous legislation had provided for application of development charges only against new lots created by plans of subdivision or consent.

3.5.2.2 Expansion of Eligible Services

In contrast to previous legislation, the Act provides for imposition of development charges for growth related capital costs related to "soft services" including transit facilities, libraries, police protection, fire protection, homes for aged, administrative buildings, hospitals, and community recreational facilities. These are in addition to the services considered as "hard services" which included storm and sanitary sewers , waterworks, roads and solid waste disposal.

Further, the definition of capital cost in Part I of the Act extends development charge powers to include electrical and other public utility works. While the development charge by-law levied by a utility is administered and collected by the municipality within which the utility is located, this marks the first time public utilities have been granted powers to calculate and levy a charge for growth related costs related to their operation. Previous legislation pertaining to development charges had not provided for inclusion of any growth-related capital costs incurred by electrical or other public utilities.

3.5.2.3 Expansion of Eligible Capital Costs

While previous legislation under which authority development charges were levied allowed for inclusion only of specific capital costs related to "hard" services, under the provisions of the new Act, any capital costs considered necessary to accommodate new growth is now eligible for inclusion in a development charge, including:

- i. municipal component of costs provided for services provided under an agreement
- ii. costs to acquire land or an interest in land (eg. an easement)
- iii. costs to improve land
- iv. costs to acquire, construct or improve buildings or facilities

The Act provides for broad definition of the specific items eligible for inclusion as indicated below:

- i. facilities may include rolling stock, furniture, equipment and library materials
- ii. rolling stock may include vehicles such as police cars, transit vehicles, road graders, dump trucks and trailers
- iii. equipment may include items such as hand tools or personal computers as well as the physical plant which goes inside a sewer treatment plant and pipes leading to

the plant ²⁰

3.5.2.4 Provision of Complaint and Appeal Mechanisms

Where previous legislation providing for development charge application had no clear reference to opportunities for development charges to be challenged or appealed, the Development Charges Act, 1989 provides clear guidance as to the opportunities for complaints against and appeals of development charge by-laws and a specific framework within which these are resolved. In the context of the Act, "complaints" relate to the application of the by-law, for example, whether it has been properly applied against a proposed development.

"Appeals", on the other hand, relate to questions about the validity of the by-law or the appropriateness of costs, growth estimates and/or levels of service used for purposes of development charge calculation..

The Act allows parties to register complaints when they feel that the provisions of the by-law have not been properly applied to their development. The complaint mechanism attempts to have the issue resolved at the local level, with requirements that the municipality's council, upon hearing the complaint, either confirming the charge or amending it to address the concerns of the complainant. Only if, at this stage, the complainant is not satisfied that his complaint has been satisfactorily dealt with, does the complaint proceed to the Ontario Municipal Board (OMB).

²⁰ A Guide To The Development Charges Act, 1989 , Municipal Finance Branch, Ministry of Municipal Affairs, Province of Ontario, March 1990, page 5.

Appeals of the development charge by-law are made directly to the OMB. Following a twenty day period after passage of the development charge by-law by a municipality, the concerned party may file a notice of intention to appeal the by-law and provide the Board with the reasons for doing so.

The basis for an appeal of a development charge by-law is that it does not conform to the provisions of the Development Charges Act, 1989. A publication prepared by the Municipal Finance Branch of the Ministry of Municipal Affairs, titled A Guide to the Development Charges Act, 1989, indicates primary reasons for an appeal and underscores the importance of justification of the development charges by municipalities preparing them. These reasons include:²¹

- i. some costs are not growth-related;
- ii. some costs include rehabilitation of existing works;
- iii. the cost being charged for is in excess of prevailing standards;
- iv. assumptions about anticipated grant entitlements are unrealistic; or,
- v. population and household growth assumptions are unreasonable or inconsistent with other reputable forecasts.

²¹ A Guide To The Development Charges Act, 1989, Municipal Finance Branch, Ministry of Municipal Affairs, Province of Ontario, March 1990, page 17.

The Ontario Municipal Board may dismiss the appeal without holding a hearing or schedule a hearing at which both parties (the party appealing and the municipality) have an opportunity to present their cases. Under the provisions of the Act, the OMB has the following courses of action open to it:

- i. confirming the development charge by-law by dismissing the appeal;
- ii. ordering the municipality to repeal or amend the by-law in whole or in part; or
- iii. directly repealing or amending the by-law in whole or in part while it is before the Board.

As discussed in detail in Section 4.3, the complaint and appeal mechanisms have been well-utilized by development groups in the Province of Ontario contesting development charge by-laws passed since November, 1989. While clearly the intention of the Act was to provide as many opportunities as possible for concerned parties to contest ill-prepared or arbitrary development charge by-laws (thus remedying previous legislation which did not provide for such clear-cut appeal mechanisms), the result has been an overwhelming of the Ontario Municipal Board. The important powers conferred on the OMB by the Development Charges Act, 1989 has translated in a serious backlog of cases, with up to a two year wait from time of appeal of a by-law until a board hearing common by now.

3.5.3 Changes to Implementation of Front - Ending Agreements

According to a critique of the Act prepared by the Toronto firm Wier and Foulds in May 4, 1990, inclusion of a clearly defined front-ending institution in the Act should "provide more certainty and should cut down on the costs incurred by developers in negotiating cost sharing agreements and in requiring the municipality to collect payments from benefitting owners".²²

Prior to the Act, developers paid all of the servicing costs required by their development up front, whether or not other landowners would benefit in the future from the provision and installation of such services. The developer was then on its own to attempt to negotiate agreements with such benefitting landowners to share the costs of such services. The developer also then had to negotiate with the municipality to enlist their assistance in collecting contributions from the benefitting landowner and repaying it to the developer. This procedure was costly, time consuming and unpredictable for the developer and the result often was that many landowners benefitted without paying.

An important element of the Act is that the agreement may be registered against the title to the land in the benefitting area owned by the benefitting owners who are not a part to the agreement. As a result, benefitting owners will have an encumbrance registered against the title to their property which must be considered when they try to deal with their property in any way other than

²² M.J.McQuaid and Lori M. Duffy, "The Development Charges Act - A Practical Perspective", Wier and Foulds, Toronto, May 1990, page 5.

developing it.

3.5.4 Education Development Charges

While both Parts One and Two of the Act broaden the existing powers and procedures available to municipalities to implement development charge by-laws and front-ending agreements, Part Three of the Act represents a new and controversial element to the field of development charges in the Province of Ontario. For the first time, school boards are provided with the powers to pass by-laws for the imposition of Education Development Charges against lands undergoing residential or commercial development if there is residential development in the area of the board's jurisdiction that would increase the education capital costs of the board.

A report prepared for the Toronto consulting firm Wier and Foulds in May 1990 suggests that introduction of this charge is important not only because it is a dramatic extension of the powers of this level of government to tax but because it essentially "pits two elements of one municipality against the other for a share of the same purse."²³ The school board in a municipality will be competing with the municipality for payments from the developer and ultimately from the homeowner. The fact that the first education development charge by-law which was passed was appealed to the Divisional Court of Ontario on grounds that it is unconstitutional rather than as an appeal to the Ontario Municipal Board testifies to the importance with which its introduction is viewed.

²³

Ibid., page 9.

4.0 Since The Development Charges Act, 1989 : Development Charge Practice in Ontario

4.1 Introduction

Passage of the Development Charges Act, 1989 in November 1989 resulted in extensive structural changes in the municipal finance system in the Province of Ontario, the ramifications of which are still unfolding in 1993.

The immediate effect of the Act was to encourage all municipalities which had previously had some form of lot levy in place, however limited, to undertake the lengthy process required by the Act leading to the passage of a new development charge by-law and which involved calculation of a new development charge, holding of public meetings, and preparation of a corresponding by-law. Under Section 44(1) of the Act, all previous council resolutions or by-laws establishing lot levies were either to be replaced by a new by-law prepared under the provisions of the Act or they would cease to have any authority as of November 21, 1991, two years after the coming into force of the Act. The process by which municipalities arrived at appropriate development charges and a development charge by-law is discussed in Section 4.2.

There are a total of 612 regional and local municipalities in Southern Ontario if

one considers the northernmost regional municipalities or counties to be Simcoe County, Victoria County, Peterborough County, Hastings County and Renfrew County. As of April 1992, 199 of these regional and local municipalities had development charge by-laws in place under the authority of the Development Charges Act, 1989 with a further 77 considering implementing them (i.e., with development charges studies underway). The 199 local and regional municipalities which have implemented new development charges have been chosen for further analysis in Chapter Five.

4.2 Process of Development Charge and By-Law Preparation

Municipalities which had previous by-laws or resolutions in place establishing lot levies were thus required to embark on the involved process of determination of new development charges, including projections of population, number of households, and commercial and industrial land absorption for up to a twenty year period and net growth-related capital costs which would be required to accommodate this growth. Furthermore, this process, which involved extensive public consultation and which at its conclusion offered numerous appeal mechanisms which could result in its being repealed, could take up to two years to complete.²⁴

With few municipalities completely staffed and equipped with the range and

²⁴ Preparation of the development charge study and by-law for the City of Guelph began in May 1991 and, after three presentations to the public and a Ontario Municipal Board hearing, is anticipated to conclude in September 1993.

personnel and experience to undertake such studies, most were required to tender the development charge and by-law preparation to professional firms in Ontario. Estimates of the costs to municipalities of the above were described in Municipal World in March 1990:²⁵

- i. rural municipalities with no major sewer and waterworks - \$10,000 - \$20,000
- ii. smaller urban municipalities (6,000 and up) with sewer and water services - \$15,000 - \$35,000
- iii. smaller cities (20,000 to 65,000) - \$40,000 and up

Costs for larger cities were not provided but can be assumed to be at least as much as those for smaller cities and range from \$40,000 to \$100,000.

Beyond the costs of preparing the development charge study and by-law and defending it before the public are additional costs incurred as a result of appeals of the development charge by-law to the Ontario Municipal Board (OMB). Hearings before the OMB require "expert" testimony by consultants and lawyers representing the municipality, further increasing the potential costs of a development charge study and by-law.

²⁵ W.D. Russell, "Ontario's Development Charges Act: It's a 'zinger'!", Municipal World, March 1990, p 15.

While the process of calculation of development charges was clearly prescribed in the Development Charges Act, 1989, and, as much as possible, was meant to be free of subjective interpretation, the actual development charges included in a development charge by-law by a local or regional municipality reflected a number of other considerations. This was especially true in the period immediately preceding the two year deadline for preparation of development charge by-laws to replace existing by-laws or council resolutions which expired on November 21, 1991.

Residential development charges implemented by local and regional municipalities, then, do not necessarily reflect the development charge amounts recommended in consultants' studies considered necessary to offset growth-related infrastructure capital costs in the municipality over the study period. Municipalities implementing residential development charges lower than the amounts recommended in these studies did so with the recognition that the net difference between the revenues collected from residential development charges and the expenditures on growth-related residential infrastructure development within a municipality will have to be paid for out of the general revenue of the municipality, i.e, primarily from property taxation.

Three important factors intervened to influence the size of the development charges which would ultimately be implemented in municipalities. These factors are discussed in detail below and include:

- i. political pressures on individual councillors with regards to re-election,

- ii. financial concerns regarding the enormous expense to the municipality of defending a by-law before the OMB in case of appeal,
- iii. pressures on municipalities to keep residential and non-residential land development costs competitive with neighbouring jurisdictions.

4.2.1 Charge Determination : Political Pressures

One of the most important mitigating factors in determination of the final development charges to be included in the development charge by-law related to the timing of the passage of the Development Charges Act, 1989 and the provisions contained in it for expiration of previous lot levy by-laws or resolutions establishing lot levies. Coincidentally, the deadline for preparation of new development charge by-laws to replace those already in place, November 21, 1992, fell within ten days of the date of the 1991 Ontario municipal elections, held on November 12, 1991. As a result there was considerable pressure on councillors up for re-election on local or regional councils to be seen to be lending a sympathetic ear to the concerns of developers, home builders and prospective home owners in the area and, often, to actively oppose the development charges which had been calculated.

While clearly, any growth-related new infrastructure costs which were not paid for through development charges would have to be made up for through general revenue and, therefore, borne by all property owners in the jurisdiction, this argument often was lost in the melee of the pre-election period. Forces in

opposition to the development charges often effectively portrayed the development charge as another form of taxation, and, since there was generally a lack of clear understanding of the philosophy underpinning the development charge by local media and local councils, these bodies did little to persuade the public otherwise.

4.2.2 Charge Determination : Financial Pressures

The second important factor which influenced the decision as to whether to levy development charges and, if levied, the size of development charges, involved the potential expense to the local or regional municipality of defending the development charge by-law against appeal by those in opposition to it to the Ontario Municipal Board. As discussed above, the costs of defense of a development charges by-law before the OMB included costs of "expert" witnesses necessary to confirm various aspects of the development charges study and by-law, including consultants involved in the study preparation and lawyers with experience in appearances before this quasi-judicial body. Opportunities for appeal of a development charge by-law are numerous, although the primary basis for appeal is that the development charge by-law does not conform to the Development Charges Act, 1989 in some way. Some of the reasons why a by-law could be challenged are listed below:

- i. some of the capital costs are not related to growth
- ii. some costs include rehabilitation of existing works
- iii. the cost being charged for is in excess of prevailing standards

- iv. assumptions about anticipated grant entitlements are unrealistic
- v. population and household growth assumptions are unreasonable or inconsistent with other reputable forecasts

In an effort to achieve a more defensible development charge, many municipalities opted for a development charge which was less than the full amount of the development charge recommended in a consultant's report or in a staff report. In this way, opponents of the charge who contested a particular capital cost or grant which had been included in the development charge calculation could achieve little through the appeal process other than to stall the implementation, since the municipality could argue that the charge being implemented was already lower than the recommended charge.

4.2.3 Charge Determination : Competitive Pressures

Pressures to remain competitive, in terms of land development costs, with neighbouring municipalities is a third mitigating factor in the determination of appropriate development charges for a municipality. The Development Charges Act, 1989 was developed and enacted in a climate of healthy economic growth. A concern of many municipalities during this period was management of growth rather than attracting it, especially in municipalities immediately surrounding larger urban areas where growth rates were highest.

Since the passage of the Act, however, a number of factors have contributed to an intensification of competitive pressures between municipalities. A deep and

prolonged economic recession resulted in a sharp drop in residential building activity and in non-residential land absorption rates. Municipalities which had based their long range capital spending plans on growth rates in evidence in the 1980's are now left with lower assessment bases on which to pay for the debenture costs associated with infrastructure costs. As a result, municipalities face pressures to actively court residential and non-residential development in an effort to maintain the existing levels of service at reasonable property tax levels.

A second factor which intensified the competitive pressures on municipalities is the increasing liberalization of trade in North America. With the successful negotiation of trade agreements (first between Canada and the United States and later between Canada, the United States, and Mexico) which lift many of the barriers to the free flow of capital and goods between North American economies, Ontario municipalities face competition for growth from American and Mexican jurisdictions as well as from neighbouring Ontario municipalities.

Since one of the most visible means to attracting development to a municipality is through competitive land development costs, the above described factors placed great pressures on municipalities to implement development charges which are at least equal to or lower than neighbouring municipalities and which result in land development costs which are competitive with other North American jurisdictions with which they compete for development.

4.3 Challenges to Development Charge By-Laws

As discussed in Section 3.5.2.3, there are ample opportunities for parties to contest development charge by-laws, using both the "appeal" mechanism (within twenty days of passage of the by-law if there is concern about its validity) or using the "complaint" mechanism (whenever there is concern over the application of the development charge). As the following discussion will illustrate, development groups have availed themselves of the opportunities to appeal local and regional development charge by-laws to the Ontario Municipal Board while education development charges thus far have faced a court challenge at the Divisional Court of Ontario on the grounds that they are unconstitutional.

Court challenges to the first of the municipalities and school boards to implement a development charges by-law under the Development Charges Act, 1989 were organized by the Ontario Home Builder's Association (whose members are responsible for 80% of new home construction in Ontario) and the Urban Development Institute, a coalition of developers in Ontario. As the first municipality to implement a development charge by-law, the Regional Municipality of Hamilton-Wentworth was challenged by the OHBA after passing their development charges by-law in December 1990, with the appeal proceeding to the OMB on May 1, 1992.

Following this initial appeal, twenty-two other development charge by-laws passed subsequent to the passage of the Regional Municipality of Hamilton-Wentworth by-law were appealed to the OMB. The municipalities involved

and the dates on which these appeals were heard or will be heard before the OMB are indicated in Figure 4.1. According to a OMB spokesperson, in all of these appeals, the validity of the development charge calculation was challenged, i.e., the accuracy of population growth projections and growth-related capital costs used was questioned, and /or levels of service for which costs were included were considered beyond the existing levels of service.²⁶

To date, in the twenty cases which have been heard before the board, no precedent setting decisions have been made with regards to development charge by-laws and the appeals have either been rejected or agreements reached to amend the by-laws.²⁷

The first school board to implement an education development charge, the York Regional Board of Education, passed its education development charge by-law in November 1991 and was challenged by the Greater Toronto Homebuilders Association, the Urban Development Institute (York Region Chapter) and approximately ten development groups . In contrast to the appeal of the development charge by-law, in which the amount of the development charge and the application of the by-law were disputed, the education development charge by-law was challenged before the Divisional Court of Ontario on the grounds that it was unconstitutional.

²⁶ Interview with Mike Onorato, Ontario Municipal Board, Ministry of Municipal Affairs, March 23, 1993.

²⁷ Interview with Mike Onorato, Ontario Municipal Board, Ministry of Municipal Affairs, January 1993.

FIGURE 4.1
**ONTARIO MUNICIPAL BOARD
 DEVELOPMENT CHARGES HEARINGS 1992-1993**

HEARING DATE	MUNICIPALITY OR REGIONAL GOVERNMENT
APRIL 13, 1992	CITY OF ST. CATHARINES
APRIL 23, 1992	TOWNSHIP OF DUMMER
MAY 1, 1992	CITY OF HAMILTON
MAY 1, 1992	REGION OF HAMILTON-WENTWORTH
JUNE 11, 1992	TOWN OF FORT ERIE
AUGUST 24, 1992	TOWN OF GEORGINA
AUGUST 31, 1992	VILLAGE OF BELMONT
AUGUST 31, 1992	REGION OF SUDBURY
AUGUST 31, 1992	CITY OF YORK
AUGUST 31, 1992	CITY OF GLOUCESTER
SEPTEMBER 1, 1992	VILLAGE OF DUTTON
SEPTEMBER 1, 1992	TOWN OF LINCOLN
SEPTEMBER 3, 1992	TOWN OF WESTMINSTER
SEPTEMBER 8, 1992	CITY OF GUELPH
SEPTEMBER 15, 1992	CITY OF HAMILTON
SEPTEMBER 21, 1992	CITY OF OAKVILLE
SEPTEMBER 21, 1992	CITY OF OTTAWA
SEPTEMBER 21, 1992	TOWN OF RAYSIDE-BALFOUR
OCTOBER 5, 1992	CITY OF MISSISSAUGA
NOVEMBER 4, 1992	CITY OF LONDON
JANUARY 27, 1993	REGION OF OTTAWA-CARLETON
FEBRUARY 16, 1993	TOWN OF RICHMOND HILL
APRIL 26, 1993	DISTRICT OF MUSKOKA

SOURCE: ONTARIO MUNICIPAL BOARD, JANUARY 1993.

Among seventeen reasons cited to support this claim the following two arguments provide the basis for the challenge: ²⁸

- i. the education development charge by-law imposes an indirect tax contrary to Section 92 (2) of the Constitution Act 1867,
- ii. the education development charge by-law authorizes the imposition of education development charges which require non-separate school supporters to finance the construction and expenditures of separate schools in a manner which infringes upon Subsection 2(a) and 15 of the Constitution Act 1867.

At the point of preparation of this practicum, a decision regarding the constitutionality of the education development charge by-law has not been reached by the Divisional Court of Ontario.

The backlog of cases before the OMB pertaining to development charges indicates the vigorous response of development groups in seeking to appeal a great many of the development charge by-laws. However, rather than indicating flaws in the legislation, this would suggest that these bodies are seeking to clearly establish the legitimacy of the Development Charge Act, 1989 before the

²⁸ Interview with Bob Seto, Planner, York Regional Board of Education, January 1993.

legal bodies responsible for interpreting this new piece of legislation.

The referral of the first education development charges to the Divisional Court of Ontario by the development industry is possibly a reflection of the concern felt by this sector over the potential for additional high costs to the industry resulting from the powers granted to school boards to levy charges. While the industry has reconciled itself to development charges levied by local and regional municipalities, the right of school boards to implement development charges is being fought at what may turn out to be considerable expense.

5.0 Residential Development Charge Implementation in Ontario

The following chapter considers the effects of development charges with respect to housing pricing and provision. Clearly there are impacts detrimental to affordable housing in particular, the housing industry in general, and to communities which are the result of development charges, despite the provisions of the Development Charges Act 1989 in support of affordable housing in Ontario.

Following the discussion of the development charge and housing, a comparative analysis of municipalities in southern Ontario is provided. This analysis considers the relationship between the amount of the residential development charge levied (in municipalities where a charge has been calculated), base population, population growth rates between 1986 and 1991, and location (for upper and lower levels of municipal government in this region of the province). Municipalities considered in this study have been categorized on the basis of the characteristics which they have in common, with discussion of the implications for future growth, housing provision, and levels of service. Four distinct categories of municipalities are discussed which have particular characteristics which influenced whether or not a residential development charge was implemented and the amount of the residential development charge implemented (in municipalities which did implement a charge).

5.1 Effects on Housing and Community Development

A review of literature presently available pertaining to housing pricing and provision as it relates to development charges suggests that there are impacts detrimental to the housing industry, the commercial/industrial sector, and to communities which are the result of development charges. These negative effects of development charge implementation are discussed in further detail below.

5.1.1 Housing and the Housing Industry

Drafting of Bill 20, the precursor to the Development Charges Act, 1989 took place in the 1987-1989 period, during which the Greater Toronto Area witnessed rapid growth, dramatically escalating housing prices, and, generally speaking, problems in housing supply. A policy statement titled Land Use Planning for Housing was released at the approximately the same time that the Act was passed and emphasized the concern of the government of the day with the problem of housing affordability. Issued by the Ministry of Municipal Affairs in Ontario under the authority of the Planning Act, 1983, the policy statement's stated objectives included the following: ²⁹

- " i. To foster municipal land use planning practices which

²⁹ Ministry of Municipal Affairs, Land Use Planning for Housing, Policy Statement issued under the authority of Section 3 of the Planning Act, 1983, July 13, 1989, p. 4.

are responsive to housing need throughout the Province, and

- ii. To contribute, along with other provincial initiatives, to the overall goal of providing a sufficient supply of a range of housing types which are accessible, affordable, adequate and appropriate to the needs of the full range of households in Ontario. "

To this end, the statement indicated that the policy of the Province of Ontario was that: ³⁰

"All planning jurisdictions, including municipalities and planning boards, consider the implications of their actions on the availability of housing to meet future local, regional and provincial needs. "

At the same time, acknowledgement of the importance of the affordable housing issue was made in Section 3(5) of the Development Charges Act, 1989, where provision was made for exemptions from payment of development charges for this category of housing as indicated below: ³¹

A development charge by-law may . . .

" (c) designate categories of dwelling units as affordable

³⁰ Ministry of Municipal Affairs, Ibid, p. 5.

³¹ Ministry of the Attorney General, Development Charges Act, 1989, Queen's Printer for Ontario, page 12.

- housing; and
- (d) provide for a full or partial exemption of designated categories of affordable housing from the payment of development charges. "

Critics of the legislation suggest that the reduction in development charges to affordable housing is of more benefit to the Government of Ontario than anyone else, since any reduction here means less grants and subsidies by the province to help achieve an "affordable" level of housing cost. The transfer of fiscal responsibility will thus take place from the government to the property taxpayer, either existing or new. Planners familiar with municipal finances suggest that a more effective option for providing municipal assistance to affordable housing would be through a municipal grant rather than a complication of the already complex development charge system.³²

Representatives from the development industry and the affordable/non-profit housing sector have strongly criticized the development charge legislation because of its effect on housing provision and pricing (discussed in further detail below). These groups point out that municipalities implementing development charge by-laws rarely make use of the provision of the Act which allows for exemption of affordable housing and they voice concerns that development charge costs are passed on to homebuyers through increased housing prices.

³² Sydney Morehouse, "Lot Levy Legislation - again?", Municipal World, March 1989, p. 71.

Difficulties in defining, with any degree of precision, the term "affordable housing" would seem to be one of the main obstacles in preventing municipalities from targeting affordable housing for exemption. Questions about whether it would include co-operative housing, public housing, non-profit housing, and even market housing which is at the low end of the market in terms of price, probably cause municipal councils to shy away from the issue altogether.

While the intent of development charge legislation is to shift the burden of financing infrastructure for new development from the municipality to landowners and developers, it would seem that in certain housing markets, costs of the charges are passed on to the homebuyer. All material which was presently available on impacts of residential development charges concludes that increases in housing costs are one negative by-product of the levy with impacts, presumably, on all those involved in the provision and consumption of this commodity.

Briefs and presentations since 1989 by the southern Ontario development industry on the subject of residential development charges have raised concerns about the effect of the levy on housing prices in particular and the development industry in general.

