Who Pays For Growth?

With changes to development charges, YOU could be paying more



Development charges are fees collected on new development and are currently the primary funding source for infrastructure needed to service growth.



If you're a growing municipality, chances are your community needs new infrastructure to accommodate new residents and businesses.

That's because when most infrastructure was originally built, no one could predict the way communities would grow.

For example, a pipeline meant for a population of 10,000 can't handle more people without upgrading or building new infrastructure.

These changes cost money.

How is growth-related infrastructure paid for?

PRE-1980s

PRESENT

POSSIBLE FUTURE

MFOA

Primarily funded by federal and provincial governments Primarily funded from growth

In the past, the provincial and federal governments paid for infrastructure upgrades. However, in the late 1990s, the province changed legislation which transferred 20% of the cost of growth-related infrastructure to existing residents with 80% coming from developers.*

*Watson & Associates' 2010 study, "Long-term Fiscal Impact Assessment of Growth: 2011-2021," for the Town of Milton.

With low development charges:

Primarily funded from existing taxpayers and business owners

Now the province is exploring changes to legislation. If these changes lead to lower development charges, then existing residents and businesses will pay for growth through **higher** property taxes and utility rates.

Reducing development charges does not make housing more affordable.

Instead, it would be:

ONE



- Reducing development charges does not decrease the cost of growthrelated infrastructure.
- It transfers the cost to existing homeowners, which includes low-income families and seniors. Significant increases in housing costs would be unaffordable for many.

INEFFICIENT

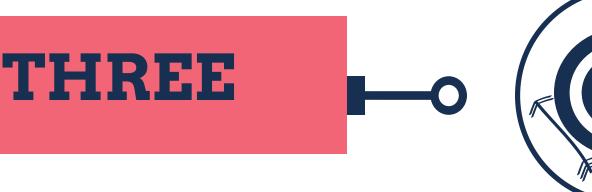
There is no evidence that shows reductions in development charges being passed directly to homebuyers through drops in house prices. House prices are set through market demand.



- •
- •

TWO

- •
- •
- •
- •



INEFFECTIVE

It will result in higher property taxes and utility rates for municipalities with new development, to cover funds for infrastructure not recovered

FOUR

through development charges.



It provides a disincentive for residents to support new housing.

COUNTERPRODUCTIVE

Municipalities are already struggling to meet their current infrastructure demands. Without development charges, growth projects would compete with other municipal projects. Municipalities may not have the funds available to put the infrastructure in place needed for development to occur in a timely way.



Reducing development charges would reduce growth.

Someone has to pay for infrastructure if growth is going to occur. The question is who?