

MFOA

MUNICIPAL FINANCE
OFFICERS' ASSOCIATION
OF ONTARIO

June 20, 2005

Honourable John Gerretsen
Minister
Ministry of Municipal Affairs and Housing
777 Bay Street, 17th floor
Toronto, ON
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Dear Minister:

In January of 2004, the Chair of MFOA wrote to you to request a number of changes to the Development Charges Act. You wrote back indicating that a consultation process would take place and that Ministry staff would be in touch to invite us to participate. We have been advised since then that the government has had other priority areas that were to be addressed prior to Development Charges Act reform.

We are of the view that the time is right to begin discussions leading to a new Development Charges Act and regulation. Under the current regime, high growth municipalities are required to impose taxes on residents to cover what would have been legitimate growth-related costs under the 1989 DCA. Given the financial pressures on municipalities for renewal and rehabilitation of infrastructure, it is counterproductive to have municipalities paying significant amounts for growth related capital that used to be paid for from development. Growth municipalities are required to raise taxes on existing ratepayers to finance growth related works. We have already lost the opportunity to remedy this problem for the 2005 building season. This has resulted in millions of dollars of foregone revenue.

In addition, we are aware that GO transit development charge by-laws will expire at the end of 2005 unless legislative changes are introduced to the GO Transit Act this year. We are of the view that it is counterproductive to extend existing GO Transit by-laws, especially given the significant increases in GO's growth-related capital budget. We suggest that it is much more desirable to address GO transit development charges and municipal development charges issues in an amended Development Charges Act and regulation in 2005 rather than putting off the consultation and running the risk of extending by-laws that are collecting too little revenue.

Given the scope of issues related to municipal development charges and for GO Transit development charges, we feel that consultations should begin now to ensure that we have sound legislative and regulatory amendments ready for the fall.

I look forward to your response. MFOA is prepared to assist in the reform of this important capital financing tool in any way we can.

Yours truly,

Stephen Cairns
Chair

"your municipal finance authority"

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