Pointing out that the burden of development charges are borne by new home buyers, spokespersons for the development industry have consistently indicated that the charges will have a negative impact on the provision of non-profit housing in particular. As the development charges are an "up-front" cost,

assuming that the value is capitalized into the value of a new home, a homebuyer would pay approximately \$29,500 in additional interest payments over a 25 year mortgage if the residential development charge is \$10,000 (assuming 13% mortgage rate).³³

The coincidence of the economic recession in North America, particularly severe in the Province of Ontario, with the implementation in many municipalities in southern Ontario of development charges by-laws, heightened concerns that the levies have exacerbated the economic slowdown since 1991. An official with the Urban Development Institute, an association of builders in the GTA, indicated that building trade unemployment rose to an estimated 80 per cent in some sections of the development industry by February 1991, and total building permit value in 1990 dropped 47%, or more than \$2.2 billion, over 1989 activity in the GTA, blaming in part introduction of development charges.³⁴

While the intent of development charges, as described above, is to allocate the costs of development to those responsible for incurring it, according to some housing policy planners, developers, at least, are unlikely to bear the cost of development charges in the long term. While landowners may pay a portion of these costs, these authors conclude that homeowners and renters ultimately pay the majority of the costs of residential development charges:

³³ Urban Development Institute Pacific Region, "Discussion Paper on Development Cost Charges and Levies: Alternative Financing Mechanisms for Infrastructure", November, 1990, p. 4.

³⁴ Brian Dexter, "York Developers Seeking Relief From Lot Levy Fees", Toronto Star, February 21, 1991.

"Where development impact fees are assessed on housing, residents of new and existing housing ultimately pay them in the form of higher purchase prices and rents, or of lower housing quality."³⁵

A 1989 study prepared by the Urban Analysis Group in London, Ontario draws similar conclusions although it suggests that developers, where possible, will attempt to transfer some of the development charge costs back to farmers or landowners in the form of reduced raw land prices.³⁶

According to a recent study of short- and long-term effects of development charges on housing markets and housing prices in the United States housing market and housing supply conditions, to a certain extent, determine whether the homebuyer, developer, or both will bear the burden of the charge.³⁷ Authors of this study considered different types of housing markets and supply conditions and found that the ability of developers to pass on the costs of development charges varied a great deal depending on the conditions. In addition, the segment of the housing market which developers aimed their

³⁵ F.E. Huffman, Jr., A.C. Nelson, M.T. Smith, and M.A. Stegman, "Who Bears the Burden of Development Impact Fees?", Development Impact Fees: Policy Rationale, Practice, Theory and Issues, p. 321.

³⁶ Urban Analysis Group, The Logic and Implications of Educational Development Charges: A Study for the Ontario Home Builders Association and the Urban Development Institute, London, Ontario, September, 1989, p. 39.

³⁷ F.E. Huffman, Jr., A.C. Nelson, M.T. Smith, and M.A. Stegman, Ibid, p.315.

product to varied.

In markets where buyers are insensitive to price (eg, small urban centres where competition is limited or a "seller's market" where housing is in high demand) and where there are no barriers to entry by developers (such as high land prices, land use regulations or development charges) developers can mark up housing costs by nearly the full amount of the development charge with the homebuyer bearing the cost of charges. In a housing market where buyers are insensitive to price changes but there are barriers to entry by developers (desirable places within larger urban areas such as Cabbagetown and the Annex within Toronto), developers will change their market orientation to higher income households. Lower- and middle-income households will be squeezed out of the community and into nearby communities that are close substitutes and homebuyers again pay most of the cost of the development charge. In the most common market situation, where homebuyers are sensitive to price changes and there are no barriers to developer entry, both buyers and developers share the burden of the charge, though in the long term, the authors conclude, homebuyers will share the largest share of the development charges as developers bring their product to the market when profits return to levels experienced before the implementation of development charges.

Along with municipalities (who gain from a new source of revenue), the clear beneficiaries of development charges are considered to be the owners of existing real estate who had ownership before the development charges were

implemented.³⁸ Higher costs per unit of land, as a result of development charges, reduce supply of the serviced land within a municipality until excess demand forces existing serviced land and existing housing to rise in value. Owners of existing holdings stand to gain increased profits if their property is competitive with new buildings that must pay a development charge.

One undesirable consequence of widespread imposition of development charges, according to a 1978 study prepared by a Federal/Provincial Task Force, may be a favouring in the housing development industry of larger, integrated development firms relative to smaller companies. The study suggests that lot levies increase a developer's costs prior to receipt of revenues from the sale of lots, thus potentially producing cash flow problems and an increase in the financial resources required by land development firms. The result may be a favouring of larger more established firms, with increased standardization in the suburban landscape and more limited range of choices of housing available to home buyers.³⁹

5.1.2 Community and Regional Development

In terms of the impact of development charges on the development of communities, development charges may serve to increase the attractiveness of

³⁸ F.E. Huffman, Jr., A.C. Nelson, M.T. Smith, and M.A. Stegman, Ibid, p. 321.

³⁹ Urban Analysis Group, Ibid., p. 40.

some communities at the expense of others.⁴⁰ Communities with real estate markets that are modestly insensitive to price and which have barriers to developer entry gain three windfalls. First, the property tax base rises as prices rise to pay the fee. Second, as prices rise, only more affluent occupants move into the community, thereby increasing taxable sales throughout the community. Third, as affluent occupants displace lower income occupants, community expenditures for indigent services fall. Other communities therefore will bear the burden of displaced development and increased fiscal stress.

Considerations of attractiveness of communities and competitiveness with neighbouring jurisdictions were clearly an important factor in the public discussions involved in many southern Ontario municipalities' process of implementation of development charges over the past two years. While the issue of competitiveness focused primarily on use of the non-residential development charge and its effect on the development of a commercial and industrial base for a municipality, the effect of residential development charges on the socio-economic development of a community were an issue as well:

" Where development. . . impact fees are assessed on non-residential development, especially offices, the fees will push tenants who are sensitive to rising rent levels out of the community and will dissuade prospective tenants from choosing that jurisdiction. The jurisdiction is then denied a certain amount of

⁴⁰ F.E. Huffman, Jr., A.C. Nelson, M.T. Smith, and M.A. Stegman, Ibid, p. 321.

future economic development."⁴¹

On a larger scale, development charges may have a detrimental role in exacerbating some of the disparities that are evident between regions in the Province of Ontario and, if widely used across Canada, between provinces. In the Canadian federal system, senior levels of government have traditionally played an important role in the redistribution of wealth, through application of consistent standards for various services throughout the country and through funding of these services through direct program administration or grant funding.

While regional disparities continue as an intractable problem in the Ontario and Canadian economy, the redistributive efforts of these levels of governments serve to provide, to a great extent, a more common level of services throughout the Province of Ontario and throughout Canada than might otherwise be the case. In Newfoundland, for example, a "have-not" province, the quality of medical care may well rival that available in Alberta, one of the wealthier provinces, while within the Province of Ontario, citizens in the Town of Kincardine⁴² may make use of a sewer system which may only have

⁴¹ F.E. Huffman, Jr., A.C. Nelson, M.T. Smith, and M.A. Stegman, "Who Bears the Burden of Development Impact Fees?", Development Impact Fees: Policy Rationale, Practice, Theory and Issues, p. 321.

⁴² The Town of Kincardine, located on Lake Huron, had a 1991 population of 6,585 according to the Census. A municipality of this size is unlikely to have the financial resources to undertake development of a sewerage system by itself and would receive Ministry of Environment grants.

realistically been afforded by towns with a much larger population.

Development charges are a financing mechanism, the authority of which to use has been granted to lower levels of government by senior levels which are intent on off-loading responsibility and program financing costs. As upper levels of government play less and less of a role in "levelling" the services across the Province and/or Canada, it appears likely that levels of service will be dramatically different across the province, for example, or at least cost significantly different amounts to end users depending on the fiscal health of the local municipality.

5.2 A Comparative Analysis of Residential Development Charges in Southern Ontario

5.2.1 Introduction

The following two sections consider patterns which can be discerned in the application of development charges in local municipalities in southern Ontario since the passage of the Development Charges Act, 1989. The relationship between the location of a municipality, the municipality's annual average population growth rate between 1986 and 1991, and the total amount of residential development charge which has been implemented has been considered. As a result, four distinct categories of municipalities with particular characteristics which influenced whether or not a residential development charge was implemented and the amount of the residential development charge implemented are discussed in the following sections.

For the purposes of this analysis, only residential development charges in southern Ontario jurisdictions have been considered in this chapter's discussion. While residential and non-residential development charges are often included in the same development charges by-law, residential development charges more readily offer the opportunity for comparison since all residential development charge amounts are described per single family dwelling. Non-residential development charges, on the other hand, vary widely as to the method of application. While in most jurisdictions, all non-residential property may be subject to a uniform non-residential development charge, in other jurisdictions institutional, commercial and industrial lands may be subject to differing charges. Further, while a non-residential development charge is commonly levied per unit of building area, some jurisdictions choose to levy the charge against the gross land area, or, in a small number of jurisdictions, using a combination of the two methods of calculation. Numerous other divergent approaches to application of the non-residential development charge, in addition to those described above, make comparison of non-residential development charges in southern Ontario much more difficult than a comparison of residential development charges; therefore, the following discussion of development charges considers only residential levies.

Maps which identify the location of each of the local and regional municipalities included in this chapter's analysis are provided in Figures A.1 to A.6 in Appendix A. These maps have been prepared by the Ministry of Municipal Affairs and reprinted in this practicum with their permission.

Data pertaining to residential development charge amounts are derived from a

development charges survey conducted by C.N. Watson and Associates Limited, a Toronto consulting organization specializing in municipal finance. Prepared during the first three months of 1992, the survey indicates residential and non-residential development charges for over 360 of the largest municipalities in Ontario, including all municipalities which are within "upper tier" regional municipalities.⁴³

Since regional and local municipality responsibility for services such as water, sanitary sewer and solid waste vary significantly between regional municipalities in Ontario, in order to make comparisons between municipalities on a common basis, development charges which have been levied by regional municipalities or counties, local municipalities, and local utilities (under the jurisdiction of local municipalities) have been combined. Since only two regions have school boards which have implemented education development charges as of January 1993 and a number of others are anticipated within the next number of years, education development charges have not been included with regional, local and utility residential development charges for analysis in the following section.

As discussed in Section 4.2, residential development charges implemented by local and regional municipalities do not necessarily reflect the development charge amounts recommended in consultants' studies considered necessary to offset growth-related infrastructure capital costs in the municipality over the study period. Municipalities implementing residential development charges

⁴³ C.N. Watson and Associates Limited, 1992 Survey of Ontario Municipal, Utility and School Board Development Charges, Toronto, April 1992.

lower than the amounts recommended in these studies did so with the recognition that the net difference between the revenues collected from residential development charges and the expenditures on growth-related residential infrastructure development within a municipality will have to be paid for out of the general revenue of the municipality, i.e, primarily from property taxation.

Census population data for 1986 and 1991 have been utilized from a Statistics Canada publication released in 1992 which indicates population and dwelling counts by census division and subdivision for Canada.⁴⁴ In the case of southern Ontario, these subdivisions correspond to local municipalities and Indian reserves. On the basis of the census population data provided in the publication, average annual population growth between 1986 and 1991 has been calculated for 579 local municipalities in southern Ontario.⁴⁵

Residential development charges and average annual population growth rates between 1986 and 1991 for each of the local and regional municipalities in southern Ontario which have implemented development charges are indicated in

⁴⁴ Statistics Canada, Population and Dwelling Counts: Census Divisions and Subdivisions, Catalogue No. 93-304, Ottawa, Minister of Industry, Science and Technology, 1992, p. 60-78.

⁴⁵ "Upper level" municipalities, including counties and regional municipalities (which total 33 in southern Ontario) have not been had average annual population growth rates prepared as these municipalities are comprised of local municipalities. However, the development charges levied by these levels of municipal government have been included in the analysis of development charges as indicated in Section 5.1.2.

Table B-1 in Appendix B and summarized in Table 5-1 in this chapter. Of the 612 local and regional municipalities in southern Ontario considered in this analysis, 413 had not implemented development charges as of Spring 1992. Average annual population growth rates between 1986 and 1992 for these municipalities are indicated in Table B -2 in Appendix B and summarized in Table 5-1 in this chapter.

In order to illustrate more graphically the relationship between development charges and population growth in the 1986-91 period, charts have been prepared which indicate the corresponding average annual population growth rate between 1986 and 1991 for each individual local municipality which has implemented a residential development charge, by region or county. These data are indicated in Charts B-1 to B-19 in Appendix B.

5.2.2 Influence of Locational, Growth and Population Size Factors in Charge Determination

Residential development charges which have been levied in 199 local and regional municipalities in southern Ontario as of Spring 1992 have been evaluated in this chapter in addition to 413 local municipalities which did not implement them. In local municipalities where both local and regional levels of government have levied a residential charge, these charges have been combined to indicate a total residential development charge applicable in the local municipalities, as detailed in Section 5.1. Therefore, a total of 190 local municipalities in southern Ontario (whose residential development charges include "upper level" regional residential development charges) have been segregated into three categories as indicated in Table 5-1 while a fourth category

considers municipalities which have not implemented a residential development charge. These categories include:

1. Local municipalities which, as of Spring 1992, has no local or regional residential development charge implemented in their jurisdictions. Many of these municipalities had development charge studies underway at the time of the development charge survey undertaken in Spring 1992 and may have subsequently passed development charge by-laws; however, as the C.N. Watson and Associates study is the most recent comprehensive development charge survey available, it has been utilized for the purposes of this analysis.
2. Local municipalities situated outside the Greater Toronto Area and the Ottawa-Carleton Region which had either a local or regional residential development charge, or both, implemented in their jurisdiction by Spring 1992 and which experienced a low average annual population growth rate between 1986 and 1991.
3. Local municipalities situated in the Greater Toronto Area and the Ottawa-Carleton Region which had either a local or regional residential development charge, or both, implemented in their jurisdiction by Spring 1992 and which experienced a low average annual population growth rate between 1986 and 1991.
4. Local municipalities located in close proximity to Metropolitan Toronto and the City of Ottawa which had either a local or regional residential development charge, or both, implemented in their jurisdiction by Spring 1992

and which experienced a high average annual population growth rate between 1986 and 1991.

5.2.2.1 Category One Municipalities

Municipalities which have not implemented development charge by-laws in the Province of Ontario total 413, of which 389 are local municipalities and 24 regional municipalities. None of these municipalities are located in close proximity to the two most rapidly expanding urban centres in southern Ontario, the Greater Toronto Area and the Ottawa-Carleton Region.

As indicated in Table 5-1, annual population growth between 1986 and 1991 averaged 1.74% in these municipalities while population in 1991 in the 389 local municipalities averaged 5,235. Further data on individual municipalities which had not implemented residential development charges by Spring 1992 is indicated in Table B-2, Appendix B.

Generally, it can be assumed municipalities in this population range would not have the necessary financial and manpower resources to undertake the minimum ten years of capital budget forecasting required by the Development Charges Act, 1989 for proper calculation of an appropriate development charge, since, historically, few municipalities prepare capital budget forecasts beyond three years. In addition, the costs of the development charge study itself, estimated at between \$10,000 and \$20,000 for rural municipalities with no major sewer and waterworks, represents a substantial investment by the municipality relative to its annual expenditures and to the revenues which would be raised annually by

TABLE 5-1

DEVELOPMENT CHARGES AND RATES OF GROWTH AMONG SOUTHERN ONTARIO MUNICIPALITIES

	AVERAGE ANNUAL RATE OF POPULATION GROWTH		DEVELOPMENT CHARGE (PER SINGLE FAMILY DWELLING)		AVERAGE 1991 MUNICIPALITY POPULATION
	MEDIAN	AVERAGE	MEDIAN	AVERAGE	
1 MUNICIPALITIES WITH NO DEVELOPMENT CHARGE BY-LAW 389 LOCAL MUNICIPALITIES, 24 REGIONAL MUNICIPALITIES	1.47%	1.74%	\$0	\$0	5,235
2 MUNICIPALITIES WITH DEVELOPMENT CHARGE BY-LAWS MUNICIPALITIES WITH LOW POPULATION GROWTH 153 LOCAL MUNICIPALITIES AND 4 REGIONAL MUNICIPALITIES	2.52%	2.73%	\$3,563	\$4,217	19,278
3 MUNICIPALITIES WITH DEVELOPMENT CHARGE BY-LAWS URBAN MUNICIPALITIES WITHIN METROPOLITAN TORONTO AND OTTAWA-CARLETON REGION 7 LOCAL MUNICIPALITIES	0.75%	0.67%	\$5,120	\$6,091	308,611
4 MUNICIPALITIES WITH DEVELOPMENT CHARGE BY-LAWS HIGH GROWTH MUNICIPALITIES ON PERIPHERY OF GREATER TORONTO AREA AND OTTAWA-CARLETON REGION 30 LOCAL MUNICIPALITIES AND 5 REGIONAL MUNICIPALITIES	5.03%	5.50%	\$11,804	\$11,188	74,495

73

(1) AVERAGE POPULATION EXCLUDING TWO SMALLEST MUNICIPALITIES WITH POPULATIONS OF 2,113 AND 18,426

SOURCES: C.N.WATSON AND ASSOCIATES LT 1992 SURVEY OF ONTARIO MUNICIPAL, UTILITY AND SCHOOL BOARD DEVELOPMENT CHARGES
STATISTICS CANADA CATALOGUE 93-304 - POPULATION DATA FROM 1986 AND 1991 CENSUS

implementation of a development charge.⁴⁶

Of the 389 local municipalities which are in category one, 247 (63.5%) are townships, 96 (24.7%) are villages, 38 (9.8%) are towns, 7 (1.8%) are cities and 1 (0.3%) is a borough. Overall, local municipalities in this category could be characterized as rural municipalities with a relatively low population. Levels of service provided by smaller municipalities in the Province of Ontario are generally lower than those provided in larger urban areas and therefore capital costs related to any growth occurring in these municipalities may be considerably less than would be incurred in municipalities which have higher levels of service.

Lower levels of service (relative to those provided in large urban centres) may prevail for roads, storm sewers, and fire protection while other services, growth-related costs of which are considered eligible for inclusion in development charges, may not be provided at all. These include sewage collection and treatment, solid waste collection and disposal, water treatment and distribution, transit, libraries, homes for the aged, ambulance services, and parks and recreation.

Furthermore, low population growth rates in this category of municipalities, averaging 1.74% per year between 1986 and 1991, in combination with a low population base and low service standards, suggest that there are minimal

⁴⁶ W.D. Russell, "Ontario's Development Charges Act: It's a 'zinger!", Municipal World, March 1990, p 15.

infrastructure investments which would necessitate taking advantage of the development charge as a revenue-raising instrument.

In summary, this category of municipality is characterized by municipalities which have a relatively small population and which are primarily rural, in that they provide lower levels of services than would prevail in urban centres. These municipalities experienced relatively low population growth in the 1986-91 period and subsequently have minimal growth-related capital costs related to infrastructure development which would necessitate utilization of the development charge as a revenue-raising instrument.

In addition, because of their low average population levels, these municipalities lack financial and manpower resources to undertake the long term budgeting and population forecasting necessary for development charge calculations and may view the cost of undertaking a development charge study as a relatively expensive proposition.

Municipalities in this category may have elected not to implement a residential development charge for many reasons, as described above, including the inability to prepare long-range capital budgets, the high costs of development charge by-law preparation, low service standards (with fewer growth-related capital costs), low population growth, or because of concerns about competitiveness, i.e. that the development charge would make their municipality less attractive for residential, commercial, and/or industrial development. These municipalities may find themselves in an unfavourable position in the future as grants, subsidies, and direct transfers, which in 1988 represented 30.5% of

municipal revenue in Ontario, are reduced as part of an effort by the Province to control its expenditures and debt problem.⁴⁷

Municipalities which have implemented development charges accumulate development charge reserves which are then used to cover all or a part of the cost of long-range growth related capital projects. For example, these projects might include a sewage treatment plant, major roads, waterworks system, or waste disposal site, all of which would be expensive projects planned for (and collected for through development charges) in a ten or twenty year time frame. Municipalities which do not have development charges in place may find that, in the absence of provincial grants and subsidies and without development charge reserves, they will not be capable of assuming the large amount of debenturing required to cover the costs of such projects. As discussed in Section 5.1.2, this situation may aggravate regional disparities which already exist within the Province of Ontario.

5.2.2.2 Category Two Municipalities

A second category of municipalities identified from local and regional municipalities in southern Ontario surveyed in Spring 1992 include those which have a relatively small population base, experienced moderate population growth in the 1986-91 period and which implemented a residential development charge since passage of the Development Charges Act, 1989.

⁴⁷ Gary Scandlan, "Municipal Sources of Revenue", Municipal World, October 1992, page 16.

As indicated in Table 5-1, 157 development charges by-laws have been implemented in 154 local municipalities which can be characterized by the above description.⁴⁸ Annual population growth in these municipalities averaged 2.73% during the 1986-91 period, compared to an annual average population growth rate of 2.07% in the Province of Ontario overall during this period.

The residential development charge for municipalities within this category averaged \$4,217 per single family dwelling in 1991 while the median charge was \$3,563 per single family dwelling.⁴⁹ A comparison of 1986-91 annual average population growth rates with residential development charges is indicated for each individual municipality in this category in Charts B-5 to B-17 in Appendix B.

With a higher average 1991 population than municipalities which have not implemented a residential development charge, 19,278 compared to 5,234, and higher average annual population growth in the 1986-91 period, these municipalities clearly have growth-related infrastructure costs which would justify preparation and implementation of development charges. Costs for preparation of a development charge study and by-law by consultants for

⁴⁸ Regional development charges apply in addition to local development charges in some municipalities.

⁴⁹ The median development charge is the development charge which is situated in the middle of the range of development charges, i.e. one-half of all development charges in this category are less than the median development charge while one-half are greater.

municipalities in this size range are estimated at \$15,000 to \$35,000.⁵⁰

Of the 153 local municipalities which comprise this category, 74 (48.4%) are townships, 47 (30.7%) are towns, 9 (5.9%) are villages, and 23 (15.0%) are cities. A further breakdown of the data for this category of municipalities indicates that average annual population growth between 1986 and 1991 for the 130 municipalities which could be characterized as rural in nature was 2.91% while the average residential development charge was \$3,974 in 1992. Average annual population growth for the 23 cities within this category was 1.75% while the average residential development charge was \$5,588 in 1992.

Of the municipalities within this category which are not cities (130 townships, towns and villages), most are unlikely to provide the wide range of services which would be offered in urban municipalities or provide relatively low levels of service to their population for the services which do exist. However, as they experienced average annual growth rates in the 1986-91 period which were higher than the average growth experienced in the Province of Ontario during that same period (2.91% compared to 2.07%), there are significant infrastructure costs related to accommodating this growth which are eligible for inclusion in a development charge.

Within this category of municipalities, 23 which are designated as cities (and which had an average 1991 population of 85,739) would provide higher levels

⁵⁰ W.D. Russell, "Ontario's Development Charges Act: It's a 'zinger!", Municipal World, March 1990, p 15.

of service and a wider range of services than those provided in rural areas.⁵¹ While these municipalities experienced lower average population growth than the rural municipalities in this category because of the higher infrastructure costs associated with provision of the services to accommodate this growth, the residential development charge implemented averaged \$5,588, slightly higher than that implemented in rural municipalities within this category.

With respect to the effect of development charges on the housing market and housing prices within the municipalities in this category (in light of the discussion about the relationship between development charges and housing prices above), one would conclude that both homebuyers and developers would share the burden of the fee. In the present housing market in the municipalities located away from the Ottawa-Carleton Region and the Greater Toronto Area, homebuyers are sensitive to price changes while the low costs of land, low development charges, and the relatively low level of land use regulation present few barriers to developer entry into the housing market. Development charges are likely to have a minimal impact on housing prices in this group of municipalities, given the average residential charge in this category of municipalities and the sensitivity of homebuyers to changes in housing prices.

In summary, this category of municipalities is located away from high growth

⁵¹ These services provided in urban areas in category two municipalities may be extensive and include sewage collection and treatment, water treatment and distribution, recycling, solid waste collection and disposal, fire protection, ambulance services, libraries, roads, transit, parks and recreation, and homes for the aged, among others.

urban municipalities in the Greater Toronto Area and the Ottawa-Carleton Area and includes both rural and urban municipalities which have experienced a moderate average annual growth rate in the 1986-91 period, comparable to that experienced by the Province of Ontario overall. Higher service standards and wider range of services offered in the 23 cities within this category are offset by lower than average population growth rates such that the residential development charges implemented are similar in amounts to those implemented in the 130 rural municipalities, where levels of service are lower but average population growth rates higher.

Overall, there are moderate growth-related infrastructure costs being incurred in this category of municipality. Clearly, however, these municipalities have opted to take advantage of the opportunity to have development assume the infrastructure costs associated with the growth which they are experiencing, through implementation of the residential development charge.

5.2.2.3 Category Three Municipalities

A third category of municipalities identified in this analysis include those municipalities within the Greater Toronto Area and the Ottawa-Carleton Region which have implemented development charges and experienced relatively low average annual population growth between 1986 and 1991. As indicated in Table 5-1, seven municipalities fall into this category. These municipalities, illustrated in Figures A-2 and A-6 in Appendix A, include the Cities of Etobicoke, North York, Scarborough and York, within Metropolitan Toronto, and the Cities of Vanier and Ottawa, and the Village of Rockcliffe Park within

the Ottawa-Carleton Region.

