This page was exported from - The Auroran
Export date: Mon Jul 1 11:21:36 2024 / +0000 GMT

POLITICS AS USUAL: A D.C. Debate

By Alison Collins-Mrakas

I had a lot of comments about my column last month on budgets at the municipal or regional level. Though I had lots of positive feedback (and thanks for those), I did have one reader who was not too pleased with the column. In fact, he leveled some rather pointed criticism in my direction.

The reader took issue with my comments about DCs (Development Charges). Specifically, he indicated that defining DCs as taxpayer money is not accurate.

Rather than react defensively, I considered his arguments within the context of my own. Looking objectively, I can say that the reader has a point. My argument about DCs was overly simplistic. In pursuit of making my point ? that ALL money in the municipal coffers is tax payer money (which it is!) ? I perhaps over-generalized and neglected to mention the finer points of the collection and use of DCs.

So, let me flesh out my previous statements a bit.

First, let's discuss what DCs are and what they aren't.

According to AMO, ?Development charges are fees collected from developers at the time a building permit is issued. The fees help pay for the cost of infrastructure required to provide municipal services to new development. Most municipalities in Ontario use development charges to ensure that the cost of providing infrastructure to service new development is not borne by existing residents? in the form of higher property taxes.?

In other words, DCs are collected to prevent existing residents from having to pay for the service needs of future residents through increased taxes.

AMO further states that municipalities do not have to charge DCs. They also don't have to levy for all developments. Some areas of Town can be exempt. There are other options to recoup future infrastructure costs. Regardless of other options available though, most municipalities have opted to levy these fees as it is an effective way to fund growth-related capital costs.

DCs that are collected are put in reserve funds. The funds are ?encumbered?; they can only be used for set purposes (roads, sewers etc.). The fees cannot be used for operating costs, or future repair/rehabilitation costs. In other words, the DC reserve is not a slush fund.

The reader insists then that as it is the developer that has to pay the fees, then it is the developers money not the taxpayer's; that if we had to give it back, we'd have to give it back to the developer. Personally, I think that's an oversimplification of the transaction, but we can agree to disagree on that one. To his main point, the reader is right, but only partially right.

The developers do pay the fees, but they pass on those fees to new homeowners by including them in the purchase price of new houses. So one could argue that DCs are, in fact, taxpayer money ? new taxpayer money ? as they are the ones footing the bill for the fees incurred ? one way or another.

In fact, according to the Fraser Institute, ??the idea of making developers pay for new infrastructure through DC fees in an attractive but misleading option?(residents) will ultimately pay indirectly for infrastructure through higher property tax assessments and home prices.?

So the taxpayer pays, somehow, somewhere, someday.

Which brings me back to my original point. While we can quibble about how monies end up in the municipal treasury, in the end, all municipal money, is ultimately taxpayer money.

Until next week, stay informed stay involved because this is ? after all ? Our Town.