

# INDUSTRY ADVISORY

## Development Charges Bylaw

### An Update to the Membership

By far the biggest investment in time and financial resources in 2009 by BOMA was the time we have spent in challenging the new Development Charges (DC) Bylaw that came into effect in July of 2009. One year later your association continues to discuss this issue with the city, and we have actually had to go further by filing an appeal with the Ontario Municipal Board so that we have a forum for discussing this issue.

As we approach one year of discussion with the city since the passing of the by-law in July 2009, and as we approach the next indexing period in August 2010, it is appropriate that we update the membership on what has brought us to this point.

#### Background:

Development charges are the fees levied on residential and non-residential properties within the City of Ottawa. These charges are meant to be a means by which the city finances a portion of the cost associated with new infrastructure and municipal service expansion needed to support growth.

The last by-law review began in November

2008, in advance of the then existing by-law's expiry in July 2009. As part of this review, and in compliance with provincial legislation, the city conducted a Development Charge Background Study. The study estimates the amount, type and location of new development in the community, and provides a calculation for each municipal service required. As well, it examines the split between services that are growth-related and can legally be funded from Development Charges, and those that are paid directly by the developer.

BOMA was part of the consultation process from the beginning, using its volunteer base, professional consultants who specialize in this issue and BOMA Staff to review all the assumptions made in the study.

At the beginning of the process the Development Charges Bylaw proposed a fee that was as high as \$24.36 per square foot for commercial properties - an increase of \$14.35 (135%) over the existing rate at the time, which BOMA objected to from the beginning.

BOMA's efforts, in collaboration with other

associations and individual commercial developers, saw a review of the assumptions used by the city in the DC Background Study that brought the rate down to the current values that commenced in July (prior to indexing that will next occur in August of this year).

#### What's Next

BOMA's Board of Directors and Government Affairs Committee is still of the opinion that there are errors in the assumptions used in developing the Development Charges Background Study. Our position with the City of Ottawa is that we all have a collective interest in basing the analysis for future costs on objective formulas. If we can work out more objective criteria for not only this round of development charges, but for future bylaws, we believe we will have clarity for the future as partners in our city's development and expansion.

As the city has not yet accepted our offer to do this through mediation, we continue on a path of a possible OMB hearing in October on this issue, but hope to resolve this through discussion and objective analysis before then.

#### Non-residential properties (does not include annual indexing on August 1, 2010):

Full Rates (per square foot)	2009 Charge	January 16, 2010	January 16, 2011	January 16, 2012	January 16, 2013
General	\$10.06	\$11.51	\$12.95	\$14.40	\$15.84
Commercial	\$8.19	\$9.35	\$10.51	\$11.67	\$12.83
Light industrial	\$4.65	\$5.31	\$5.97	\$6.63	\$7.29