These municipalities experienced population growth averaging 0.67% annually in the 1986-91 period compared to average annual population growth in the Province of Ontario of 2.07% over the same period.

Excluding the two smallest municipalities, the Village of Rockcliffe Park (population 2,113) and the City of Vanier (population 18,426), whose populations were substantially lower than other municipalities in this category, population in these municipalities averaged 308,611 in 1991.

As indicated in Table 5-1, residential development charges in the seven municipalities in this category averaged \$6,091 per single family dwelling in 1992, with a median development charge of \$5,120 per single family dwelling. A comparison of 1986-91 annual average population growth rates with residential development charges is indicated for each individual municipality in Charts B-1 and B-4 in Appendix B.

The amounts of the residential development charges implemented in these municipalities primarily reflect the low population growth rates which have been experienced in these municipalities which translate to low levels of growth-related capital costs projected for infrastructure development over the ten year period considered in development charge calculations.

While municipalities within this category provide high service standards and an extensive range of services to their residents, infrastructure for these services has

been in place for some time since they are well-established urban areas. What population growth is taking place is generally being directed to areas which are already serviced, ie. infilling and intensification, rather than to new subdivisions as in outlying suburban communities.

While these municipalities may have ongoing programs to extend their extensive range of services to their residents, no capital costs which are related to improvement of the levels of service (over the existing levels of service) may be included in development charge calculation. Moreover, while municipalities in this category have extensive infrastructure developed which entails considerable expenditure to maintain and replace, such costs are specifically prohibited from inclusion in a development charge by the Development Charges Act, 1989.

With respect to the effect of development charges on the housing market and housing prices within the municipalities in this category, one would conclude that most of the costs of development charges would be passed on to homebuyers through higher housing costs, although not as high a portion as in the 1987-1991 housing market during which there was little buyer sensitivity to prices in this region. In addition, developers may be changing their market orientation and catering more towards higher income households which provide a greater profit margin. In the present housing market in the Ottawa-Carleton Region and the Greater Toronto Area, homebuyers are sensitive to price changes while the high costs of land, development charges, and the extensive land use regulation present barriers to developer entry into the housing market. While development charges will be reflected in higher housing prices in this group of municipalities, given the average residential charge in this category of

municipalities, they would have less of an impact on housing prices within this group of municipalities than they would on municipalities in the fourth category of municipalities.

In summary, this category of municipality include well-established urban centres in the Greater Toronto Area and in Ottawa-Carleton Region which have experienced extremely low population growth rates over the 1986-91 period and have a high standard of services and wide range of services which are delivered through an infrastructure which has been in place for a considerable number of years. While residential development charges have been implemented, in terms of the overall capital budgets of these municipalities (which are primarily oriented to maintenance and replacement of the infrastructure), the charges do not play as significant a role as in the municipalities which are included in category two or four.

5.2.2.4 Category Four Municipalities

The fourth category of municipalities considered in this analysis include local municipalities located in close proximity to Metropolitan Toronto and the City of Ottawa which had either a local or regional residential development charge, or both, implemented in their jurisdiction by Spring 1992 and which experienced a high average annual population growth rate between 1986 and 1991.

Municipalities within this category experienced annual growth rates during this period averaging 5.50% compared to an average annual growth rate of 2.07% in the Province of Ontario overall during the same period.

The thirty municipalities within this category are situated on the periphery of the two southern Ontario urban areas which experienced substantial development during the 1986-91 period, the Greater Toronto Area and the Ottawa-Carleton Region and, as a result, are experiencing intense development pressures.

These municipalities, illustrated in Figures A-2 and A-6 in Appendix A, are located in Halton, Peel, York and Durham Regions in the Greater Toronto Area, and in Ottawa-Carleton Region. Of the 30 municipalities, 9 (30.0%) are townships, 13 (43.3%) are towns, and 8 (26.7%) are cities. Population in 1991 in this category of municipalities averaged 74,495.

As indicated in Table 5-1, residential development charges in the 30 municipalities in this category averaged \$11,188 per single family dwelling in 1992 with the median development charge of \$11,804 per single family dwelling. A comparison of 1986-91 average annual population growth rates with residential development charges is indicated for each individual municipality in this category in Charts B-1 to B-4 in Appendix B.

Communities within these municipalities are incorporating or have incorporated high service standards which mirror those offered in neighbouring developed urban areas, including sewage collection and treatment systems, water treatment and distribution, roads (with high standards), waste collection and disposal, recycling systems, transit, libraries, homes for the aged, parks and recreation, ambulance, and fire protection.

With relatively low populations in 1991 compared to the neighbouring urban

municipalities which are described in category three (74,495 compared to 308,611), municipalities in this category are expanding the level of services described above to new communities. However, this development is undertaken in the absence of the large property tax bases and high annual levels of expenditures which larger mature urban municipalities rely upon in order to gain approval for extensive debenture financing of capital works.⁵²

Furthermore, growth in these municipalities is taking place in the context of continued reductions in the level of growth of transfer payments from senior levels of government.

With respect to the effect of development charges on the housing market and housing prices within the municipalities in this category, one would conclude

⁵² Municipalities in Ontario are limited by the Ministry of Municipal Affairs in terms of the debenture financing which they may undertake for capital projects. The total debenture financing for capital projects may not exceed 20% of the total municipal expenditures budgeted for in a year.

Since this restriction is based on total expenditures by the municipality and consequently includes transfers from senior levels of government, recent substantial increases in welfare costs to municipalities have resulted in higher levels of allowable levels of debenture financing. Welfare costs are financed 80% by the provincial government and 20% by municipalities, resulting in inflated "expenditure" levels achieved by local municipalities.

Changes to the system of calculating debenture financing limits on Ontario municipalities which are being considered would limit the expenditures considered as the basis for calculating debenture financing as exclusively those derived from "own source " revenue, i.e. revenues raised by the municipality itself, rather than derived from other levels of governments. However, in terms of overall authority to borrow for capital projects, local municipalities in the Province of Ontario have consistent controls placed upon them.

that most of the costs of development charges would be passed on to homebuyers through higher housing costs, although not as high a portion as in the 1987-1991 housing market during which there was little buyer sensitivity to prices in this region. In addition, developers may be changing their market orientation and catering more towards higher income households which provide a greater profit margin. In the present housing market in the Ottawa-Carleton Region and the Greater Toronto Area, homebuyers are sensitive to price changes while the high costs of land, development charges, and the extensive land use regulation present barriers to developer entry into the housing market. Given the high average development charge in this category of municipalities, of all categories of municipalities discussed in this analysis, development charges would have the most impact on housing prices within this group.

5.2.2.5 Conclusions

Generally, municipalities which have not utilized the development charge mechanism are municipalities which have a relatively small population and which are primarily rural, in that they provide lower levels of services than would prevail in urban centres. These municipalities experienced relatively low population growth in the 1986-91 period and subsequently have minimal growth-related capital costs related to infrastructure development which would necessitate utilization of the development charge as a revenue-raising instrument.

In addition, because of their low average population levels, these municipalities lack financial and manpower resources to undertake the long term budgeting and population forecasting necessary for development charge calculations and may

view the cost of undertaking a development charge study as a relatively expensive proposition. As such, then, growth-related infrastructure costs which are incurred by these municipalities are borne by existing residents.

Moderate growth municipalities which are located away from high growth urban municipalities in the Greater Toronto Area and the Ottawa-Carleton Area include both rural and urban municipalities. With a higher average population than municipalities which have not implemented a residential development charge (19,278 compared with 5,235) this category of municipalities provide slightly higher service standards and wider range of services. Overall, there are moderate growth-related infrastructure costs being incurred in this category of municipality; enough, however, that these municipalities have opted to take advantage of the opportunity to have development assume the infrastructure costs associated with the growth which they are experiencing, through implementation of the residential development charge.

Large urban centres in the Greater Toronto Area and in Ottawa-Carleton Region (average population 308,611) which have experienced extremely low population growth rates over the 1986-91 period have also implemented moderate residential development charges. These municipalities provide a high standard of services and wide range of services to their residents which are delivered through an infrastructure which has been in place for a considerable number of years. While levies have been implemented, in terms of the overall capital budgets of these municipalities (which are primarily oriented to maintenance and replacement of the infrastructure), the charges do not play as significant a role in their municipal finance system as in other municipalities which are

implemented them in southern Ontario.

Rapidly growing municipalities on the periphery of the largest urban areas in Ontario have a relatively low population in 1991 compared to the neighbouring urban municipalities described above (74,495 compared to 308,611); however, these municipalities are undertaking the expansion of high level of services and a wide range of services to new communities. This infrastructure development is being undertaken in the absence of the large property tax bases and high annual levels of expenditures which larger mature urban municipalities rely upon in order to gain approval for extensive debenture financing of capital works. Furthermore, growth in these municipalities is taking place in the context of continued reductions in the level of growth of transfer payments from senior levels of government, necessitating heavy reliance on the development charge financing instrument (the median development charge level in the thirty municipalities in this group was \$11,804 per single family dwelling, excluding education development charges).

Assuming a continuing trend towards lower growth in overall transfer payments from senior levels of governments, it can be conjectured that, unless other revenue-raising financing mechanisms are made available to upper and lower level municipalities in southern Ontario, development charges will see wider application in this region, especially in municipalities which experience population growth and are not willing to have existing ratepayers assume the full costs of this growth. The patchwork application of residential development charges across this region of Ontario may have wider implications in terms of community development and regional disparities, as discussed in Section 5.1.2..

6.0 The Future of Development Charges in Ontario

6.1 Introduction

Legislation enabling application of development charges can be seen as part of a larger move by the provincial government in Ontario to grant wider taxation powers to municipal governments. Accompanying these new taxation powers is the responsibility for raising of revenues from their own sources, in place of the grants and transfers from upper levels of government, which made up 30.5% of municipal revenues in Ontario in 1988.⁵³ The development charges is only one of many revenue raising tools which are under consideration for implementation in order to allow for increased revenue to municipalities as provincial and federal governments reduce the rate of transfers to them. A number of revenue-raising measures and instruments which have considered by the public and private sector as alternatives to the development charge are discussed in Section 6.2.

This final section in this chapter, Conclusions, considers the role of development charges in the Province of Ontario in the future in light of the trends in financing at provincial, local and regional municipality and school board levels. The implications of this in terms of housing provision and pricing and community development are drawn from the discussions on housing and

⁵³ Gary Scandlan, "Municipal Sources of Revenue", Municipal World, October 1992, page 16.

from the comparative analysis undertaken in Chapter Five.

6.2 Alternative Revenue-Raising Mechanisms

6.2.1 Introduction

A number of alternative financing mechanisms to development charges are discussed below in order to place development charges in the context of other revenue-raising mechanisms available to municipal governments. While at present the development industry is the segment of society primarily in opposition to development charges and responsible for enunciating alternatives to them, this section discusses both public and private initiatives in alternative municipal financing mechanisms.

Development charges have been greeted uniformly by the development industry in the Province of Ontario with a great deal of negative publicity, primarily organized by the Home Builders Association of Ontario and the Urban Development Institute, organizations primarily responsible for appeals of local and regional development charges to the Ontario Municipal Board and of the education development charges to the Divisional Court of Ontario. In other areas of North America, there is less consistency in the way in which the development industry views this levy as indicated below:

"Paradoxically, developers in many areas have been among the strongest supporters of the use of development charges and other non-property tax forms of revenue to finance infrastructure development . . . They fear moratoriums might be placed on

development if there are insufficient public facilities to accommodate new developments. In addition, many developers view development charges as a form of leverage: they can then demand the necessary public facilities they need in order to develop this land in a timely and orderly fashion.⁵⁴

6.2.2 Alternative Financing Mechanisms

Three financing approaches which would have relevance in the Province of Ontario are discussed in the following sections. One of these approaches, the Value Capture financing mechanism, was identified in a Province of Ontario Ministry of Municipal Affairs study and has been considered as a means of infrastructure financing such as the subway facility extension. A financing mechanism which especially lends itself to redevelopment areas, Special District Financing, has been developed in a discussion paper provided by the Urban Development Institute while a financing mechanism with special application in the financing of educational institutions, Leaseback Financing, discussed in a report prepared by the Urban Analysis Group is considered.

6.2.2.2 Value Capture

Value Capture refers to situations where commercial value created by the infrastructure, or by rezoning of land, is obtained by government and used to help finance the infrastructure. The value created usually results from the

⁵⁴ Snyder, T.P. and Stegman, M.A., Paying For Growth : Using Development Fees to Finance Infrastructure, The Urban Land Institute, 1988, p. 7.

ability to develop land for commercial or residential purposes and therefore is of most relevance where the infrastructure results in increased land value, or the ability to generate new commercial revenues.⁵⁵ The Lion's Gate Bridge in Vancouver, British Columbia was financed through this method and the Ontario Provincial Government considers it one of the potential financing arrangements for the subway transit extensions.

Value capture is most appropriate in situations where surrounding land value is enhanced through an infrastructure project. This value can be "captured" in a variety of ways by government, through selling of commercial development rights or through the levying of a special tax on property that has acquired added value because of the infrastructure development.

Typically, government would initiate the infrastructure project and acquire necessary land, through expropriation as necessary. Specific parcels of land would be transferred to the private sector and long term rights to conduct commercial activities on government property would be granted. The private sector raises the necessary financing, assuming whatever risk is involved, and develops the infrastructure to government specifications. Government is responsible for operation of the infrastructure once it is developed while the private sector is free to develop commercial potential on the property and/or sell the land (ie. the specific parcels which have been transferred) or commercial rights or it may operate commercial activities associated with the infrastructure.

⁵⁵ Ministry of Municipal Affairs, Study of Innovative Financing Approaches for Ontario Municipalities : Final Report, March, 1991, p.22.

Clearly this type of financing arrangement would have limited application and would only be appropriate where there is significant potential commercial activity and/or demand for residential accommodation. As such, there would be limited application possible in smaller communities where there is less potential for concentrated commercial and residential development. In addition to transportation infrastructure development in medium-sized and larger communities, applications where it could potentially be used include recreational facilities such as community centres or community swimming pools.

The advantage to government of a financing arrangement of this nature lies in the guarantee of minimal risk since the private sector assumes financing risk (raising capital and carrying interest rate and foreign exchange risk), project risk (committing to facility development at a fixed price), and commercial risk (assumes the risk that commercial rights will not be as valuable as anticipated). In addition, the cost of the infrastructure will be significantly reduced since the major costs associated with the project are land acquisition costs, with the private sector responsible for infrastructure development costs. At the same time, the government waives the opportunity for reaping any of the rewards from increased value in the land or commercial development rights, which could be significant in an expanding economy.

A major disadvantage of the value capture financing mechanism lies in its limited application since, as described above, it is best suited to transportation infrastructure projects and recreational facility projects such as community centres, rinks or parks. Since it depends on the desirability of commercial and/or residential development rights, it has limited application in smaller

centres. Overall, this severely limits its usefulness although it has major potential in large urban centres which are growth-oriented.

6.2.2.3 Facility Leaseback

An alternative to capital expenditures by school boards on new school structures and thus subsequent necessity of reliance on educational development charges is the leaseback concept discussed in a report prepared by the Urban Analysis Group.⁵⁶

School boards in the Greater Toronto Area today face high land values; in Durham Region, to the east of Toronto, land was valued at \$200,000 an acre in 1990 while in Peel Region, to the west of Toronto, land values approached \$400,000 an acre in 1990.⁵⁷ Schools become redundant as a community matures, especially in newly developed suburban areas which are particularly homogeneous with young families predominant. As a community matures, school enrollment drops until the facility becomes underutilized.

In this type of financing arrangement, the private sector constructs a school according to school board specifications on private land and then leases it to local school board. The board is thus relieved of large initial expenditures and can finance lease payments from local tax revenues and government grants. Developers, after a specified period of time when school enrollments are

⁵⁶ Urban Analysis, *ibid*, page 53.

⁵⁷ Orland French, Globe and Mail, May 22, 1990.

expected to decline, are free to redevelop the land for other appropriate uses.

Facility leaseback is an arrangement which has been recently proposed to Peel Board of Education which is the largest school board in Canada. Provincial government restrictions on financing for new schools and school expansions has translated to increasing use of busing in this region as a means of accommodating students in new subdivisions where schools cannot be constructed. Facility leaseback offers the opportunity for a school board to provide educational facilities faster and for substantially less capital investment.

Over the long term, the construction and provision of educational facilities is achieved at lower cost since the private sector is encouraged to construct facilities at lower cost since it will reap larger profits if it can achieve greater cost efficiencies. In addition, there is incentive to construct facilities quickly and provide leasing arrangements which are greeted favourably by school boards, since the presence of a new school in a subdivision may attract more homebuyers to other properties owned by the private sector in the neighbourhood. Greater efficiencies in land usage are achieved since the property will be redeveloped for other needs as the school becomes redundant.

Alternately, the school board may assume greater total costs if an unfavourable leasing arrangement is negotiated with the private sector. In addition there may be considerable public resistance to an arrangement which would see potentially see public institutions in private hands and reuse of schoolyards as development sites after a specific time period has elapsed. In addition, there is the potential for resistance from the Ministry of Education which has specific capital grant

funding formulas and standards for schools throughout the Province of Ontario.

6.2.2.4 Special District Financing

Special district financing is a method financing which has been discussed in detail by the Urban Development Institute Pacific Region.⁵⁸ Proponents of this financing arrangement offer that it allows property owners to collectively access financing to pay for new infrastructure at lower than conventional rates in areas where new development or redevelopment is being proposed. Its proponents suggest that it ensures that property owners pay a proportionate share of costs associated with new facility infrastructure. This method of financing is best suited for application where the boundaries and benefits of a growth area can be clearly delineated.

Special district financing has seen increasing usage in American states which are experiencing rapid growth and in states which have imposed tax or expenditure limitations.⁵⁹ In cities where it has seen application, the greatest use has been to finance local streets, lateral sewers, and sidewalks; however, cities have also used them to finance at least a portion of the cost of infrastructure with a more regional application.

⁵⁸ Urban Development Institute Pacific Region, "Discussion Paper on Development Cost Charges and Levies: Alternative Financing Mechanisms for Infrastructure", November , 1990, p. 9.

⁵⁹ Thomas P. Snyder and Michael A. Stegman, Paying for Growth : Using Development Fees to Finance Infrastructure, Urban Land Institute, 1986, p. 20.

Types of facilities which lend themselves to special district financing include:

- i. water and sewage facilities,
- ii. roads and highways,
- iii. recreational facilities and program services, and,
- iv. landscaping and sidewalks.

Special districts are often referred to as a Local Improvement Area, a Community Facilities District or a Community Rehabilitation District. The district may be any size and may exclude any property. It is thus considered an efficient means of determining public infrastructure and facilities requirements and apportioning of the costs fairly to property owners. Once formed, a district is a legally constituted entity the sole purpose of which is to finance facilities and services. Bonds, debentures, and mortgages can be secured by the levy of specified special taxes which must be approved by the property owners within the proposed district.

Two methods are available for application of special district financing to large scale projects or determinable areas. The first method is by:

- i. establishing infrastructure requirements for a local area or development site,
- ii. designating a portion of the public facilities as general and benefiting the whole community,
- iii. financing this with general revenue, and
- iv. designating the remaining benefits as special and financing this through special district financing.

The second method is achieved through extension of the boundaries of the district to include all those who benefit from the public facilities irrespective of the amount of the benefit.

An advantage of special district financing over the development charge lies in the time frame over which the costs of each are spread. While the development charge is an up-front cost before development of land takes place, the special district financing costs are derived from bonds, debentures and other financing mechanisms which are spread over a longer period of perhaps twenty or thirty years. Additionally, the special district financing arrangement is alleged to have less impact on local real estate markets than development charges, especially if the development charges are high.

Special district financing, however, does not appear capable of generating the large revenues necessary for complete development of new areas of a municipality and would appear to lend itself to specific infrastructure projects or areas of redevelopment. In addition, with this method of financing it is necessary to have a clearly defined area of benefit in order to apportion the costs to those who benefit. Where a number of new services are provided to a community, especially soft services such as libraries, homes for the aged, and cultural and recreational programs, boundaries of "benefit" may be different for each service.

6.3 Conclusions

Development charges already play a significant role in municipal finance in the Province of Ontario as discussions in preceding chapters illustrate. Considering some of the ramifications of this levy on housing prices and provision, the development of communities, and regional development patterns, as well as the opposition to it from the development industry, it would seem that implementation of charges would proceed cautiously. However, the desperate need for revenue sources for municipalities other than the property tax coupled with the lack of any clearly superior alternative financing mechanism suggests that they will play an even more significant role in municipal finance in the future.

As discussions in Chapter Five demonstrated, housing pricing and selection, the nature of community development and disparities between regions are important issues which are closely related to development charge implementation. In all types of housing markets most, if not all of the costs of residential development charges are passed on to the homebuyer in the form of higher prices. While this has implications for all new homebuyers, in particular this has significance for the provision of affordable and non-profit housing. Increasing limitations in housing choice and selection may be an unintended consequence of development charges as the development industry favours larger firms with the capital necessary to work in the real estate market. Pressures towards development of more homogeneous communities which exclude lower income groups may be an additional consequence as developers change their market orientation towards higher income groups and as communities with charges in place and

corresponding high levels of service become more exclusively affluent.

The issue of regional disparities is clearly related to development charge implementation as well, since the use of the charges has been precipitated by a desire by upper levels of government to devolve more responsibility for provision of services to municipal levels of government. The role of upper levels of government in helping to providing a standard level of services across the province and nation is being undermined by their respective financial constraints.

The comparative analysis of municipalities in southern Ontario, undertaken in Chapter Five, underscores the patchwork application of residential development charges across this region and illustrates clear delineations between municipalities. Municipalities which have not utilized the development charge mechanism lack financial and manpower resources to undertake the long term budgeting and population forecasting necessary for development charge calculations and may view the cost of undertaking a development charge study as a relatively expensive proposition. As such, then, growth-related infrastructure costs which are incurred by these municipalities are borne by existing residents. These municipalities may find themselves in an unfavourable position in the future as grants, subsidies, and direct transfers, which in 1988 represented 30.5% of municipal revenue in Ontario, is reduced as part of an effort by the Province to control its expenditures and debt problem.⁶⁰

⁶⁰ Gary Scandlan, "Municipal Sources of Revenue", Municipal World, October 1992, page 16.

Municipalities which have implemented development charges accumulate development charge reserves which are then used to cover all or a part of the cost of long-range growth related capital projects. Municipalities which do not have development charges in place may find that, in the absence of provincial grants and subsidies and without development charge reserves, they will not be capable of assuming the large amount of debenturing required to cover the costs of such projects and the level of services provided by the municipality will remain low. As discussed in Section 5.1.2, this situation may aggravate regional disparities which already exist within the Province of Ontario.

On the other hand, municipalities which have implemented higher development charges (as in the fourth category of municipalities analyzed in Section 5.1.2) are incorporating or have incorporated service standards which include extensive and high levels of services for their residents. With fewer provincial transfers and grants available to offset the cost of provision of these services, high development charges are being implemented to help pay for them. As indicated above, these charges are likely to be reflected in higher housing prices, with the result that lower income groups are squeezed out of these communities and they become more exclusive. Property tax bases in these communities will be higher as a reflection of higher home values and, as affluent occupants displace lower income occupants, community expenditures for welfare services fall. Other communities therefore will bear the burden of displaced development and increased fiscal burden further contributing to the problems of communities segregated by income levels and overall problems of regional disparity.

Having considered potential consequences of development charge implementation, it seems clear, however, that the alternative methods of municipal financing discussed in Section 6.1 above are inadequate and incapable of providing the levels of revenue necessary to fund the infrastructure required for new development, especially outside of the largest urban areas. The Value Capture, District Financing, and Leaseback Financing municipal financing arrangements are all innovative and equitable revenue-raising measures under consideration by governments. However, all are limited in the opportunities for application and in the amounts of revenue which they could raise. Certainly none would be able to finance the growth-related infrastructure which municipalities are presently preparing capital budgets for.

As discussed in Chapter Four, the increasingly serious financial difficulties faced by Ontario municipalities provide a strong impetus for use of development charges. Property tax revolts in parts of the United States and a high rate of turnover of elected officials illustrate the public disaffection with the property tax. Transfer payments from senior levels of government are being reduced while, in some instances, these levels of government continue to off-load responsibility for additional government programs to municipalities.

In 1978, for example, Ontario municipalities spent \$4.1 billion to provide services to their residents. Over the next ten years, from 1978 to 1988, these expenditures rose by over 160% to \$10.8 billion, while transfer payments from senior levels of government and payments in lieu of taxes declined, on a

percentage basis, from 33.6% to 30.5% of total municipal revenue.⁶¹

Recent rates of increase of unconditional grants (the largest component of major transfers) from the Province of Ontario to municipalities, hospitals, universities, and school boards in Ontario provide an indication of the trends in municipal finances:⁶²

1991/92	5.0%
1992/93	1.0%
1993/94	2.0%
1994/95	Grants return to 1992/93 levels

Figures provided by the Province of Ontario Treasury Board Division point to an actual decline in capital transfers between 1991/1992 and 1992/1993. These are indicated in Table 6.1.⁶³

The trend towards off-loading of provincial government responsibility has continued, if not accelerated, under the NDP administration of Bob Rae. Negotiations underway at present between the Province and Metropolitan Toronto suggest that a further off-loading of provincial government

⁶¹ Gary Scandlan, "Municipal Sources of Revenue", Municipal World, October 1992, page 16.

