

Committee of the Whole Meeting Addendum

SCOW-01/2022 - DC Public Meeting

Monday, February 7, 2022

Town of Pelham Municipal Office - Council Chambers

20 Pelham Town Square, Fonthill

During the COVID-19 pandemic period, the Town of Pelham Council will continue to convene meetings in compliance with Provincial directives. Attendance by most Members of Council will be electronic. Public access to meetings will be provided via Livestream, www.youtube.com/townofpelham/live and subsequent publication to the Town's website at www.pelham.ca.

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Address to Council on Development Charges

by Wally Braun

Monday February 7th

I requested the opportunity to address Council in my personal capacity today to alert you to an opportunity to increase Town revenues while at the same time reducing operating costs. Both would have a significant impact on our Town's fiscal health going forward.

This opportunity stems from the fact that Council currently provides a significant service for which it is not charging a penny. Taxpayers routinely pay for all services provided to them by the Town of Pelham. Developers pay nothing for the significant service of changing the zoning of their land holdings. The only cost recoverable is a portion of the capital costs associated with new amenities required as a result of new development. This is the portion under consideration in the Watson Report before Council today.

What is not currently recoverable are any costs associated with operating costs stemming from that same development. The essence of the plan proposed here is to change the type of development Council currently permits away from urban sprawl in order to reduce the operating costs associated with this unfortunate type of development. We must find ways of reducing the percentage of land paved over in new development in order to reduce our operating budget. It snows here where we live. When pavement is reduced as a function of the number of living units, so too are the operating costs associated with snow removal as a function of revenue generated through property taxes. Averted expenses being the functional equivalent of a new revenue stream on any balance sheet, our Town budgets would benefit in perpetuity.

There are two ways of achieving this change, the preferred being market driven, and the second being primarily regulatory in nature.

Using Market Mechanisms to Control Development

Perhaps not surprisingly the preferred route is also the more difficult to achieve. The preferred solution is a Pigouvian taxation of roadways *by the meter* of new roadway while still in the planning stages, thereby creating an economic disincentive to the paving over of much of our urban landscapes.

The implementation of this preferred solution requires greater power-sharing by the Province in favour of municipalities through a downloading of policy autonomy from the Province. At present we may not have sufficient authority to institute such a market mechanism. Because of

this, the achievement of this goal is likely a longer term project involving NGOs like the AMO and ROMA to lobby the Province on behalf of municipalities for such change.

This is a worthwhile project however, because in the context of the current discussion of Development Charges, there would be a number of financial benefits derived from the ability to tax the over-development of roadways beyond what may be currently permissible:

1. A taxation of the conversion of zoning would constitute a profit share of the hundred-fold profit margins created the instant Council provides this service to developers. This would be a significant one-time benefit to the public purse to which taxpayers are fully entitled.
2. By applying this Pigouvian tax by the meter of new roadways created within any new development, an economic signal would be established as a deterrent to unnecessary roadways. As this would result in less roadway surfaces requiring winter snow removal, this would constitute a significant benefit to Town budgets in perpetuity by virtue of the avoided cost of having to provide that service.
3. As the total area paved over is reduced, the need for accommodation of storm water surges would also be reduced, to the benefit of the local environment as well as to the benefit of the personal security of voters subject to the risk of these increasingly unpredictable events. Perhaps not incidentally, all other factors being equal, less land paved over means more green space for us to enjoy.

While difficult, the payoff for succeeding would include a profit share of zoning conversion, being some fraction of \$.2 Billion for the 450 acres of the Fonthill East development alone, as well as a significant reduction in our annual operating budget of \$20 Million, *in perpetuity*.

The Regulatory Option

While greater autonomy to enact such automated economic signalling is preferred in the longer term, that should not preclude us from enacting policies to achieve similar results in the interim. Through the enactment of a suite of By-laws, including a requirement for underground parking as a norm, and significantly restricting the availability of R1 and R2 zoning in all new development, we could achieve similar results today, albeit with the requirement of a somewhat greater attention to the design and harmonization of that suite of By-laws. Time is limited here today, but more details are available on request on this approach.