⁶² Interview with Janice Olando, Communications Branch, Ministry of Treasury and Economics, Province of Ontario, February 1993.

⁶³ Increases in operating transfers from province to municipalities between 1990/91 and 1992/93 primarily reflect the rising costs of welfare during the most recent recession in Ontario. Welfare costs are paid by municipalities but funded 70% by the province.

responsibility for funding of provincial government for funding of infrastructure projects (roads, bridges, waterworks, etc.) may take place in exchange for assumption by the Province of full social welfare costs in the Metropolitan Toronto area. While the trade-off in responsibility may appear roughly equal at present in terms of financial costs, the costs of provision and maintenance of infrastructure in Metropolitan Toronto are anticipated to continue to increase while welfare costs in the area will presumably decrease as the economy recovers from the current economic recession.

Unlike local and regional municipalities, which faced a November 22, 1991 deadline if they wished to replace their existing charges with updated development charges under the Development Charges Act, 1989, school boards considering imposition of education development charges were free to prepare development charge by-laws according to their own schedules. In fact, school boards generally have proceeded cautiously since there is little previous experience to guide them in development of the charge and by-laws and since the threat of court challenge hung over the first of those to implement such a by-law.

Province of Ontario Ministry of Education officials indicate that, at present, all school boards in the high growth regional municipalities in close proximity to the largest Ontario urban areas (Greater Toronto Area and Ottawa-Carleton) have implemented or are considering implementation of education development

TABLE 6-1

FINANCIAL TRANSFERS

PROVINCE OF ONTARIO TO SCHOOL BOARDS, LOCAL AND REGIONAL MUNICIPALITIES

YEAR	CAPITAL TRANSFERS		OPERATING TRANSFERS	
	AMOUNT (000'S \$)	ANNUAL INCREASE	AMOUNT (000'S \$)	ANNUAL INCREASE
1990/1991	\$1,224.0		\$3,316.0	
1991/1992	\$1,395.0	13.97%	\$4,415.0	33.14%
1992/1993	\$1,298.0	-6.95%	\$5,066.0	14.75%

PROVIDED BY TREASURY BOARD DIVISION , PROVINCE OF ONTARIO MINISTRY OF MUNICIPAL AFFAIRS

charges by-laws.⁶⁴ A survey of 57 school boards in southern Ontario undertaken by C.N. Watson and Associates in February 1992 provides further indication of the interest in education development charges in the areas of the province experiencing high population growth rates.⁶⁵ This information is illustrated in Table 6.2.

Indications are, then, that local and regional development charges will see much wider application in the Province of Ontario in the future. Depending, of course, on the outcome of the court challenge of the York Region School Boards Education Development Charges to the Divisional Court of Ontario, education development charges, as well, will likely see wider application in the Province of Ontario in the next decade. Municipalities and school boards will require access to new sources of revenue as transfers from upper levels of government are increasingly limited. Clear, concise legislation is now in place which provides an appropriate framework for calculation of development charges and implementation of development charge by-laws. To date, no appeals of development charge by-laws to the OMB or the Divisional Court of Ontario have resulted in any rulings against municipalities.

As indicated in Chapter Five, municipalities within the Province which have experienced a higher than average rate of population growth in the 1986-1991

⁶⁴ Interview with Leon Brumer, School Capital Program, Province of Ontario Ministry of Education, February 1993.

⁶⁵ C.N. Watson and Associates Ltd., Economists, 1992 Survey of Ontario Municipal, Utility and School Board Development Charges, April 1992, page 5-2.

TABLE 6-2
**EDUCATION DEVELOPMENT CHARGE INTEREST
 IN 57 SOUTHERN ONTARIO SCHOOL BOARDS**

	SCHOOL BOARDS IN GREATER TORONTO AREA (GTA) OR OTTAWA-CARLETON	OTHER SOUTHERN ONTARIO SCHOOL BOARDS	TOTAL
1 EDUCATION DEVELOPMENT CHARGE STUDY UNDERWAY	6	3	9
2 EDUCATION DEVELOPMENT CHARGE STUDY COMPLETE	2	3	5
3 EDUCATION DEVELOPMENT BY-LAW UNDER CONSIDERATION	1	0	1
4 EDUCATION DEVELOPMENT BY-LAW PASSED	2	0	2
5 <u>NO INTEREST IN EDUCATION DEVELOPMENT CHARGES</u>	<u>3</u>	<u>37</u>	<u>40</u>
TOTAL	14	43	57

* SURVEY OF 57 SOUTHERN ONTARIO SCHOOL BOARDS BY C.N. WATSON AND ASSOCIATES LTD., FEBRUARY 1992.

period have already proceeded to implement development charges while numerous others have studies underway which may result in development charge by-laws. Further persistent municipal financial pressures, discussed above, and the unpopularity of property tax increases, force municipalities to increasing utilization of this type of indirect tax which, relative to the property tax, has low political cost.

APPENDIX A

Local and Regional Municipality Locational Maps

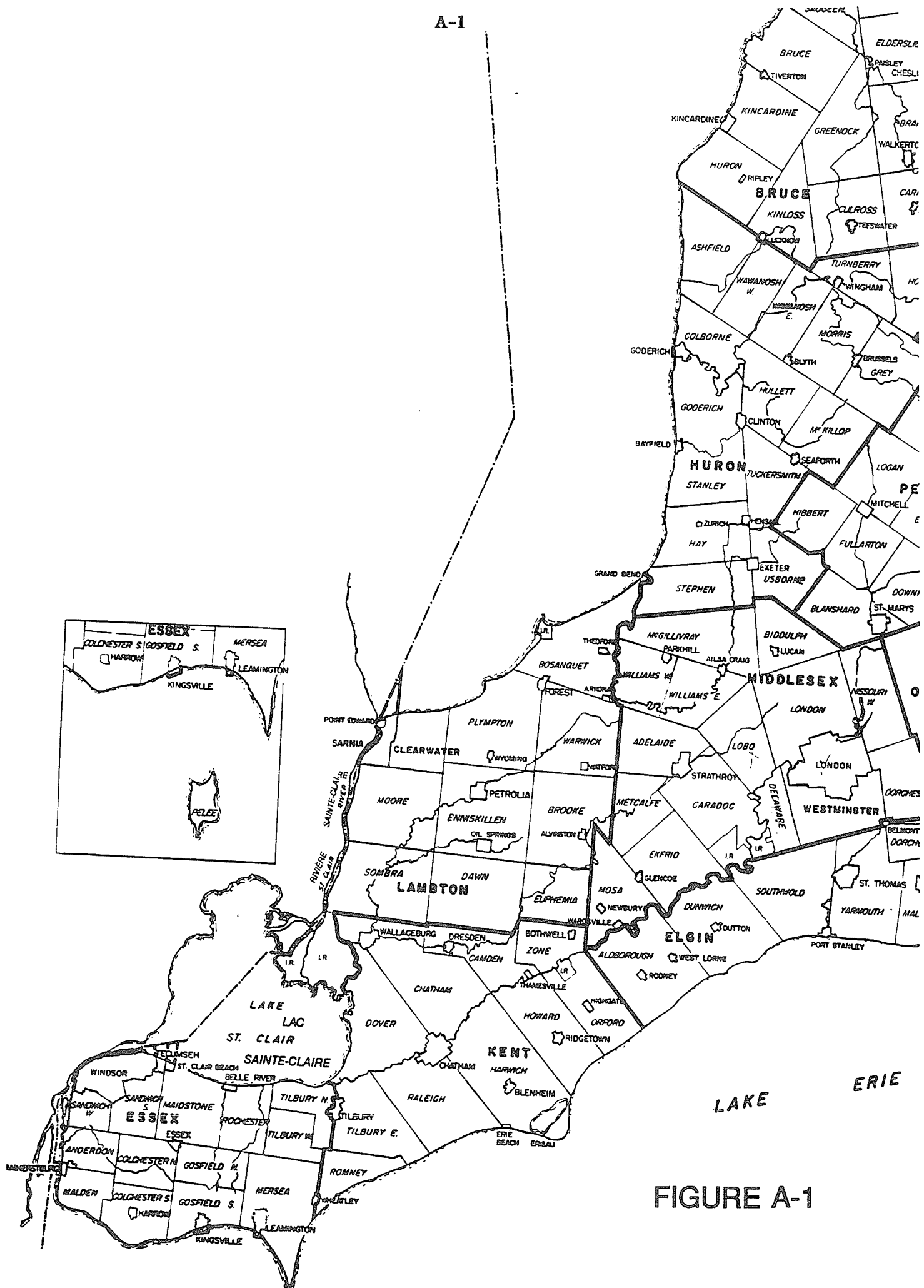


FIGURE A-1

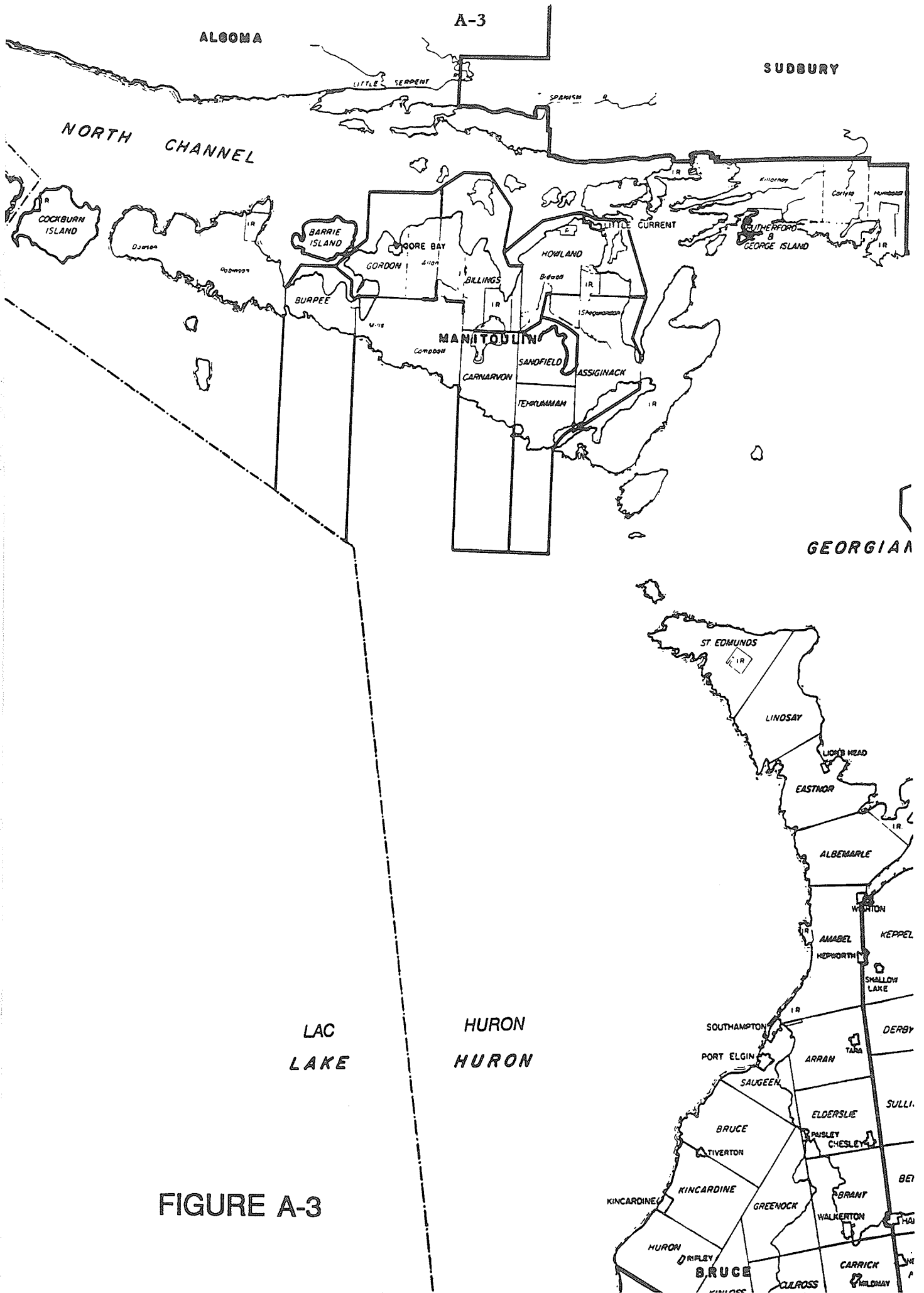
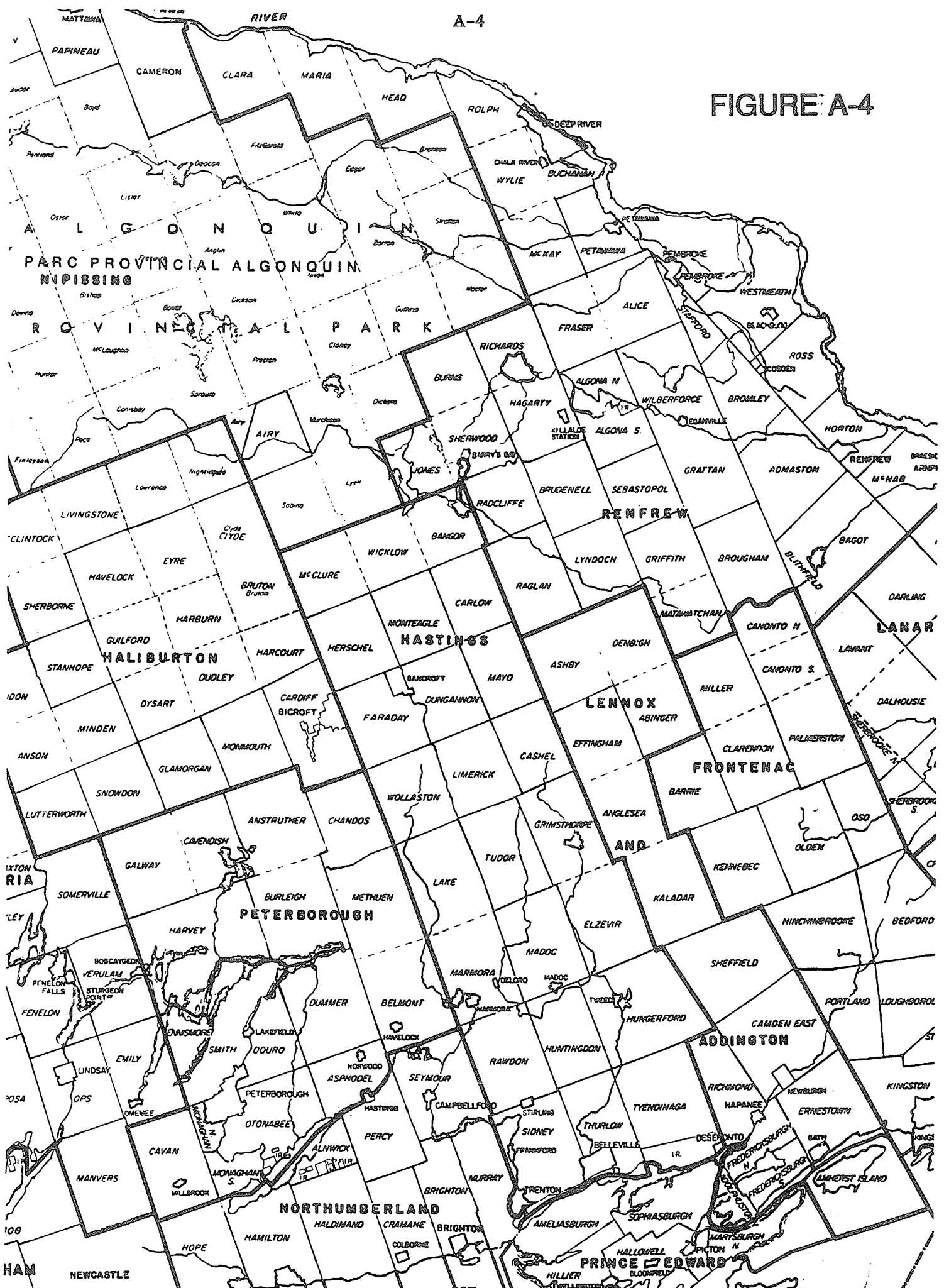


FIGURE A-3

FIGURE A-4



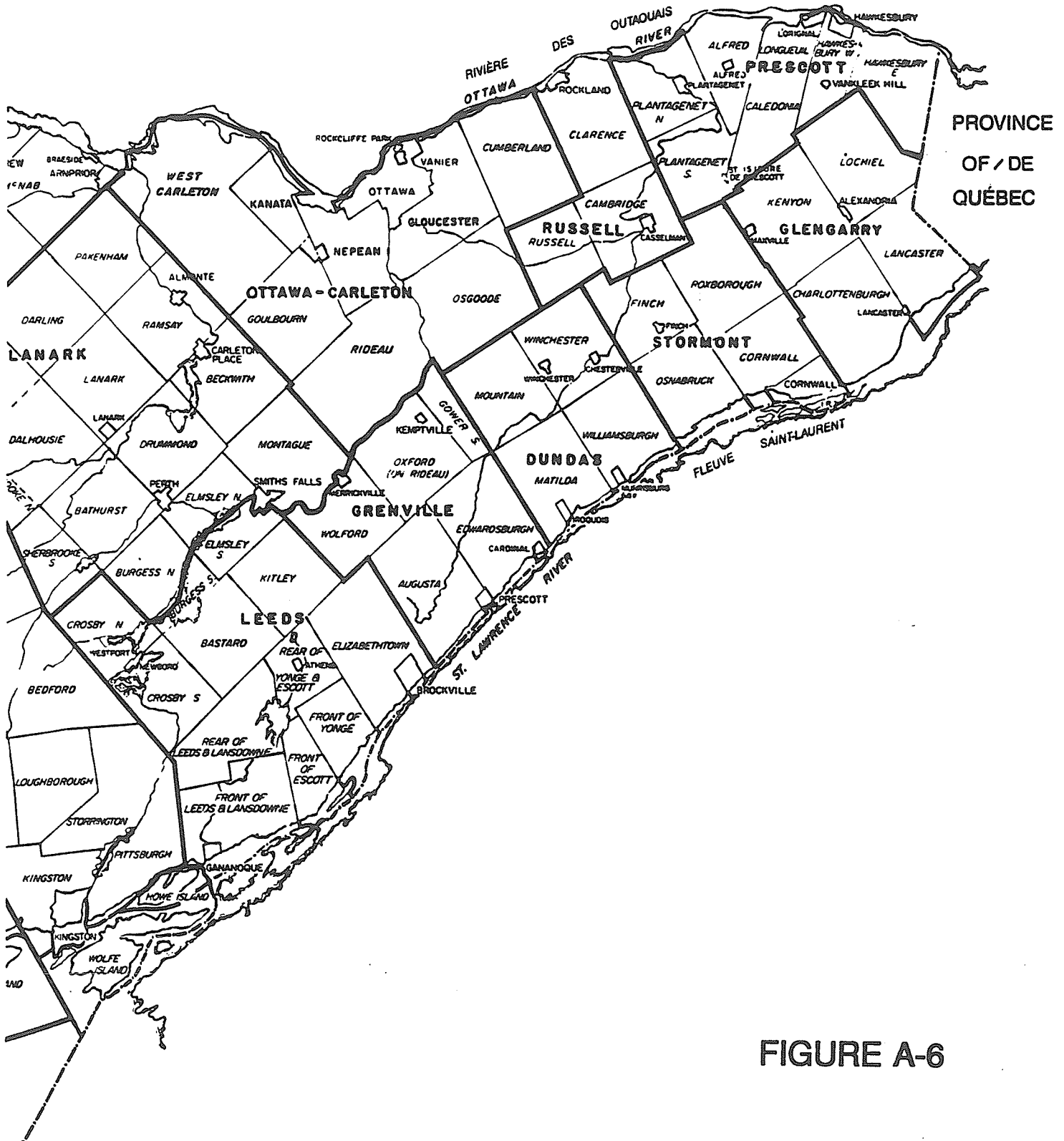


FIGURE A-6

APPENDIX B

Development Charge Tables and Charts for Southern Ontario Municipalities

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
METROPOLITAN TORONTO	CITY OF ETOBICOKE	\$4,378	0.46%
	CITY OF NORTH YORK	\$5,120	0.22%
	CITY OF SCARBOROUGH	\$4,610	1.60%
	CITY OF YORK	\$3,763	0.75%
DURHAM	CITY OF OSHAWA	\$11,051	0.90%
	TOWN OF AJAX	\$12,811	9.43%
	TOWN OF NEWCASTLE	\$7,096	7.75%
	TOWN OF PICKERING	\$11,678	6.99%
	TOWN OF WHITBY	\$11,975	5.99%
	TOWNSHIP OF BROCK	\$9,184	2.02%
	TOWNSHIP OF SCUGOG	\$11,369	3.21%
HALTON	TOWNSHIP OF UXBRIDGE	\$11,074	3.45%
	TOWN OF MILTON	\$4,606	0.02%
	TOWN OF OAKVILLE	\$10,569	5.65%
	CITY OF BURLINGTON	\$12,197	2.12%
PEEL	TOWN OF HALTON HILLS	\$11,115	0.69%
	CITY OF BRAMPTON	\$12,812	14.62%
	CITY OF MISSISSAUGA	\$12,770	4.38%
YORK	TOWN OF CALEDON	\$13,419	3.35%
	CITY OF VAUGHAN	\$15,015	11.35%
	TOWN OF AURORA	\$11,929	7.10%
	TOWN OF EAST GWILLIMBURY	\$3,479	4.63%
	TOWN OF GEORGINA	\$7,536	5.76%
	TOWN OF RICHMOND HILL	\$21,071	11.37%
	TOWN OF WHITCHURCH-STOUFFVILLE	\$10,448	3.94%
	TOWNSHIP OF KING	\$3,479	2.58%
	TOWN OF NEWMARKET	\$3,987	5.42%
TOWN OF MARKHAM	\$17,448	6.06%	

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
HAMILTON-WENTWORTH	CITY OF HAMILTON	\$10,346	0.76%
	CITY OF STONEY CREEK	\$10,346	2.79%
	TOWN OF ANCASTER	\$9,534	4.96%
	TOWN OF DUNDAS	\$7,740	1.68%
	TOWN OF FLAMBOROUGH	\$8,702	2.53%
	TOWNSHIP OF GLANBROOK	\$7,870	0.28%
NIAGARA	CITY OF NIAGARA FALLS	\$5,325	0.90%
	CITY OF PORT COLBORNE	\$3,670	0.53%
	CITY OF ST. CATHARINES	\$6,443	0.93%
	CITY OF THOROLD	\$4,510	1.69%
	CITY OF WELLAND	\$3,600	1.24%
	TOWN OF FORT ERIE	\$7,525	2.26%
	TOWN OF GRIMSBY	\$4,828	1.78%
	TOWN OF LINCOLN	\$5,409	3.57%
	TOWN OF NIAGARA-ON-THE-LAKE	\$7,567	0.71%
	TOWN OF PELHAM	\$4,703	1.89%
	TOWNSHIP OF WAINFLEET	\$70	0.82%
TOWNSHIP OF WEST LINCOLN	\$3,508	1.84%	
HALDIMAND-NORFOLK	CITY OF NANTICOKE	\$6,228	2.38%
	TOWN OF DUNNVILLE	\$6,731	0.92%
	TOWN OF HALDIMAND	\$6,668	3.05%
	TOWN OF SIMCOE	\$5,729	1.69%
	TOWNSHIP OF DELHI	\$5,386	1.21%
	TOWNSHIP OF NORFOLK	\$5,381	1.73%
BRANT	CITY OF BRANTFORD	\$4,763	1.49%
	TOWN OF PARIS	\$5,184	1.24%
	TOWNSHIP OF BRANTFORD	\$4,550	0.70%
	TOWNSHIP OF BURFORD	\$800	1.87%
	TOWNSHIP OF OAKLAND	\$475	2.54%
	TOWNSHIP OF ONONDAGA	\$1,050	3.18%
	TOWNSHIP OF SOUTH DUMFRIES	\$3,250	2.84%

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
WATERLOO	CITY OF CAMBRIDGE	\$8,593	3.03%
	CITY OF KITCHENER	\$9,464	2.24%
	CITY OF WATERLOO	\$9,898	3.92%
	TOWNSHIP OF NORTH DUMFRIES	\$8,068	5.49%
	TOWNSHIP OF WELLESLEY	\$4,818	3.11%
	TOWNSHIP OF WILMOT	\$9,599	3.30%
	TOWNSHIP OF WOOLWICH	\$9,813	0.75%
WELLINGTON	CITY OF GUELPH	\$6,500	2.37%
	TOWN OF FERGUS	\$5,978	4.82%
	TOWN OF HARRISTON	\$2,221	0.02%
	TOWN OF MOUNT FOREST	\$4,206	3.49%
	TOWN OF PALMERSTON	\$1,935	2.31%
	VILLAGE OF ARTHUR	\$3,000	2.88%
	VILLAGE OF DRAYTON	\$3,563	7.57%
	VILLAGE OF ELORA	\$4,140	3.10%
	VILLAGE OF ERIN	\$3,390	1.42%
	TOWNSHIP OF ARTHUR	\$1,043	4.31%
	TOWNSHIP OF ERIN	\$2,428	3.50%
	TOWNSHIP OF GUELPH	\$6,925	1.76%
	TOWNSHIP OF MARYBOROUGH	\$1,567	2.26%
	TOWNSHIP OF MINTO	\$750	2.17%
	TOWNSHIP OF NICHOL	\$2,008	1.97%
	TOWNSHIP OF PEEL	\$2,721	1.89%
	TOWNSHIP OF PILKINGTON	\$1,700	3.72%
TOWNSHIP OF PUSLINCH	\$1,242	2.01%	
TOWNSHIP OF WEST GARAFRAXA	\$2,723	6.36%	
TOWNSHIP OF WEST LUTHER	\$1,000	1.71%	
PERTH	CITY OF STRATFORD	\$2,500	0.90%
	TOWN OF ST. MARYS	\$1,850	1.63%
	TOWN OF LISTOWEL	\$1,744	1.14%
	TOWNSHIP OF ELLICE	\$1,000	0.81%
ELGIN	CITY OF ST. THOMAS	\$3,000	0.71%
	VILLAGE OF BELMONT	\$9,500	6.17%
MIDDLESEX	CITY OF LONDON	\$5,475	2.40%
	TOWN OF PARKHILL	\$4,945	3.80%

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
	TOWN OF STRATHROY	\$4,580	3.16%
	TOWN OF WESTMINSTER	\$3,182	2.85%
	VILLAGE OF GLENCOE	\$1,500	4.88%
	TOWNSHIP OF NORTH DORCHESTER	\$5,073	2.41%
	TOWNSHIP OF WEST NISSOURI	\$2,193	1.51%
DUFFERIN	TOWN OF ORANGEVILLE	\$8,830	4.39%
	TOWN OF SHELBURNE	\$7,830	2.84%
	VILLAGE OF GRAND VALLEY	\$8,880	5.19%
	TOWNSHIP OF AMARANTH	\$4,591	2.64%
	TOWNSHIP OF EAST GARAFRAXA	\$4,792	1.69%
	TOWNSHIP OF EAST LUTHER	\$4,858	2.68%
	TOWNSHIP OF MELANCTHON	\$4,544	2.66%
	TOWNSHIP OF MONO	\$4,630	6.25%
	TOWNSHIP OF MULMUR	\$4,395	4.43%
OTTAWA-CARLETON	CITY OF GLOUCESTER	\$14,363	2.51%
	CITY OF KANATA	\$16,087	6.30%
	CITY OF NEPEAN	\$17,110	2.42%
	CITY OF OTTAWA	\$9,807	0.86%
	CITY OF VANIER	\$7,478	0.00%
	VILLAGE OF ROCKCLIFFE PARK	\$7,478	0.77%
	TOWNSHIP OF CUMBERLAND	\$12,694	8.55%
	TOWNSHIP OF GOULBOURN	\$12,572	5.59%
	TOWNSHIP OF OSGOODE	\$6,263	4.53%
	TOWNSHIP OF RIDEAU	\$7,084	2.78%
	TOWNSHIP OF WEST CARLETON	\$7,084	4.37%
LANARK	TOWN OF CARLETON PLACE	\$4,740	2.59%
	TOWN OF PERTH	\$3,237	0.00%
	TOWNSHIP OF BECKWITH	\$2,500	5.34%
	TOWNSHIP OF RAMSAY	\$2,800	3.73%

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
NORTHUMBERLAND	TOWN OF BRIGHTON	\$1,800	3.96%
	TOWN OF COBOURG	\$4,254	2.70%
	TOWN OF PORT HOPE	\$3,500	1.74%
	VILLAGE OF COLBORNE	\$2,500	1.59%
	TOWNSHIP OF BRIGHTON	\$1,000	2.96%
	TOWNSHIP OF HALDIMAND	\$2,687	3.63%
	TOWNSHIP OF HAMILTON	\$2,296	4.72%
	TOWNSHIP OF HOPE	\$5,477	2.34%
	TOWNSHIP OF MURRAY	\$1,500	2.50%
PETERBOROUGH	CITY OF PETERBOROUGH	\$2,777	2.29%
	TOWNSHIP OF CAVAN	\$2,328	4.90%
	TOWNSHIP OF ENNISMORE	\$2,432	3.40%
	TOWNSHIP OF HARVEY	\$2,262	5.77%
	TOWNSHIP OF SMITH	\$1,980	2.32%
VICTORIA	TOWN OF LINDSAY	\$3,280	2.92%
	TOWNSHIP OF EMILY	\$1,400	4.37%
	TOWNSHIP OF FENELON	\$1,224	3.13%
	TOWNSHIP OF MANVERS	\$3,000	3.94%
	TOWNSHIP OF MARIPOSA	\$1,689	4.89%
	TOWNSHIP OF OPS	\$2,058	3.09%
	TOWNSHIP OF VERULAM	\$750	4.25%
ESSEX	CITY OF WINDSOR	\$1,314	-0.18%
	TOWN OF AMHERSTBURG	\$5,236	1.18%
	TOWN OF BELLE RIVER	\$1,393	2.51%
	TOWN OF LA SALLE	\$2,558	NOT AVAILABLE
	TOWN OF LEAMINGTON	\$1,355	1.66%
	TOWNSHIP OF MAIDSTONE	\$2,370	3.14%
	TOWNSHIP OF SANDWICH SOUTH	\$2,682	2.23%

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
SIMCOE	CITY OF BARRIE	\$7,000	5.34%
	CITY OF ORILLIA	\$7,000	1.36%
	TOWN OF COLLINGWOOD	\$5,579	2.10%
	TOWN OF MIDLAND	\$13,114	2.77%
	TOWN OF PENETANGUISHENE	\$6,567	3.56%
	TOWN OF STAYNER	\$2,625	3.81%
	TOWN OF WASAGA BEACH	\$6,284	3.97%
	TOWNSHIP OF ADJALA	\$4,321	2.08%
	TOWNSHIP OF ESSA	\$6,262	2.45%
	TOWNSHIP OF MARA	\$3,497	2.59%
	TOWNSHIP OF ORILLIA	\$8,396	2.74%
	TOWNSHIP OF ORO	\$8,855	3.80%
	TOWNSHIP OF TAY	\$2,463	1.40%
TOWNSHIP OF VESPRA	\$2,490	5.87%	
STORMONT, DUNDAS, & GLENGARRY	TOWNSHIP OF CHARLOTTENBURGH	\$6,931	2.21%
LEEDS AND GRENVILLE	CITY OF BROCKVILLE	\$2,500	0.66%
	FRONT OF LEEDS & LANSDOWNE	\$1,248	1.76%
	TOWNSHIP OF OXFORD-ON-RIDEAU	\$1,087	5.34%
RENFREW	TOWNSHIP OF MCNAB	\$3,049	2.85%
BRUCE	TOWN OF KINCARDINE	\$3,500	2.39%
	TOWN OF PORT ELGIN	\$6,632	2.01%
	TOWN OF SOUTHAMPTON	\$3,800	2.73%
FRONTENAC	TOWNSHIP OF LOUGHBOROUGH	\$1,037	5.35%
	TOWNSHIP OF PORTLAND	\$1,250	1.88%

TABLE B-1
DEVELOPMENT CHARGE AND GROWTH RATE BY MUNICIPALITY

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	TOTAL DEVELOPMENT CHARGE	AVERAGE ANNUAL GROWTH RATE 1986-1991
GREY	CITY OF OWEN SOUND	\$4,500	1.75%
	TOWN OF MEAFORD	\$3,822	0.62%
	TOWN OF THORNBURY	\$4,000	1.89%
	VILLAGE OF DUNDALK	\$3,000	5.31%
	TOWNSHIP OF COLLINGWOOD	\$5,313	3.90%
	TOWNSHIP OF KEPPEL	\$480	5.11%
HASTINGS	CITY OF BELLEVILLE	\$2,775	0.66%
	TOWNSHIP OF THURLOW	\$2,999	2.63%
LAMBTON	TOWNSHIP OF MOORE	\$1,750	0.71%
PRESCOTT AND RUSSELL	TOWN OF ROCKLAND	\$5,000	6.71%
	TOWNSHIP OF CAMBRIDGE	\$2,032	2.88%
	TOWNSHIP OF CLARENCE	\$2,900	3.63%
	TOWNSHIP OF RUSSELL	\$5,739	6.52%
	TOWNSHIP OF NORTH PLANTAGENET	\$657	2.08%
HURON	TOWN OF EXETER	\$1,500	2.85%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
GREY	TOWNSHIP OF ARTEMESIA	4.48%
	TOWNSHIP OF BENTINCK	2.00%
	VILLAGE OF CHATSWORTH	3.67%
	TOWNSHIP OF DERBY	2.51%
	TOWN OF DURHAM	0.32%
	TOWNSHIP OF EGREMONT	3.73%
	TOWNSHIP OF EUPHRASIA	1.18%
	VILLAGE OF FLESHERTON	-1.38%
	TOWNSHIP OF GLENEIG	4.08%
	TOWN OF HANOVER	0.91%
	TOWNSHIP OF HOLLAND	3.35%
	VILLAGE OF MARKDALE	2.25%
	VILLAGE OF NEUSTADT	1.13%
	TOWNSHIP OF NORMANBY	2.20%
	TOWNSHIP OF OSPREY	2.35%
	TOWNHP OF PROTON	4.41%
	TOWNSHIP OF ST. VINCENT	3.66%
	TOWNSHIP OF SARAWAK	2.79%
	VILLAGE OF SHALLOW LAKE	3.80%
	TOWNSHIP OF SULLIVAN	2.94%
TOWNSHIP OF SYDENHAM	3.16%	
HASTINGS	VILLAGE OF BANCROFT	0.17%
	TOWNSHIP OF BANGOR, WICKLOW AND McCLURE	2.40%
	TOWNSHIP OF CARLOW	2.16%
	VILLAGE OF DELORO	5.26%
	TOWN OF DESERONTO	-0.20%
	TOWNSHIP OF DUNGANNON	3.48%
	TOWNSHIP OF ELZEVIR AND GRIMSTHORPE	1.90%
	TOWNSHIP OF FARADAY	1.67%
	VILLAGE OF FRANKFORD	0.72%
	TOWNSHIP OF HERSCHEL	5.29%
	TOWNSHIP OF HUNGERFORD	2.36%
	TOWNSHIP OF HUNTINGDON	2.79%
	TOWNSHIP OF LIMERICK	2.28%
	TOWNSHIP OF MADOC	2.59%
	VILLAGE OF MADOC	2.17%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
	TOWNSHIP OF EAST HAWKESBURY	2.53%
	TOWN OF HAWKESBURY	-0.01%
	VILLAGE OF L'ORIGNAL	2.49%
	TOWNSHIP OF LONGUEUIL	1.06%
	VILLAGE OF PLANTAGENET	2.32%
PRINCE EDWARD	TOWNSHIP OF AMELIASBURGH	1.11%
	TOWNSHIP OF ATHOL	2.89%
	VILLAGE OF BLOOMFIELD	-0.09%
	TOWNSHIP OF HALLOWELL	0.07%
	TOWNSHIP OF HILLEIR	2.15%
	TOWNSHIP OF NORTH MARYSBURGH	1.24%
	TOWN OF PICTON	0.26%
	TOWNSHIP OF SOPHLASBURGH	2.89%
	TOWNSHIP OF SOUTH MARYSBURGH	0.48%
	VILLAGE OF WELLINGTON	3.43%
RENFREW	TOWNSHIP OF ADMASTON	0.47%
	TOWNSHIP OF ALICE AND FRASER	1.38%
	TOWN OF AMPRIOR	2.03%
	TOWNSHIP OF BAGOT AND BLYTHFIELD	1.62%
	VILLAGE OF BARRY'S BAY	-0.95%
	VILLAGE OF BEACHBURG	2.90%
	VILLAGE OF BRAESIDE	-0.70%
	TOWNSHIP OF BROMLEY	1.01%
	TOWNSHIP OF BROUGHAM	1.96%
	TOWNSHIP OF BRUDENELL AND LYNDPOCH	0.50%
	VILLAGE OF CHALK RIVER	-1.09%
	VILLAGE OF COBDEN	-0.04%
	TOWN OF DEEP RIVER	-0.14%
	VILLAGE OF EGANVILLE	-0.37%
	TOWNSHIP OF GRATTAN	-0.06%
	TOWNSHIP OF GRIFFITH AND MATAWATCHAN	1.25%
	TOWNSHIP OF HAGARTY AND RICHARD	1.71%
	TOWNSHIP OF HEAD, CLARA AND MARIA	-2.66%
	TOWNSHIP OF HORTON	1.75%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
	VILLAGE OF KILLALOE	1.45%
	TOWNSHIP OF NORTH ALGONA	0.99%
	CITY OF PEMBROKE	-0.19%
	TOWNSHIP OF PEMBROKE	3.72%
	TOWNSHIP OF PETAWAWA	-0.01%
	VILLAGE OF PETAWAWA	0.75%
	TOWNSHIP OF TADCLIFFE	4.60%
	TOWNSHIP OF RAGIAN	-0.26%
	TOWN OF RENFREW	-0.44%
	TOWNSHIP OF ROLPH, BUCHANAN WYLIE AND McKAY	-1.54%
	TOWNSHIP OF ROSS	0.70%
	TOWNSHIP OF SEBASTOPOL	1.61%
	TOWNSHIP OF SHERWOOD, JONES AND BURNS	1.30%
	TOWNSHIP O SOUTH ALGONA	-1.10%
	TOWNSHIP OF STAFFORD	-0.88%
	TOWNSHIP OF WESTMEATH	1.68%
	TOWNSHIP OF WILBERFORCE	3.13%
SIMCOE	TOWN OF ALLISTON, BEETON, TECUMSETH AND TOTTENHAM	3.88%
	TOWN OF BRADFORD WEST Gwillimbury	6.05%
	VILLAGE OF COLDWATER	2.96%
	VILLAGE OF CREEMORE	2.20%
	VILLAGE OF ELMVALE	2.60%
	TOWNSHIP OF FLOS	3.17%
	TOWN OF INNISFIL	7.16%
	TOWNSHIP OF MATCHEDASH	3.76%
	TOWNSHIP OF MEDONTE	5.13%
	TOWNSHIP OF NOTAWASAGE	2.13%
	VILLAGE OF PORT McNICOLL	-0.20%
	TOWNSHIP OF RAMA	5.78%
	TOWNSHIP OF SUNNIDALE	4.18%
	TOWNSHIP OF TINY	2.98%
	TOWNSHIP OF TOSORONTIO	4.03%
	VILLAGE OF VICTORIA HARBOUR	6.03%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
KENT	TOWN OF BLENHEIM	1.52%
	TOWN OF BOTHWELL	0.75%
	TOWNSHIP OF CAMDEN	0.17%
	CITY OF CHATHAM	0.62%
	TOWNSHIP OF CHATHAM	0.10%
	TOWNSHIP OF DOVER	0.20%
	TOWN OF DRESDEN	0.56%
	VILLAGE OF ERIE BEACH	-0.76%
	VILLAGE OF ENEAU	1.73%
	TOWNSHIP OF HARWICH	0.54%
	VILLAGE OF HIGHGATE	1.14%
	TOWNSHIP OF HOWARD	0.51%
	TOWNSHIP OF OXFORD	0.00%
	TOWNSHIP OF RALEIGH	0.20%
	TOWN OF RIDGETOWN	0.65%
	TOWNSHIP OF ROMNEY	2.52%
	VILLAGE OF THAMESVILLE	1.50%
	TOWN OF TILBURY	0.82%
	TOWNSHIP OF TILBURY EAST	-0.35%
	TOWN OF WALLACEBURG	0.83%
VILLAGE OF WHEATLEY	0.24%	
TOWNSHIP OF ZONE	-1.08%	
LAMBTON	VILLAGE OF ALVINSTON	3.92%
	VILLAGE OF ARKONA	2.17%
	TOWNSHIP OF BOSANQUET	3.48%
	TOWNSHIP OF BROOKE	0.25%
	TOWNSHIP OF DAWN	-0.75%
	TOWNSHIP OF ENNISKILLEN	0.04%
	TOWNSHIP OF EUPHEMIA	-0.20%
	TOWN OF FOREST	0.95%
	VILLAGE OF GRAND BEND	3.57%
	VILLAGE OF OIL SPRINGS	0.47%
	TOWN OF PETROLIA	1.11%
	TOWNSHIP OF PLYMPTON	1.02%
	VILLAGE OF POINT EDWARD	0.39%
	CITY OF SARNIA-CLEARWATER	0.47%
	TOWNSHIP OF SOMBRA	-0.25%
VILLAGE OF THEDFORD	4.04%	

**TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE**

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
	TOWNSHIP OF WARWICH	0.54%
	VILLAGE OF WATFORD	0.00%
	VILLAGE OF WYOMING	2.66%
LANARK	TOWN OF ALMONTE	1.23%
	TOWNSHIP OF BATHURST	1.94%
	TOWNSHIP OF DARLING	3.54%
	TOWNSHIP OF DRUMMON	3.39%
	TOWNSHIP OF LANARK	4.29%
	VILLAGE OF LANARK	1.83%
	TOWNSHIP OF LAVANT, DALHOUSIE AND NORTH SHERBROOKE	1.96%
	TOWNSHIP OF MONTAGUE	0.01%
	TOWNSHIP OF NORTH BURGESS	4.69%
	TOWNSHIP OF NORTH ELMSLEY	3.68%
	TOWNSHIP OF PAKENHAM	2.44%
	TOWN OF SMITHS FALLS	0.50%
	TOWNSHIP OF SOUTH SHERBROOKE	2.97%
LEEDS AND GRENVILLE	VILLAGE OF ATHENS	0.00%
	TOWNSHIP OF AUGUSTA	0.95%
	TOWNSHIP OF BASTARD AND SOUTH BURGESS	1.45%
	VILLAGE OF CARDINAL	-1.08%
	TOWNSHIP OF EDWARDSBURGH	1.13%
	TOWNSHIP OF ELIZABETHTOWN	0.60%
	TOWNSHIP OF FRONT OF ESCOTT	1.29%
	TOWNSHIP OF FRONT OF YONGE	1.68%
	TOWN OF GANANOQUE	1.07%
	TOWN OF KEMPTVILLE	-0.30%
	TOWNSHIP OF KITLEY	2.61%
	VILLAGE OF MERRICKVILLE	-0.10%
	VILLAGE OF NEWBORO	0.00%
	TOWNSHIP OF NORTH CROSBY	3.50%
	TOWN OF PRESCOTT	-4.51%
	TOWNSHIP OF REAR OF LEEDS AND LANDSDOWNE	1.90%
	TOWNSHIP OF REAR OF YONGE AND ESCOTT	4.78%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
	TOWNSHIP OF SOUTH CROSBY	0.78%
	TOWNSHIP OF SOUTH ELMSLEY	2.30%
	TOWNSHIP OF SOUTH GOWER	3.86%
	VILLAGE OF WESTPORT	-0.88%
	TOWNSHIP OF WOLFORD	2.63%
LENNOX AND ADDINGTON	TOWNSHIP OF ADOLPHUSTOWN	2.66%
	TOWNSHIP OF AMHERST ISLAND	0.77%
	VILLAGE OF BATH	3.76%
	TOWNSHIP OF CAMDEN EAST	3.46%
	TOWNSHIP OF DENBIGH, ABINGER AND ASHBY	-1.59%
	TOWNSHIP OF EMESTOWN	0.33%
	TOWNSHIP OF KALADAR, ANGLESEA AND EFFINGHAM	2.78%
	TOWN OF NAPANEE	1.52%
	VILLAGE OF NEWBURGH	2.09%
	TOWNSHIP OF NORTH FREDERICKSBURGH	2.63%
	TOWNSHIP OF RICHMOND	2.32%
	TOWNSHIP OF SHEFFIELD	2.16%
	TOWNSHIP OF SOUTH FREDERICKSBURGH	1.81%
MIDDLESEX	TOWNSHIP OF ADELAIDE	0.60%
	VILLAGE OF ALLSA CRAIG	1.11%
	TOWNSHIP OF BIDDULPH	-0.46%
	TOWNSHIP OF CARADOC	2.16%
	TOWNSHIP OF DELAWARE	3.73%
	TOWNSHIP OF EAST WILLIAMS	1.02%
	TOWNSHIP OF ELDRED	0.74%
	TOWNSHIP OF LOBO	2.33%
	TOWNSHIP OF LONDON	0.34%
	VILLAGE OF LUCAN	1.34%
	TOWNSHIP OF McFILLIVRAY	0.67%
	TOWNSHIP OF METCALFE	2.23%
	TOWNSHIP OF MOSA	0.71%
	VILLAGE OF NEWBURY	0.98%
	VILLAGE OF WARDSVILLE	-0.04%
	TOWNSHIP OF WEST WILLIAMS	0.00%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
STORMONT, DUNDAS AND GLENGARRY	TOWN OF ALEXANDRIA	0.47%
	VILLAGE OF CHESTERVILLE	0.80%
	CITY OF CORNWALL	0.30%
	TOWNSHIP OF CORNWALL	3.89%
	TOWNSHIP OF FINCH	-8.69%
	VILLAGE OF FINCH	3.02%
	VILLAGE OF IROQUOIS	0.55%
	TOWNSHIP OF KENYON	1.83%
	TOWNSHIP OF LANCASTER	1.31%
	VILLAGE OF LANCASTER	0.22%
	TOWNSHIP OF LOCHIEL	1.64%
	TOWNSHIP OF MATILDA	0.88%
	VILLAGE OF MAXVILLE	0.61%
	VILLAGE OF MORRISBURG	0.65%
	TOWNSHIP OF MOUNTAIN	2.34%
	TOWNSHIP OF OSNABRUCK	1.91%
	TOWNSHIP OF ROXBOROUGH	1.22%
	TOWNSHIP OF WILLIAMSBURGH	1.30%
TOWNSHIP OF WINCHESTER	0.80%	
VILLAGE OF WINCHESTER	2.21%	
METROPOLITAN TORONTO	BOROUGH OF EAST YORK	0.32%
	CITY OF TORONTO	0.74%
VICTORIA	TOWNSHIP OF BEXLEY	3.83%
	VILLAGE OF BOBCAYGION	7.49%
	TOWNSHIP OF CARDEN	6.24%
	TOWNSHIP OF DALTON	3.74%
	TOWNSHIP OF ELDON	4.44%
	VILLAGE OF FENELON FALLS	0.99%
	TOWNSHIP OF LAXTON, DIGBY AND LONGFORD	4.46%
	VILLAGE OF OMEMEE	4.76%
	TOWNSHIP OF SOMERVILLE	3.63%
	VILLAGE OF STURGEON POINT	7.39%
VILLAGE OF WOODVILLE	2.60%	
WELLINGTON	VILLAGE OF CLIFFORD	3.47%
	TOWNSHIP OF ERAMOSA	4.77%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
	VILLAGE OF MARMORA	1.47%
	TOWNSHIP OF MARMORA AND LAKE	3.87%
	TOWNSHIP OF MAYO	2.20%
	TOWNSHIP OF MONTEAGLE	2.80%
	TOWNSHIP OF RAWDON	1.80%
	TOWNSHIP OF SIDNEY	0.53%
	VILLAGE OF STIRLING	2.83%
	CITY OF TRENTON	2.00%
	TOWNSHIP OF TUDOR AND CASHEL	4.12%
	VILLAGE OF TWEED	0.85%
	TOWNSHIP OF TYENDINAGA	2.81%
	TOWNSHIP OF WOLLASTON	1.49%
HURON	TOWNSHIP OF ASHFIELD	0.83%
	VILLAGE OF BAYFIELD	2.07%
	VILLAGE OF BLYTH	1.37%
	VILLAGE OF BRUSSELS	4.80%
	TOWN OF CLINTON	0.40%
	TOWNSHIP OF COLBORNE	2.14%
	TOWNSHIP OF EAST WAWANOSH	1.41%
	TOWN OF GODERICH	0.27%
	TOWNSHIP OF GODERICH	1.67%
	TOWNSHIP OF GREY	1.15%
	TOWNSHIP OF HAY	2.18%
	VILLAGE OF HENSALL	2.58%
	TOWNSHIP OF HOWICK	2.65%
	TOWNSHIP OF HULLETT	-0.60%
	TOWNSHIP OF McKILLOP	0.98%
	TOWNSHIP OF MORRIS	0.72%
	TOWN OF SEAFORTH	1.48%
	TOWNSHIP OF STANLEY	-1.52%
	TOWNSHIP OF STEPHEN	0.24%
	TOWNSHIP OF TUCKERSMITH	1.31%
	TOWNSHIP OF TURNBERRY	0.67%
	TOWNSHIP OF USBORNE	-0.87%
	TOWNSHIP OF WEST WAWANOSH	0.35%
	TOWN OF WINHAM	0.44%
	VILLAGE OF ZURICH	0.86%