The Desired End Result

Attaching a cost to roadways is likely to induce development to assume a longer row-housing style of development, the trick being to ensure architecturally attractive versions of this built form. Brownstone row housing and Royal Crescents are but two exemplars of attractive linear and curvilinear built forms, for up-market application. When such a development model is 'plugged into' *existing* arterial roadways, and in particular when combined with a requirement for below-grade parking, the need for new surface roadways largely evaporates by virtue of having been replaced by the need to access that underground parking.

When encouraged to expand vertically as Provincial density requirements suggest (but still limited to 4 or at most 5 storeys), and when in particular limited to the satisfaction of those Provincial density requirements only, a considerable proportion of any new development can readily be reserved as green space, available for reforestation, parks, gardens, or any other desirable amenity. It would be proximity to these features of the urban landscape, both newly acquired and preserved original natural features, that would increase the tax base *per unit* of all new development.

Not incidentally, this development approach mitigates the need for extraordinary measures to handle storm water surges. Council recently passed a budget allocating \$.25 Million for the remediation of inadequate design in just one such storm water system. How many storm water retention ponds do we have scattered throughout our Town? As such expenditures will only increase in time with the increasing effects of Climate Change, we would be better off designing for this eventuality today by leaving more land in its natural state to soak up storm water surges. We simply *must* get a hold of developer addiction to urban sprawl!

Conclusion

In conclusion, we can see that through the simple expedient of a more judicious application of Development Charges and/or regulation, that we have evolved a built form that delivers a more attractive community. This more attractive community in turn provides multiple benefits for all stakeholders:

1. The Town enjoys a higher tax base per unit than would otherwise have been the case due to development now being nestled within a variety of green spaces,
2. The Town enjoys a lowering of maintenance and snow removal costs in perpetuity, resulting in
3. Upward pressures on property taxes being substantially relieved,

4. Developers reduce capital costs associated with the development of roadways and infrastructure,
5. We all get to live in a greener community we can be proud of.
6. This development model is compatible with net-plus green energy production, such that excess green power is made available to existing homes.

Attached to my report are references and an extended excerpt for your consideration. More is available upon request.

Thank you Your Honour and Council Members for your kind attention. I stand ready to assist in any way I can, and would be happy to take any questions members of Council may have.

References & Resources

newurbanism.org on the significance of architectural design in achieving higher densities
attractively

Google: royal crescent images

Google: urban forest images

Local Governance Context

The following discussion may be helpful in providing context for understanding Provincial/municipal relations, and the leadership needed to change that relation in our favour.

One of the primary sources of Dr. David Siegel's post-graduate seminars on municipal governance is 'Local Government in Canada' by Tindal *et al*. In this source the authors argue as recently as 2013 for a perspective inverting the conventional hierarchy in governance structure placing local government at the top rather than at bottom of the hierarchy due in large part to a far greater connection to the local citizenry. (p. 442) The extended rationale that follows is worth selectively quoting at some length (some 7 pages of text have been heavily edited to less than 3 here):

The importance of municipal governments has been enhanced by a number of developments...That the constitutional order established in Canada in the 1860s...seems less of an issue today...studies have shown that economic growth in these 'hub' cities is the best way to bring about growth and prosperity in outlying areas as well. Jane Jacobs has convincingly made this point.

Taken together, all of these factors suggest a very prominent, and increasing, role for Canadian municipalities. They sit at the top of the hierarchy (not the bottom), legitimized by local elections, providing services essential to civilized living, contributing local insights that are now recognized as increasingly valuable in shaping provincial and federal policies with a spatial impact, and initiating and coordinating new, broader based governance models to respond more effectively to global competition. So what's keeping municipalities from playing the enhanced role that seems to be available to them? Why does the 21st century not yet belong to municipalities?

Historically the answer has been that municipalities need constitutional recognition, or more empowering provincial legislation, or additional revenue sources –all matters [currently] beyond municipal control...We suggest...that the key missing element that keeps municipalities from being more powerful is their failure to harness the support of their local citizens –and show leadership on issues which matter clearly to them.