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
NORTHUMBERLAND	TOWNSHIP OF ALNWICK	3.88%
	TOWN OF CAMPBELLFORD	0.13%
	TOWNSHIP OF CARMAHE	4.49%
	VILLAGE OF HASTINGS	1.70%
	TOWNSHIP OF PERCY	3.67%
	TOWNSHIP OF SEYMOUR	3.50%
PERTH	TOWNSHIP OF BLANSHARD	0.67%
	TOWNSHIP OF DOWNIE	0.31%
	TOWNSHIP OF ELMA	0.79%
	TOWNSHIP OF FULLARTON	0.82%
	TOWNSHIP OF HIBBERT	-0.01%
	TOWNSHIP OF LOGAN	0.39%
	VILLAGE OF MILVERTON	1.34%
	TOWN OF MITCHELL	2.48%
	TOWNSHIP OF MORNINGTON	1.15%
	TOWNSHIP OF NORTH EASTHOPE	0.69%
	TOWNSHIP OF SOUTH EASTHOPE	0.68%
	TOWNSHIP OF WALLACE	1.21%
PETERBOROUGH	TOWNSHIP OF ASPHODEL	6.15%
	TOWNSHIP OF BELMONT AND METHUEN	1.99%
	TOWNSHIP OF BURLEIGH AND ANSTRUTHER	1.17%
	TOWNSHIP OF CHANDOS	3.67%
	TOWNSHIP OF DOURO	1.46%
	TOWNSHIP OF DUMMER	4.08%
	TOWNSHIP OF GALWAY AND CAVENDISH	8.21%
	VILLAGE OF HAVELOCK	0.16%
	VILLAGE OF LAKEFIELD	1.14%
	VILLAGE OF MILLBROOK	4.88%
	TOWNSHIP OF NORTH MONAGHAN	1.11%
	VILLAGE OF NORWOOD	2.64%
	TOWNSHIP OF OTONABEE	2.73%
	TOWNSHIP OF SOUTH MONAGHAN	4.30%
PRESCOTT AND RUSSELL	TOWNSHIP OF ALFRED	1.87%
	VILLAGE OF ALFRED	1.87%
	TOWNSHIP OF CALEDONIA	0.22%
	VILLAGE OF CASSELMAN	5.36%

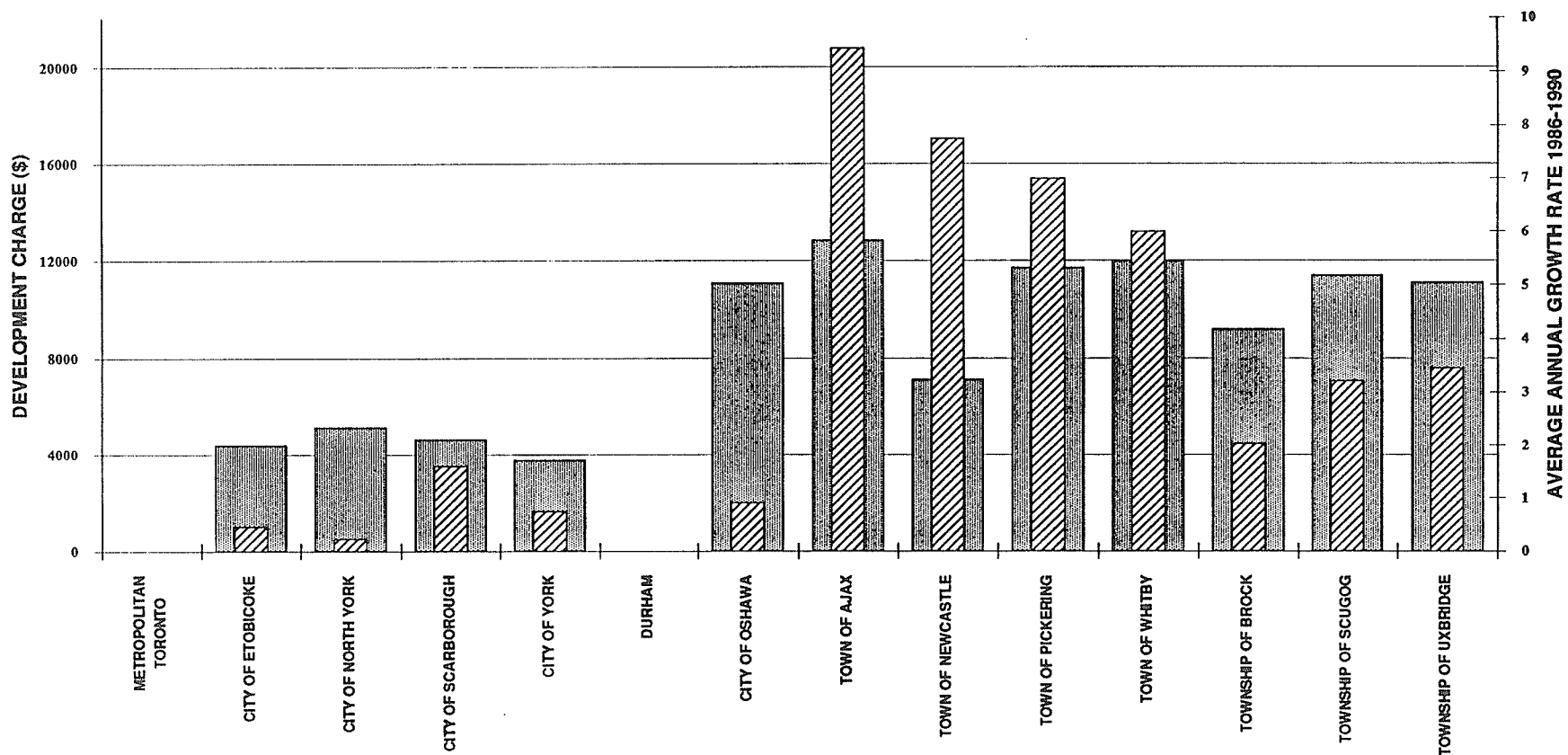
TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
BRUCE	TOWNSHIP OF ALBERMARLE	2.25%
	TOWNSHIP OF AMABEL	4.59%
	TOWNSHIP OF ARRAN	2.33%
	TOWNSHIP OF BRANT	0.09%
	TOWNSHIP OF BRUCE	0.69%
	TOWNSHIP OF CARRICK	0.34%
	TOWN OF CHESLEY	0.12%
	TOWNSHIP OF CULROSS	0.92%
	TOWNSHIP OF EASTNOR	3.95%
	TOWNSHIP OF ELDERSLIE	1.55%
	TOWNSHIP OF GREENOCK	-0.87%
	TOWNSHIP OF HEPWORTH	3.69%
	TOWNSHIP OF HURON	3.63%
	TOWNSHIP OF KINCARDINE	0.43%
	TOWNSHIP OF KINLOSS	1.11%
	TOWNSHIP OF LINDSAY	7.12%
	VILLAGE OF LION'S HEAD	0.62%
	VILLAGE OF LUCKNOW	1.23%
	VILLAGE OF MILD MAY	2.26%
	VILLAGE OF PAISLEY	1.34%
	VILLAGE OF RIPLEY	1.24%
	TOWNSHIP OF ST. EDMUNDS	4.15%
	TOWNSHIP OF SAUGEEN	2.97%
	VILLAGE OF TARA	3.07%
	VILLAGE OF TEESWATER	1.35%
	VILLAGE OF TIVERTON	1.71%
TOWN OF WALKERTON	0.89%	
TOWN OF WIARTON	2.40%	
ELGIN	TOWNSHIP OF ALDBOROUGH	1.62%
	TOWN OF AYLMEER	3.54%
	TOWNSHIP OF BAYHAM	1.52%
	TOWNSHIP OF DUNWICH	2.11%
	VILLAGE OF DUTTON	1.88%
	TOWNSHIP OF MALAHIDE	2.18%
	VILLAGE OF PORT BURWELL	3.94%
	VILLAGE OF PORT STANLEY	2.23%
	VILLAGE OF RODNEY	1.28%
TOWNSHIP OF SOUTH DORCHESTER	0.68%	

TABLE B-2
GROWTH RATE BY MUNICIPALITY
IN MUNICIPALITIES WITH NO DEVELOPMENT CHARGE

REGIONAL MUNICIPALITY OR COUNTY	LOCAL MUNICIPALITY	AVERAGE ANNUAL GROWTH RATE 1986-1991
	TOWNSHIP OF SOUTHWORLD	1.23%
	VILLAGE OF SPRINGFIELD	1.96%
	VILLAGE OF VIENNA	3.05%
	VILLAGE OF WEST LORNE	1.66%
	TOWNSHIP OF YARMOUTH	0.47%
ESSEX	TOWNSHIP OF ANDERDON	2.49%
	TOWNSHIP OF COLCHESTER NORTH	1.24%
	TOWNSHIP OF COLCHESTER SOUTH	1.21%
	TOWN OF ESSEX	1.96%
	TOWNSHIP OF GOSFIELD NORTH	1.43%
	TOWNSHIP OF GOSFIELD SOUTH	0.16%
	TOWN OF HARROW	1.98%
	TOWN OF KINGSVILLE	1.21%
	TOWNSHIP OF MAIDEN	-0.02%
	TOWNSHIP OF MERSEA	-0.19%
	TOWNSHIP OF PELEE	-0.86%
	TOWNSHIP OF ROCHESTER	0.41%
	VILLAGE OF ST. CLAIR BEACH	1.98%
	TOWNSHIP OF SANDWICH WEST	3.50%
	TOWN OF TECUMSEH	6.30%
	TOWNSHIP OF TILBURY NORTH	1.20%
	TOWNSHIP OF TILBURY WEST	0.75%
FRONTENAC	TOWNSHIP OF BARRIE	0.56%
	TOWNSHIP OF BEDFORD	1.00%
	TOWNSHIP OF CLARENDON AND MILLER	0.00%
	TOWNSHIP OF HINCHINBROOKE	-0.28%
	TOWNSHIP OF HOWE ISLAND	5.94%
	TOWNSHIP OF KENNEBEC	-1.04%
	CITY OF KINGSTON	0.56%
	TOWNSHIP OF KINGSTON	4.76%
	TOWNSHIP OF OLDEN	2.96%
	TOWNSHIP OF OSO	2.14%
	TOWNSHIP OF PALMERSTON AND NORTH AND SOUTH CANONTO	-0.55%
	TOWNSHIP OF PITTSBURG	2.98%
	TOWNSHIP OF STORRINGTON	4.00%
	TOWNSHIP OF WOLFE ISLAND	0.09%

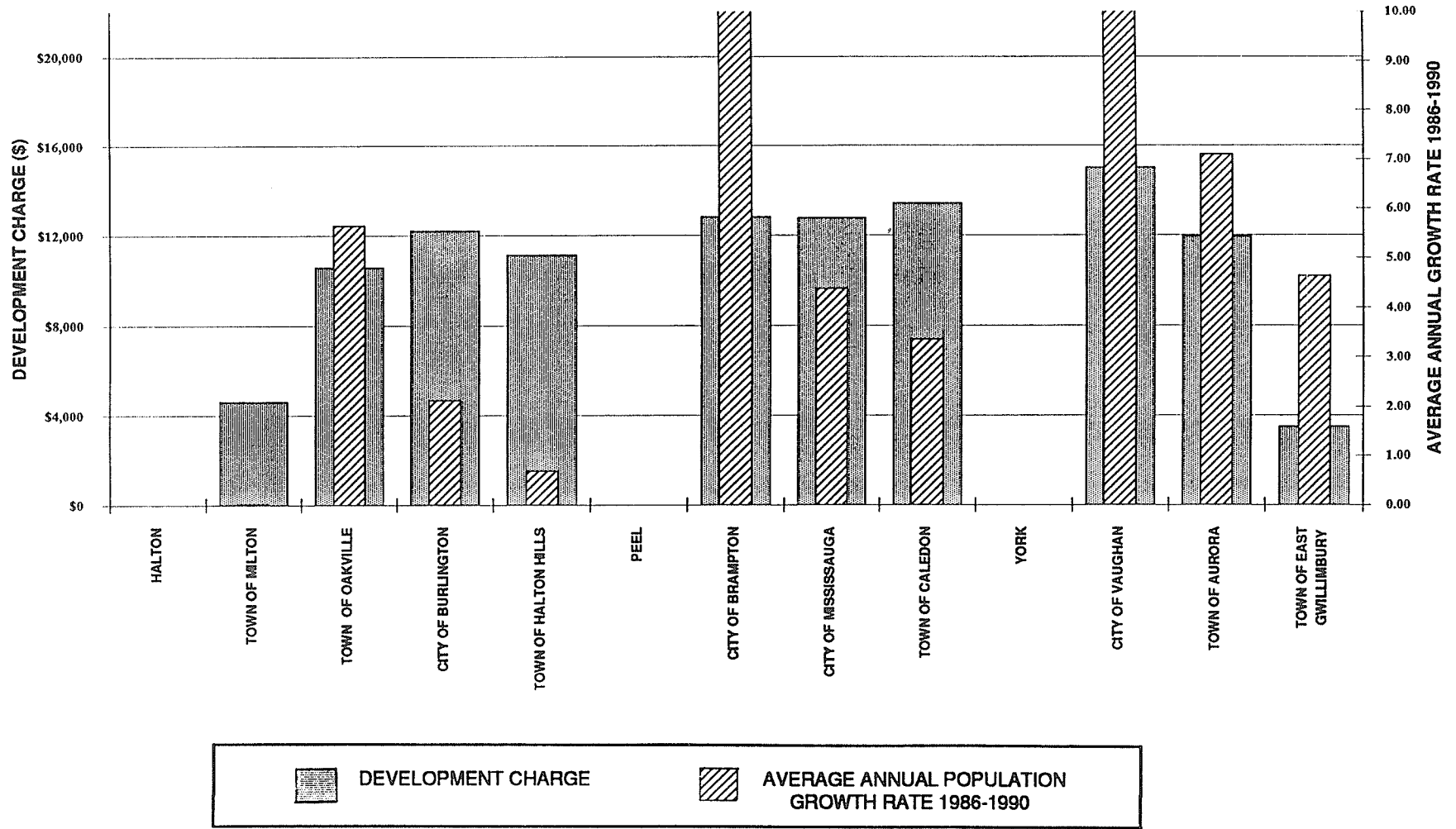
CHART B-1
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993



DEVELOPMENT CHARGE
 AVERAGE ANNUAL POPULATION GROWTH RATE 1986-1990

CHART B-2
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

B-20



**CHART B-3
DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
SOUTHERN ONTARIO MUNICIPALITIES 1993**

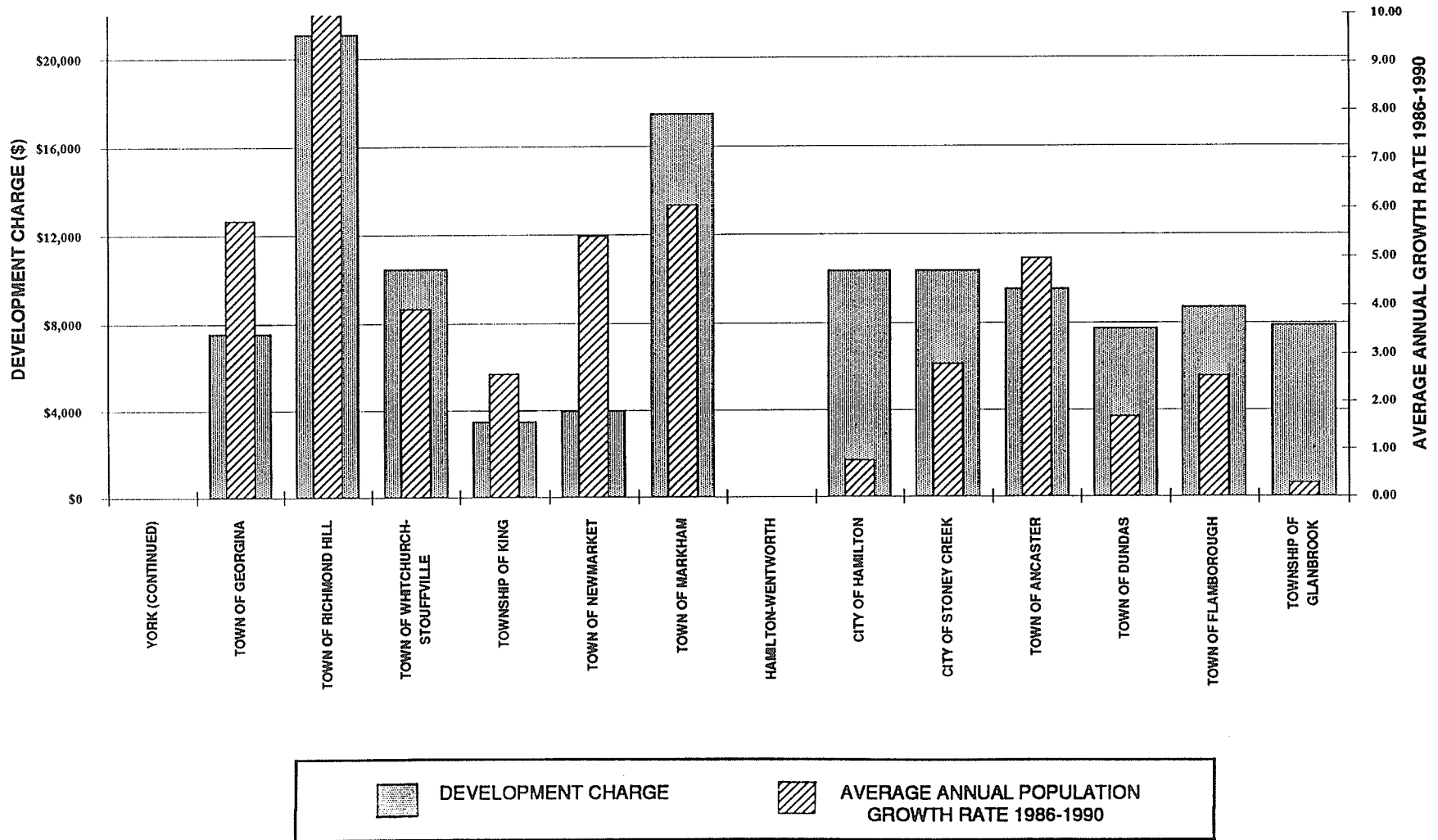
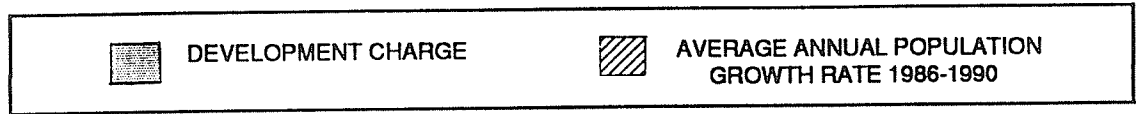
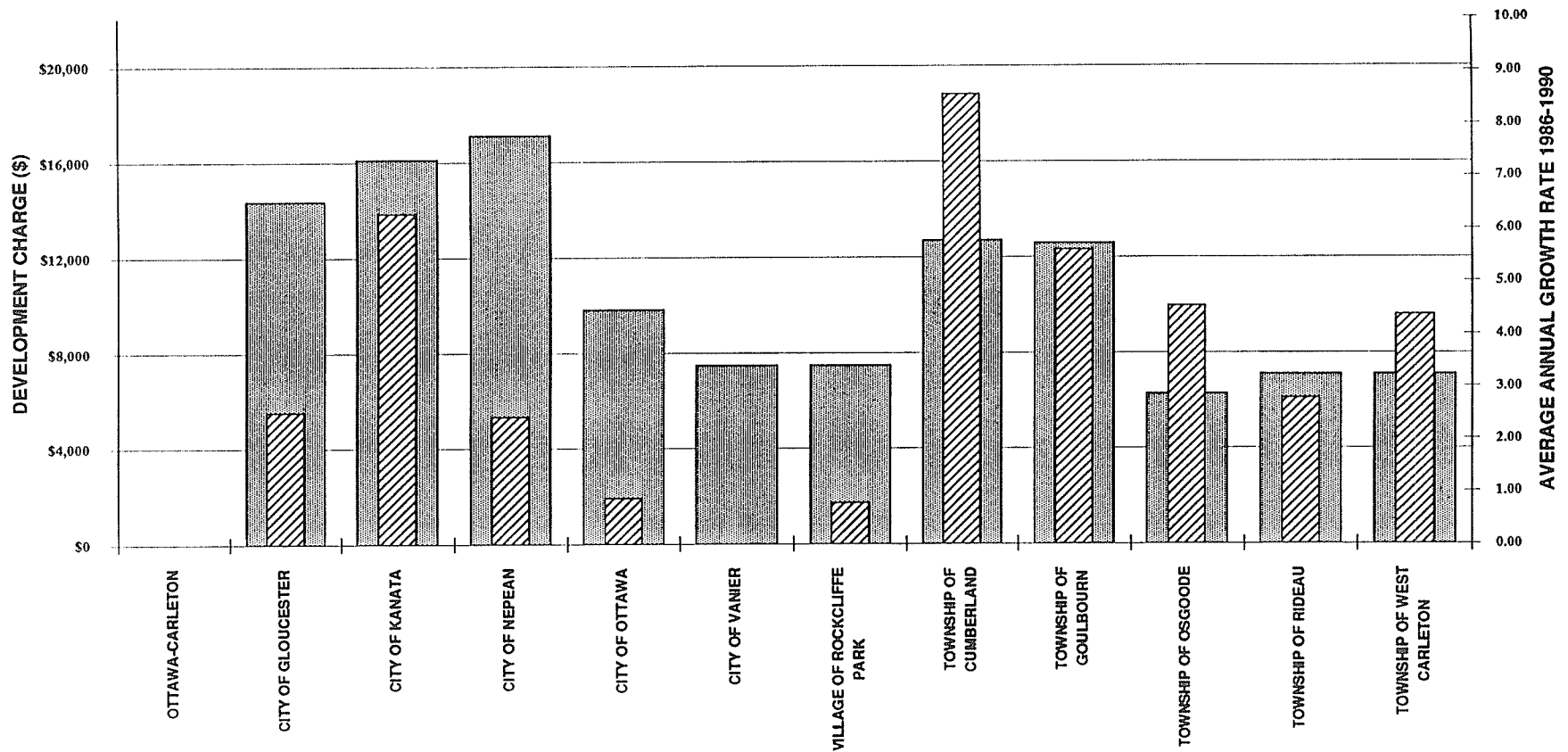


CHART B-4
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993



**CHART B-5
DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
SOUTHERN ONTARIO MUNICIPALITIES 1993**

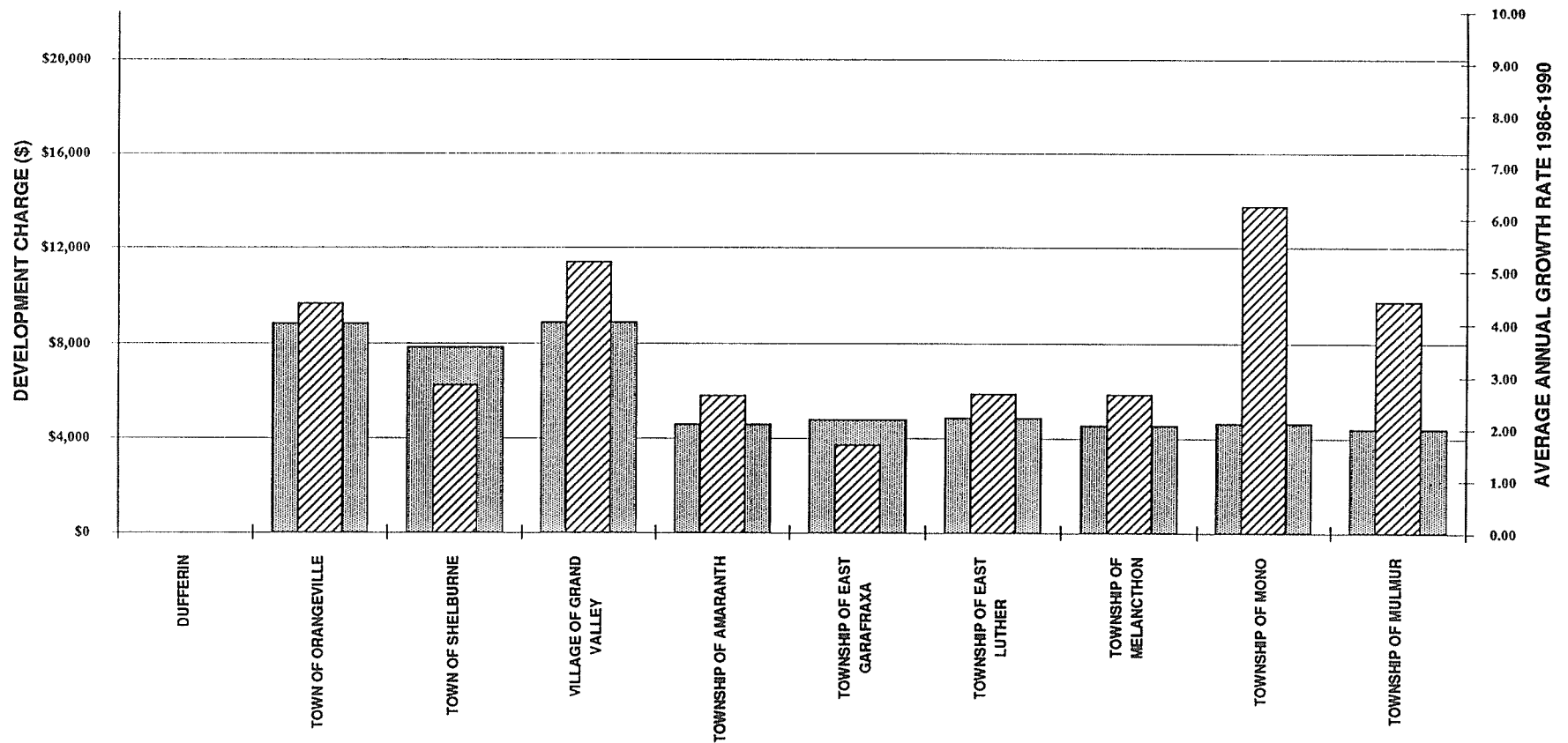


CHART B-6
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

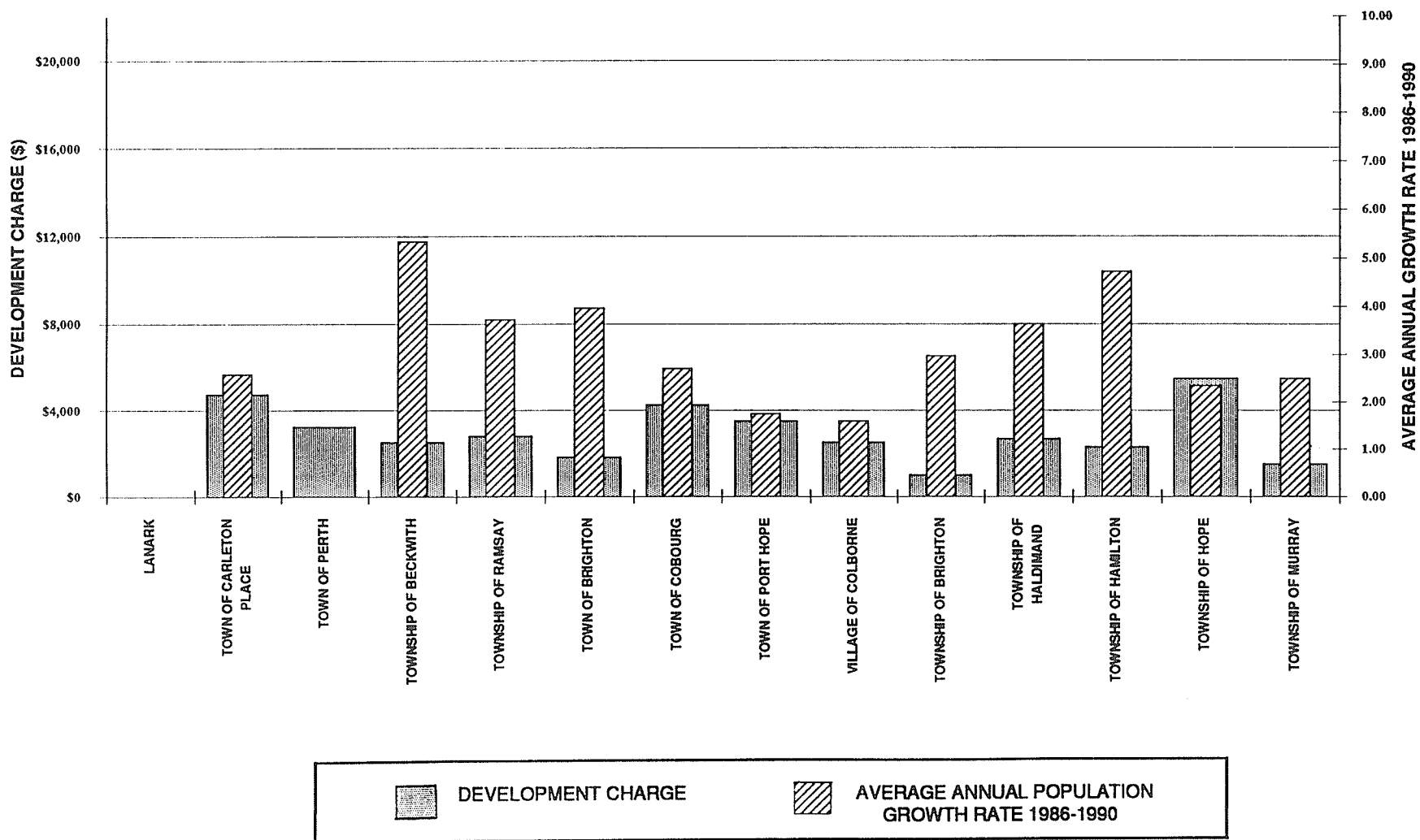


CHART B-7
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

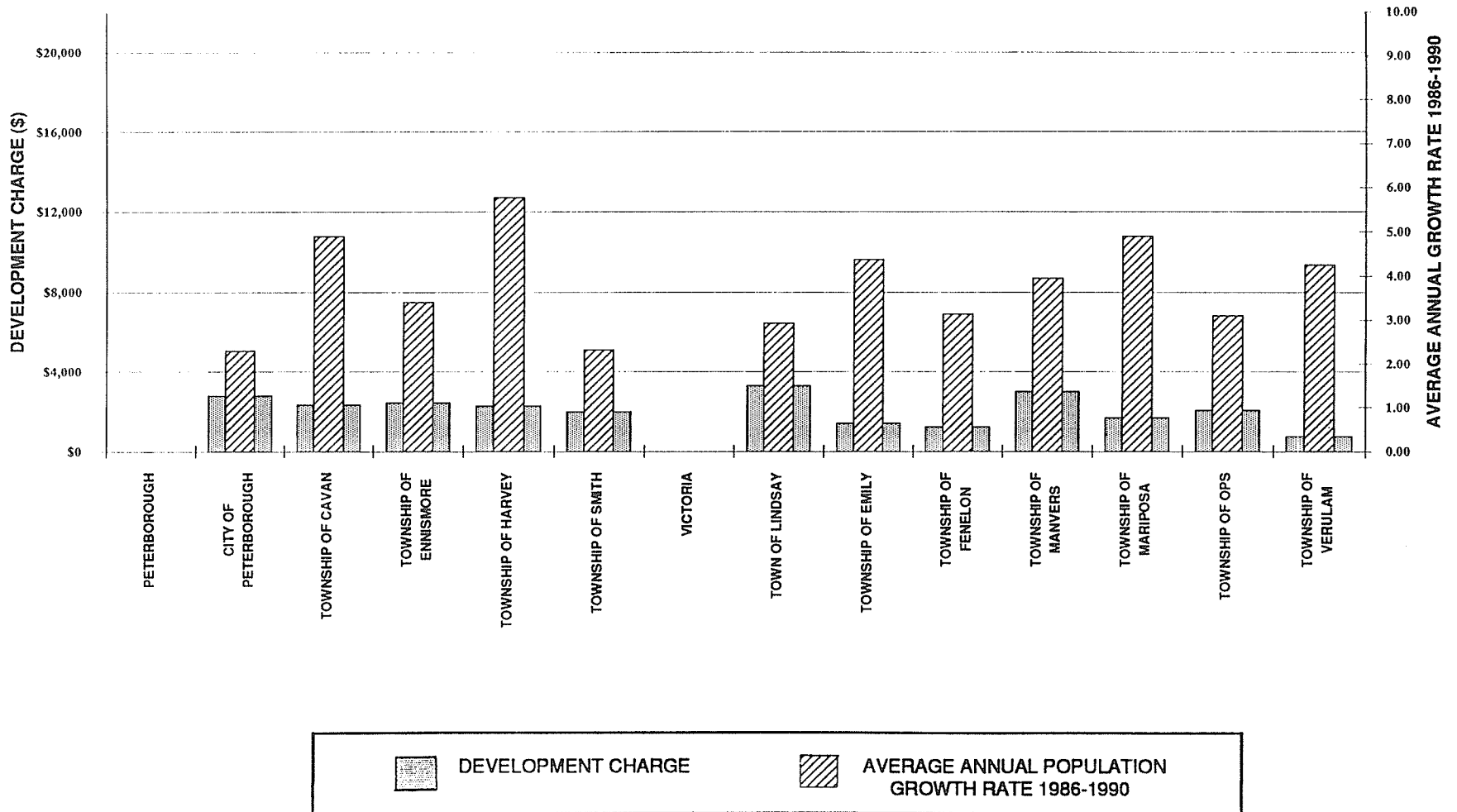


CHART B-8
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

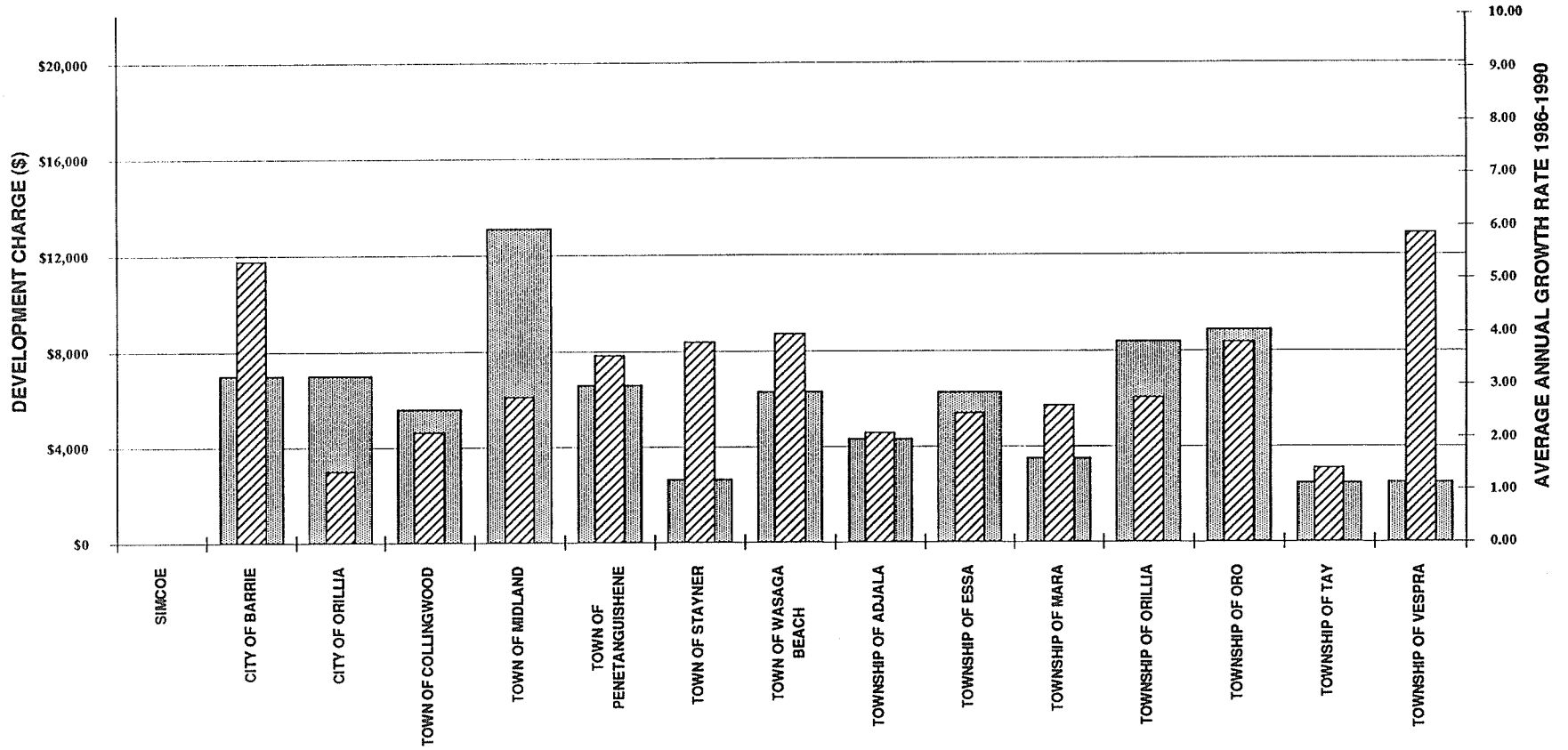


CHART B-9
DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
SOUTHERN ONTARIO MUNICIPALITIES 1993

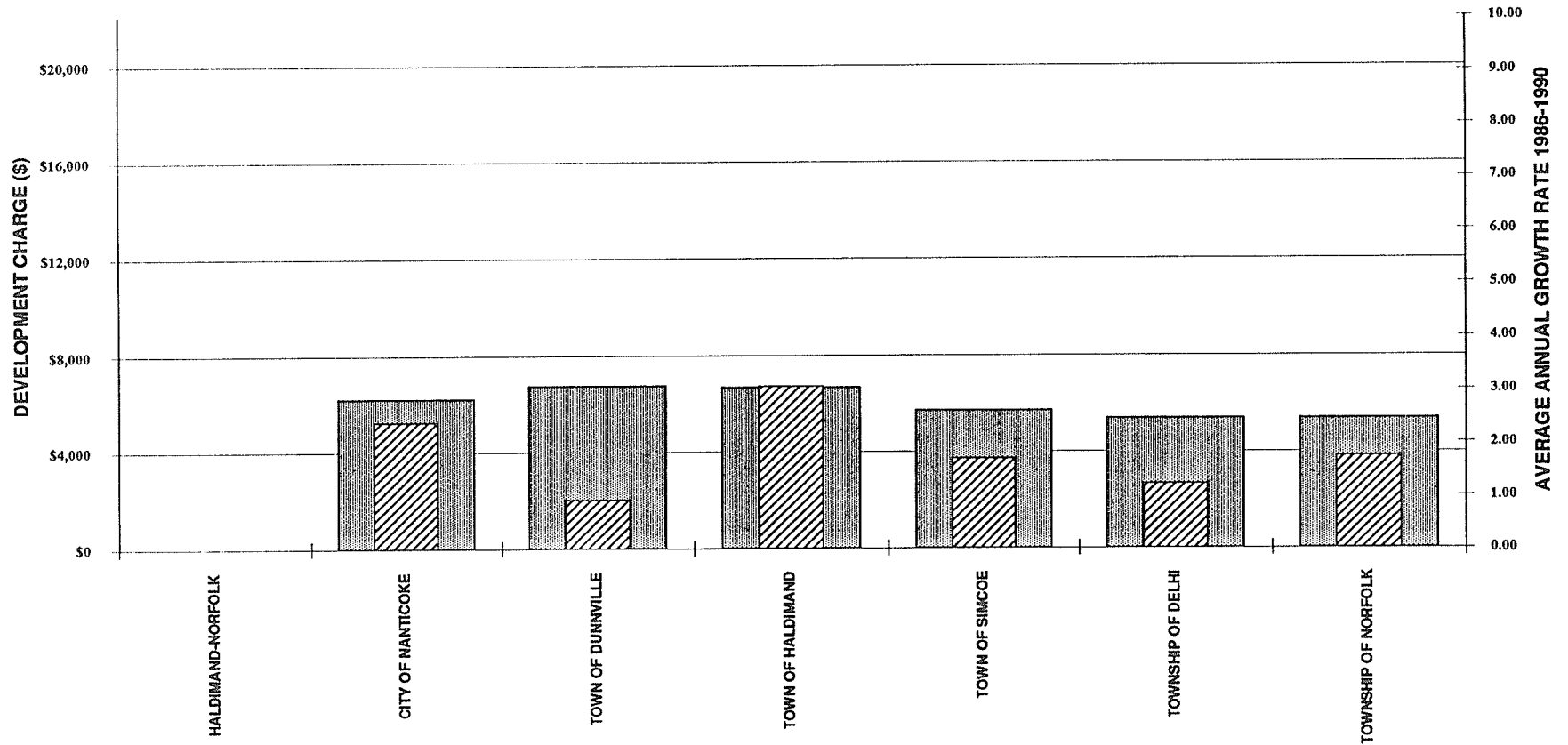


CHART B-10
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

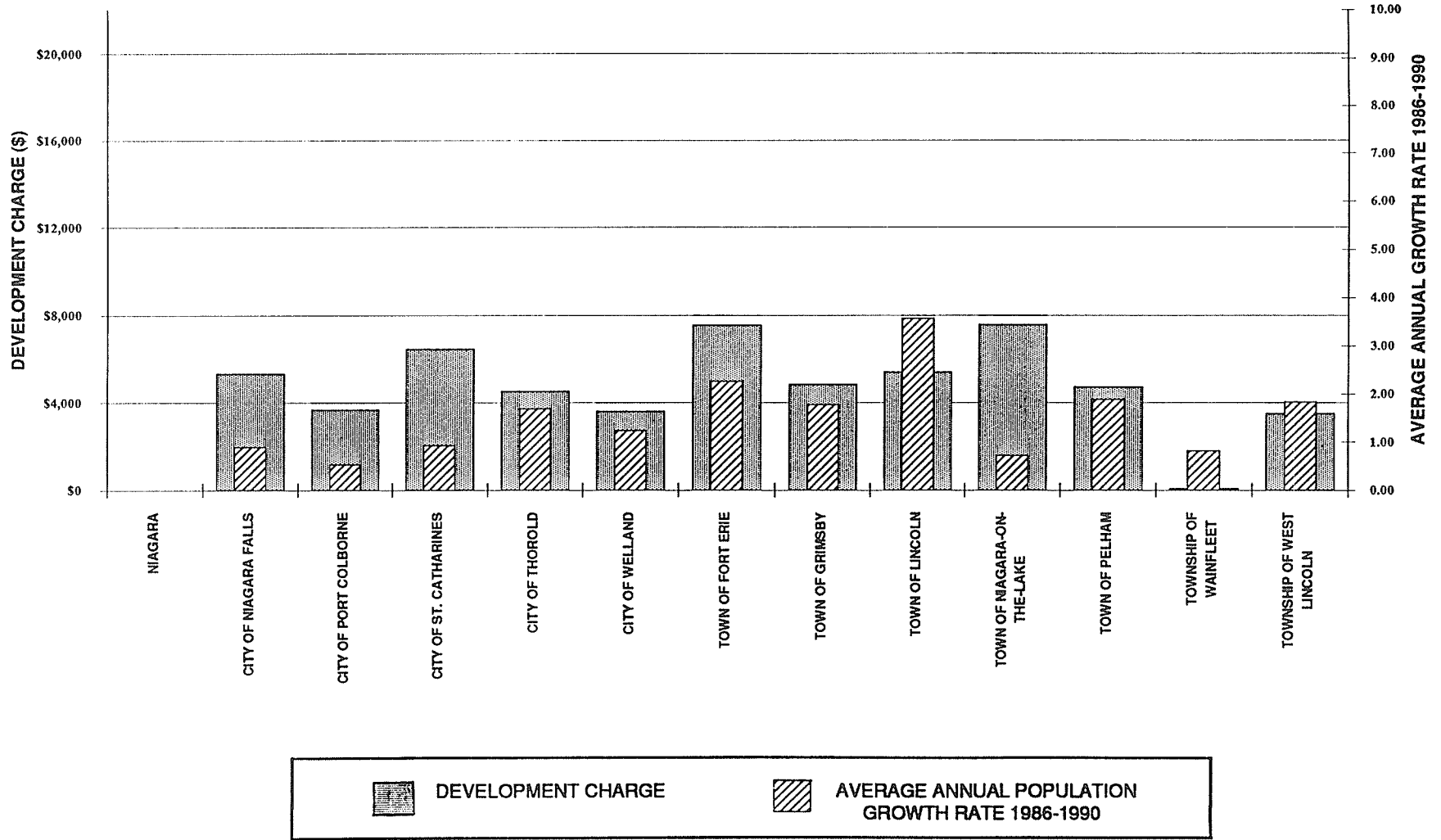


CHART B-11
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

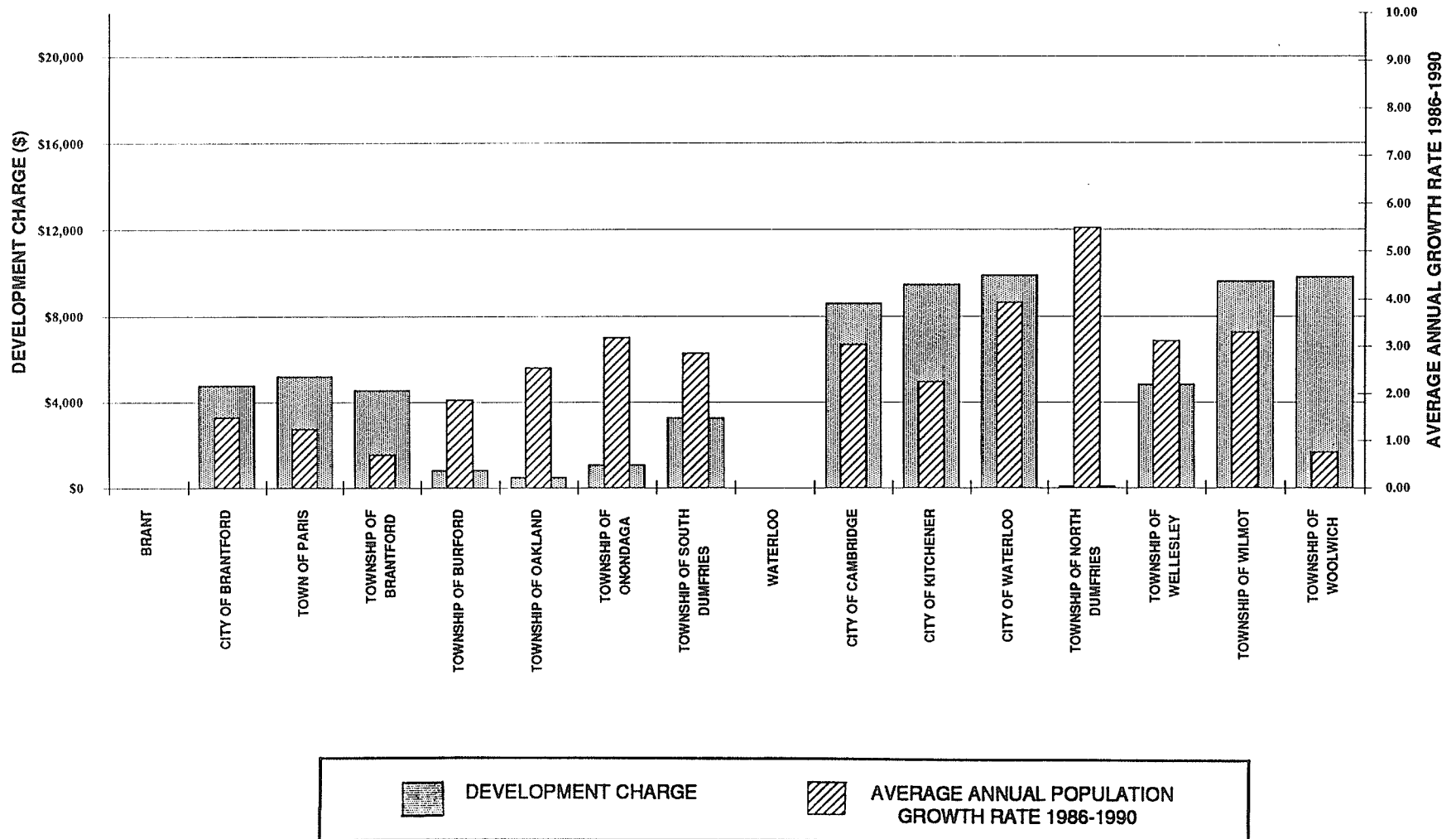


CHART B-12
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

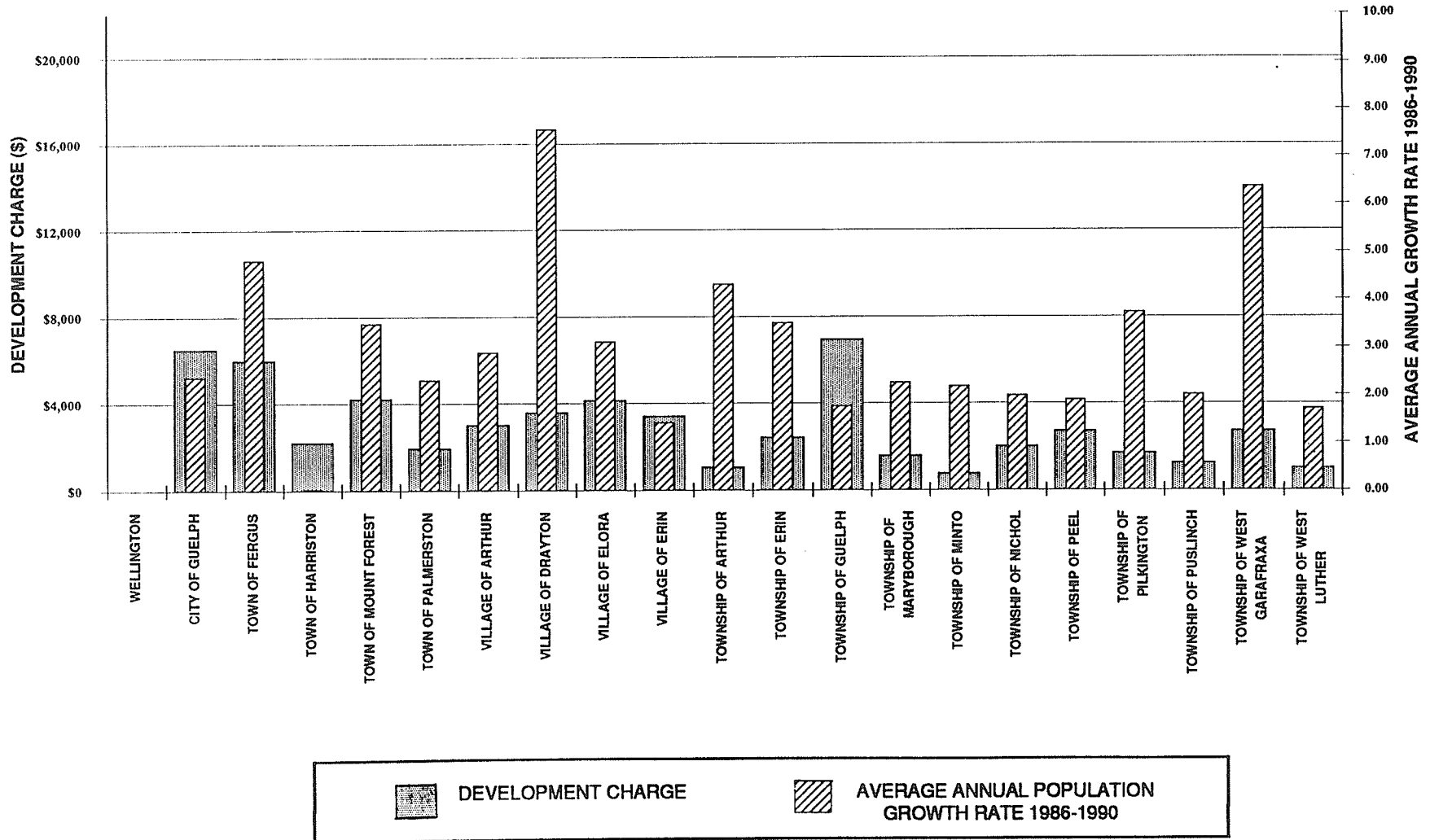


CHART B-13
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

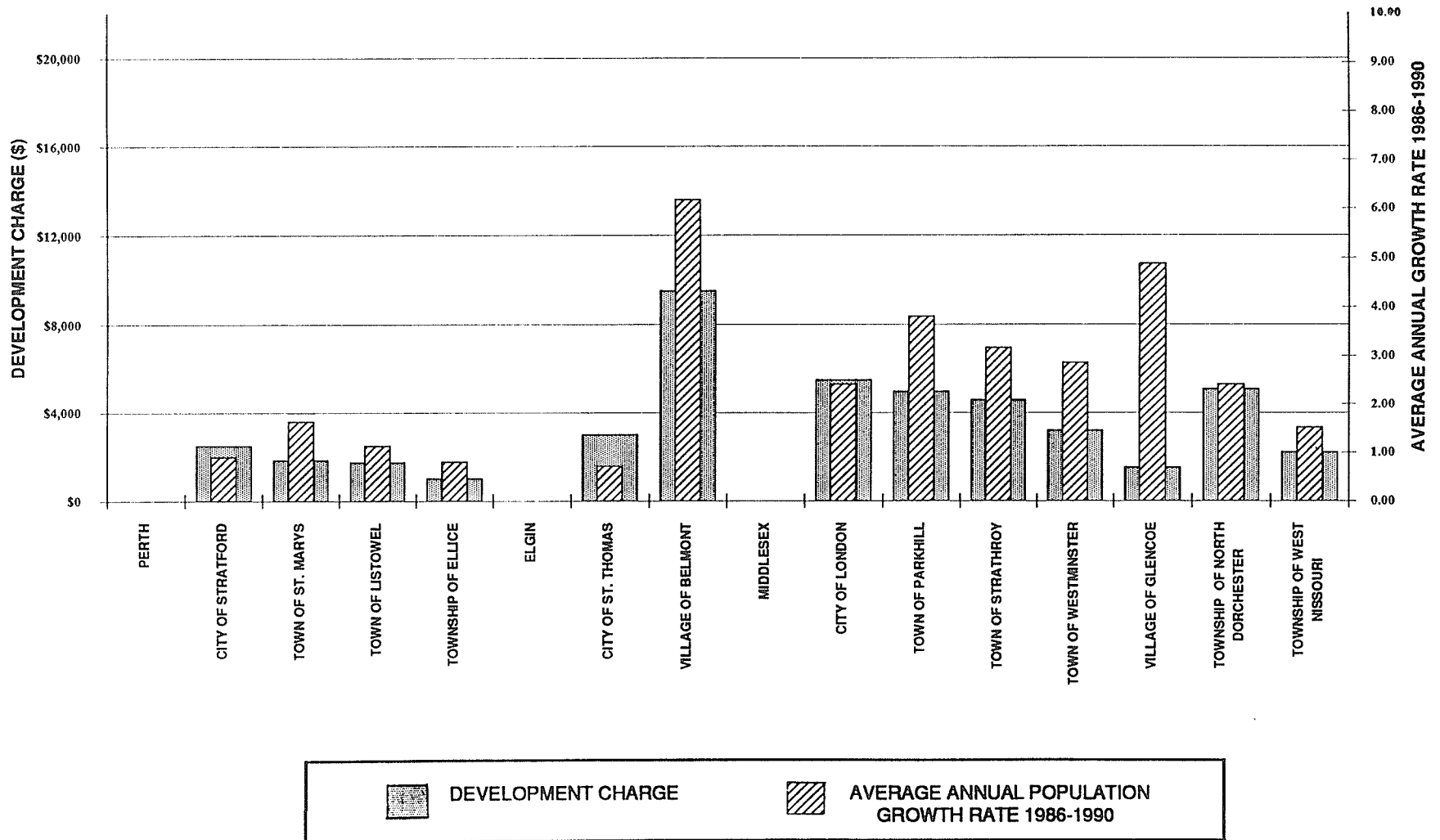


CHART B-14
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993

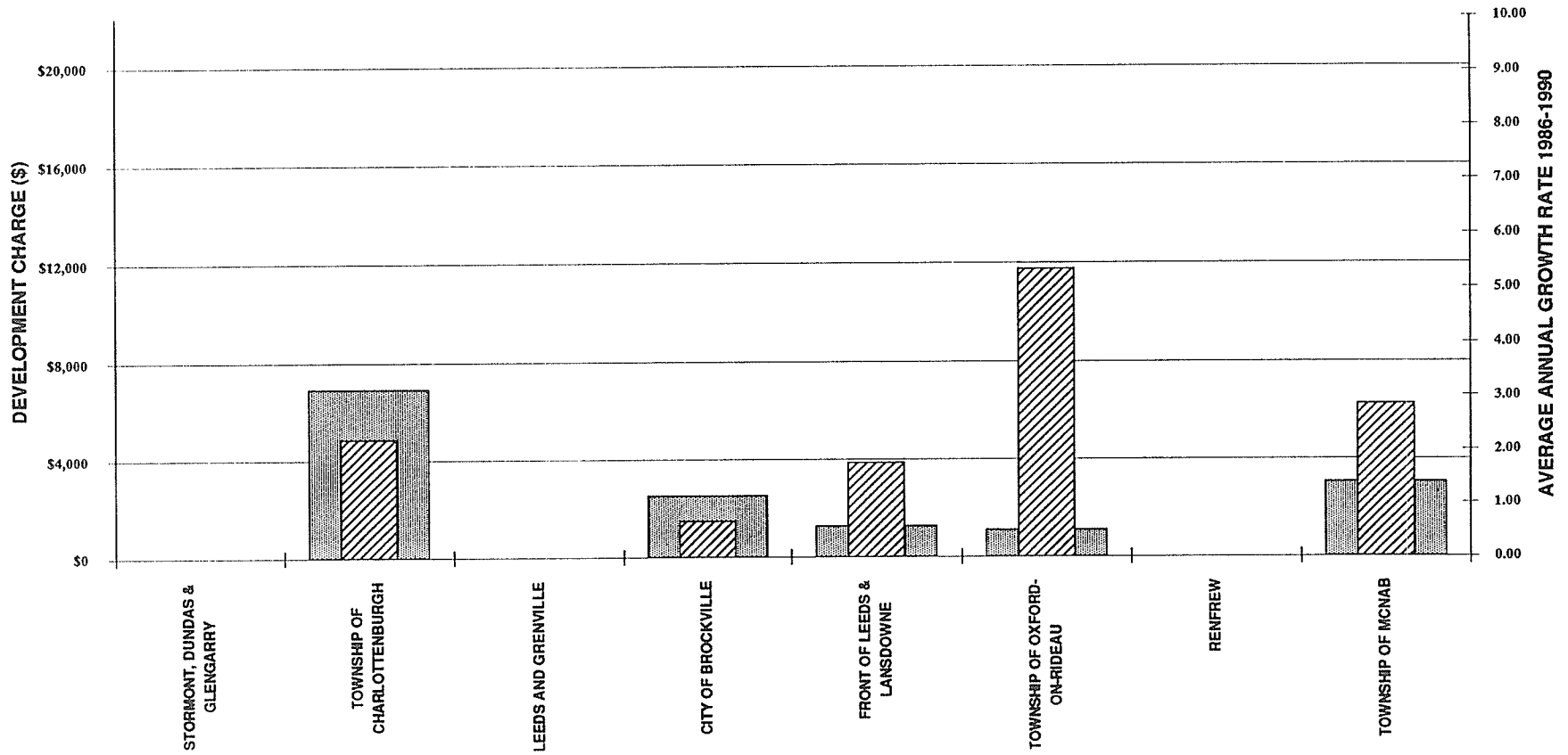


CHART B-15
DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
SOUTHERN ONTARIO MUNICIPALITIES 1993

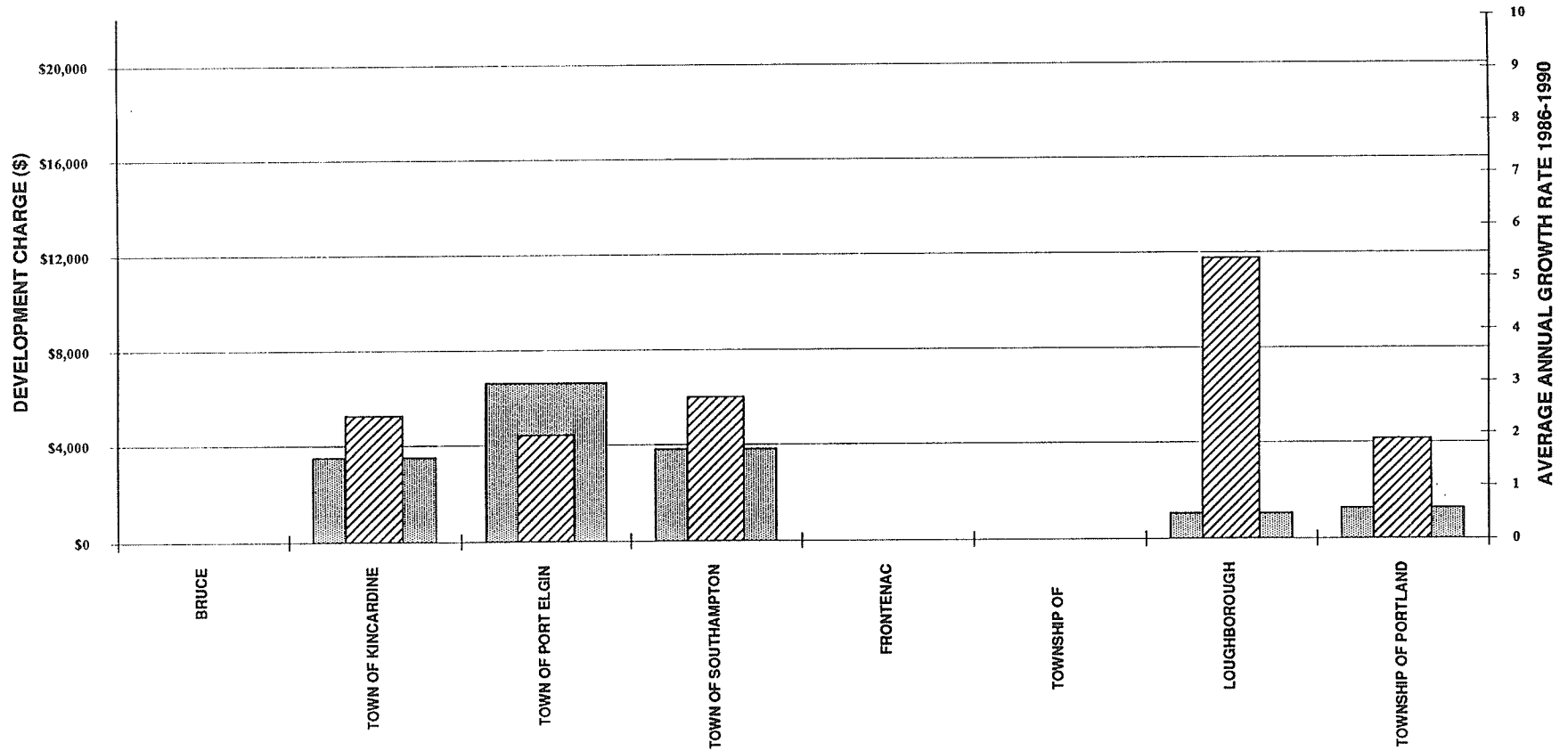


CHART B-16
DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
SOUTHERN ONTARIO MUNICIPALITIES 1993

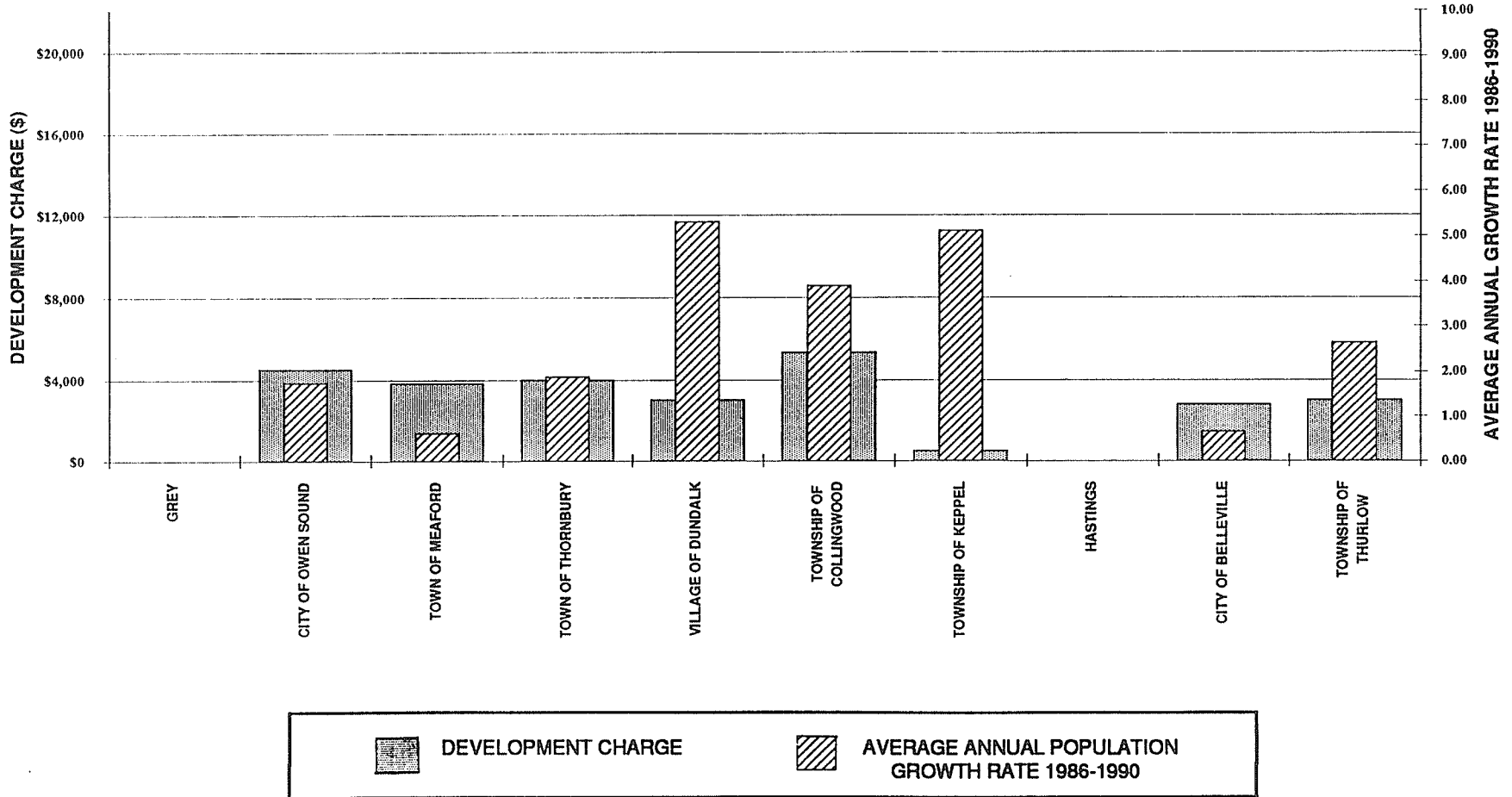
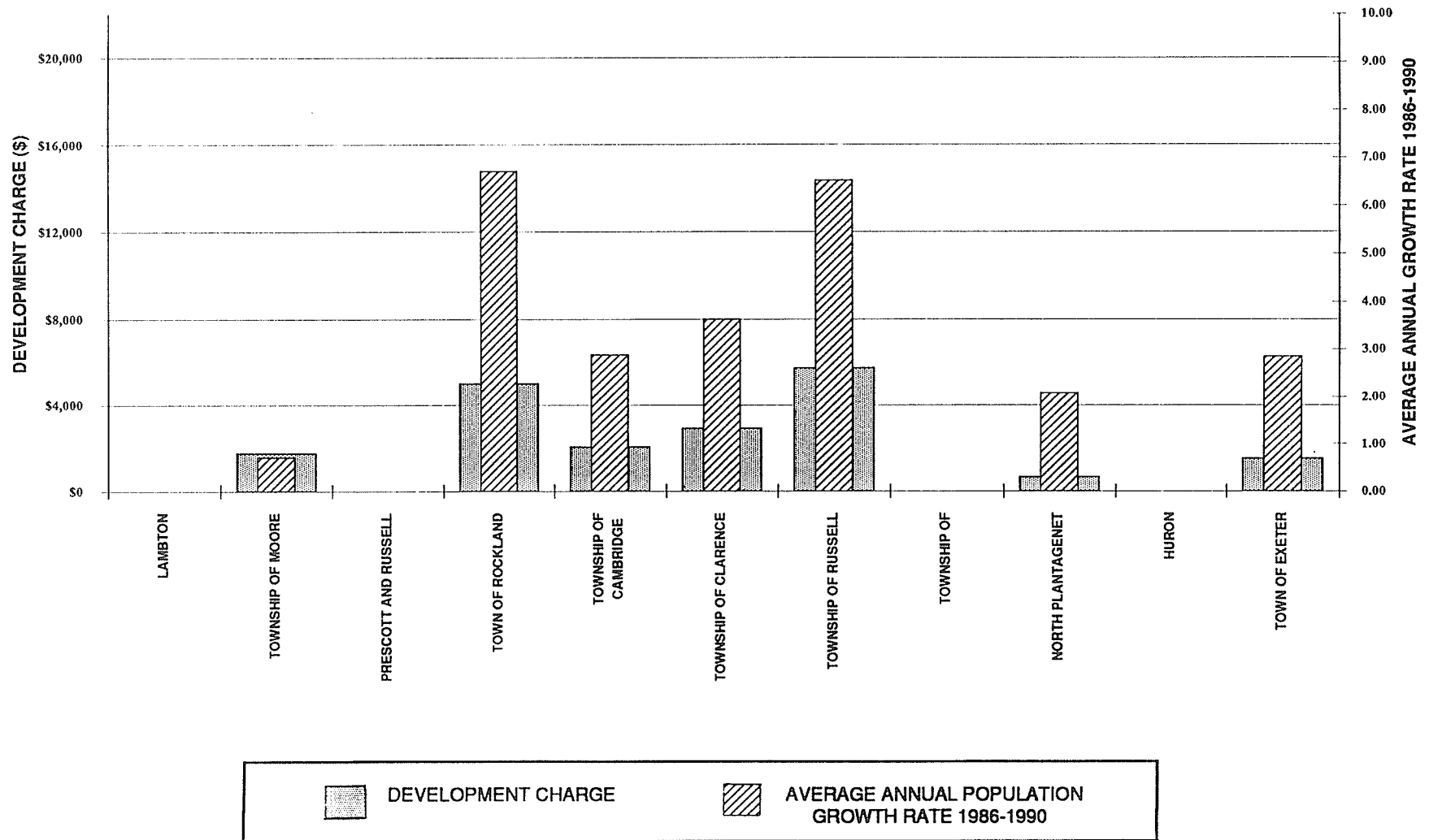


CHART B-17
 DEVELOPMENT CHARGES AND POPULATION GROWTH RATE
 SOUTHERN ONTARIO MUNICIPALITIES 1993



BIBLIOGRAPHY

BIBLIOGRAPHY

- Brumer, Leon. School Capital Program, Ministry of Education, Province of Ontario, Interview with author, February 1993.
- Canadian Federation of Mayors and Municipalities, Puppets on a Shoestring: The Effects on Municipal Government of Canada's System of Public Finance. Ottawa, 1976.
- Frank, J.E. and Rhodes, R.M. (Editors). Development Exactions. Washington, D.C. : Planners Press, American Planners Association, 1987.
- Globe and Mail. "Ontario Won't Forbid Lot Levies for Schools". Toronto, March 7, 1991.
- Globe and Mail. "School Boards Consider Leasing, Not Building". Toronto, May 22, 1990.
- Government of Ontario. Planning Act. Revised Statutes of Ontario 1990, Chapter P.13. Toronto: Queen's Printer for Ontario, 1989.
- Government of Ontario. Development Charges Act, 1989. Statutes of Ontario 1989, Chapter 58. Toronto: Queen's Printer for Ontario, 1992.
- Horvitch, S. "British Columbia Charts Own Course on Land Charges", Financial Post. August 3, 1991.
- Johnson, J.A. "Municipal Tax Reform - Alternatives to the Real Property Tax". Canadian Public Policy. Special Issue, 1976.
- Mandel, J. The Statistical Analysis of Experimental Data. New York: Interscience Publishers, 1967.
- McQuaid, M.J. and Duffy, L.M. "The Development Charges Act - A Practical Perspective", Toronto: Wier and Foulds, 1990.

- Ministry of Municipal Affairs. The Development Charges Act, 1989. Toronto: Queen's Printer for Ontario, Final Reading, November 21, 1991.