At some variance with the ultimate conclusion reached by Tindal *et al*, we would observe that the issue which matters most to us and on which we need leadership is the underlying issue already identified, namely, that of governance. Specifically, the problem of a lack of municipal autonomy and constitutional status is the fundamental problem which, once resolved, would readily permit municipalities to address the more immediate issues surrounding service delivery, and in particular would relieve the present fiscal constraints under which

municipalities are presently forced to operate which act as a primary constrain on those very services.

Tindal *et al* continue:

If municipalities are to earn the public involvement and support that will legitimize their decisions and strengthen their position, they need to rediscover their political role...No matter how many or what services are provided by municipalities, their primary importance is as an expression of local choice.

A series of developments...undermined the political role of municipal government, to the point where [this political role, as distinct from the service delivery role] receives far too little attention today. The first significant influence to be noted is the turn of the century reform movement of 100 years ago, from which came the notion –still widely held-- that politics has no place in municipal government and only serves to interfere with the technical decisions that must be made by staff experts facing complex servicing issues. The irony, of course, is that the reform movement did not really succeed in eradicating politics from municipal decision making, not we that really the objective of many reformers. What the reforms of that era did was ensure that the political power of business interests and the middle class continued to prevail. This truncated model of local democracy ill serves the broader citizenry of any municipality.

By the mid-20th century, municipalities had become closely intertwined with the operations of the provincial and federal governments and were increasingly seen as vehicles for servicing land in support of the economic growth objective of these governments...There appeared to be widespread support for municipal efforts to promote and accommodate rapid economic and municipal activities seemed more administrative than political in nature. Here again, as at the end of the 19th century, the reality was rather different. "Power was in the hands of politicians, bureaucrats, and developers, all of whom were involved in the transformation and expansion of cities – hence the focus was on efficiency and only limited debate occurred over policy orientations." (Villeneuve and Seguin, 'Power and Decision-Making in the City', p. 554)

Debate did intensify by the 1960s, as citizens and local groups increasingly mobilized to protest against the consequences of the pattern of economic growth and development...The political role of municipal government was increasingly constrained by changing economic and ideological forces. Deficit and debt reduction became the preoccupation of the provincial and federal governments, in part to ensure Canadian competitiveness in the global economy. Municipalities found themselves facing a growing revenue squeeze...Municipalities are being urged to operate more like a

business as the best way of meeting the challenges that they face. In some respects we have come full circle and are back in another turn of the century reform era in which the political role of municipalities is ignored in favour of the service delivery role...

If municipalities are to play an important role in the 21st century, they must reassert themselves as municipal *governments*, centred on elected bodies that make *political* decisions. The municipal council must be recognized as a political mechanism for expressing and responding to the collective concerns of members of the community. Among the important implications of this conception of municipal government are the following points:

- If the municipality is an extension of the community, its [legitimacy,] identity and its purpose derive from that community, not from the particular services it provides.
- The municipality has a legitimate right to take actions that are needed by that community. The right derives from the nature of the municipality as an extension of the community, and does not depend on what specific powers have been assigned to it [by the Province].
- The municipality's primary role is concern for the problems and issues faced by its community. The interests and values of the community are expressed and resolved through the municipality. It is "a political institution for the authoritative determination of community values."

Are municipalities that kind of institution? How often are community values discussed at budget time or during an election campaign? Holding the line on taxes is not the only community value, but one would never know that from the narrow minded focus of too many candidates for council. (p. 447)

Achieving the realignment of power relations envisioned here, in addition to requiring local political leadership, will likely require the good offices of AMO and ROMA to lobby on behalf of all Ontario municipalities as a whole. Doing so will syndicate the costs accordingly. The payoff for succeeding would include a profit share of zoning conversion, being some fraction of \$.2 Billion for the 450 acres of the Fonthill East development alone, as well as a significant reduction in our annual operating budget of \$20 Million in perpetuity. Please let me know if I can be of any help in this regard.