- Ministry of Municipal Affairs. Study of Innovative Financing Approaches for Ontario Municipalities Final Report. Toronto: Queen's Printer for Ontario, March 31, 1991.
- Ministry of Municipal Affairs, Municipal Finance Branch. A Guide to The Development Charges Act, 1989. Toronto : Queen's Printer for Ontario, March, 1990.
- Ministry of Municipal Affairs, Report of the Advisory Committee to the Minister of Municipal Affairs on the Provincial-Municipal Financial Relationship. Toronto : Queen's Printer for Ontario, January, 1991.
- Ministry of Municipal Affairs, Land Use Planning for Housing. Policy Statement issued under the authority of Section 3 of the Planning Act, 1983, Toronto : Queen's Printer for Ontario, July 13, 1989.
- Ministry of Treasury and Economics. Financing Growth-Related Capital Needs. Toronto: Queen's Printer for Ontario, December 12, 1988.
- Morehouse, S. "Lot Levy Legislation - Again?". Municipal World. St. Thomas, March, 1989.
- Nelson, A.C. (Editor). Development Impact Fees: Policy Rationale, Practice, Theory, and Issues. Chicago: Planners Press, American Planners Association, 1988.
- Olando, Janice. Communications Branch, Ministry of Treasury and Economics, Province of Ontario. Interview with author, February 23, 1993.
- Onorato, Mike. Ontario Municipal Board, Ministry of Municipal Affairs, Interview with author, January 1993.
- Russell, W.D. "Ontario's Development Charges Act: It's a Zinger"! Part 1". Municipal World, St. Thomas, January, 1990.
- Russell, W.D. "Ontario's Development Charges Act: It's a Zinger"! Part 2".

Municipal World, St. Thomas, February, 1990.

Russell, W.D. "Ontario's Development Charges Act: It's a Zinger"! Part 3".
Municipal World, St. Thomas, March, 1990.

Russell, W.D. "Ontario's Development Charges Act: It's a Zinger"! Part 4.
Municipal World, St. Thomas, September 1990.

Russell, W.D. "Ontario's Development Charges Act: It's a Zinger"! Part 5".
Municipal World, St. Thomas, March, 1991.

Scandlan, G. "Municipal Sources of Revenue". Municipal World, St. Thomas,
October 1992.

Seto, Bob. Planner, York Regional Board of Education, Interview with author,
January 1993.

Snyder, T.P. and Stegman, M.A. Paying for Growth: Using Development Fees
To Finance Infrastructure. Washington, D.C. : Urban Land Institute,
1986.

Sparrow, M.L. The Education Development Charge. Toronto: Wiers and
Foulds, 1990.

Statistics Canada. Population and Dwelling Counts: Census Divisions and
Subdivisions. Catalogue No. 93-304. Ottawa : Ministry of Industry,
Science and Technology, 1992.

Toronto Star. "York Developers Seeking Relief From Lot Levy Fees". Toronto,
February 21, 1991.

Urban Analysis Group. The Logic and Implications of Educational
Development Charges: A Study for the Ontario Home Builders
Association and the Urban Development Institute. London, Ontario,
1989.

Urban Development Institute Pacific Region. " Discussion Paper on
Development Cost Charges and Levies : Alternative Financing Mechanism
for Infrastructure. Vancouver: Urban Development Institute, 1990.

Watson, C.N. and Associates Ltd. 1992 Survey of Ontario Municipal, Utility and School Board Development Charges. Toronto, April, 1992.

Watson, C.N. "Development Charges - Bane or Salvation?" The Land Economist. Winter, 1991,