

Ron Arnold

Mayor Rodriguez

Councilors

Staff

Friends;

I promise, in my discussion, you will not be subjected to course language or nudity. However, since I have a bad habit of getting a little bit passionate at times and come from a construction background, I may use terms such as: “nonsense” or “Bull oni” instead of “I disagree”. Please don’t take this personally and remember the fact that I have the utmost respect for all of you.

Purpose of Development Charges

For municipalities to recover cost related to growth and related capital needs

Who is the New Home Buyer?

- Who is the New Home Buyer – Dalron Scenario
 - i. First time home buyers: **20%** of these people have been paying taxes indirectly through their rent
 - ii. Moving to Sudbury: **10%**
 - iii. Those individuals who have owned a home in Sudbury for years and are moving up or moving down: **70%**

Which of these groups should you be targeting with the development charges tax?

What does the New Home Buyer Pay For ?

- The total cost to develop everything within boundaries of the neighborhood:
 - Curbs
 - Asphalt
 - Pipes in the Ground
 - Hydro
 - Stop Signs
 - Sidewalks
 - Trees
 - Park or cash contribution
- Therefore, there is minimal cost to the CGS for repair and maintenance of a new neighborhood.

What does the New Home Buyer Pay For ?

1. Building permit
2. Development Charge – for future needs
3. Area Specific Charges – outside of neighborhood
eg. Hidden Valley, Southend, Garson, Sugarbush
4. Higher taxes than comparable existing home

**The New Home Buyer has Paid
his Way & More**

What does the New Home Buyer Pay For ?

A New Home Buyer will pay Higher Taxes than the Existing Owner

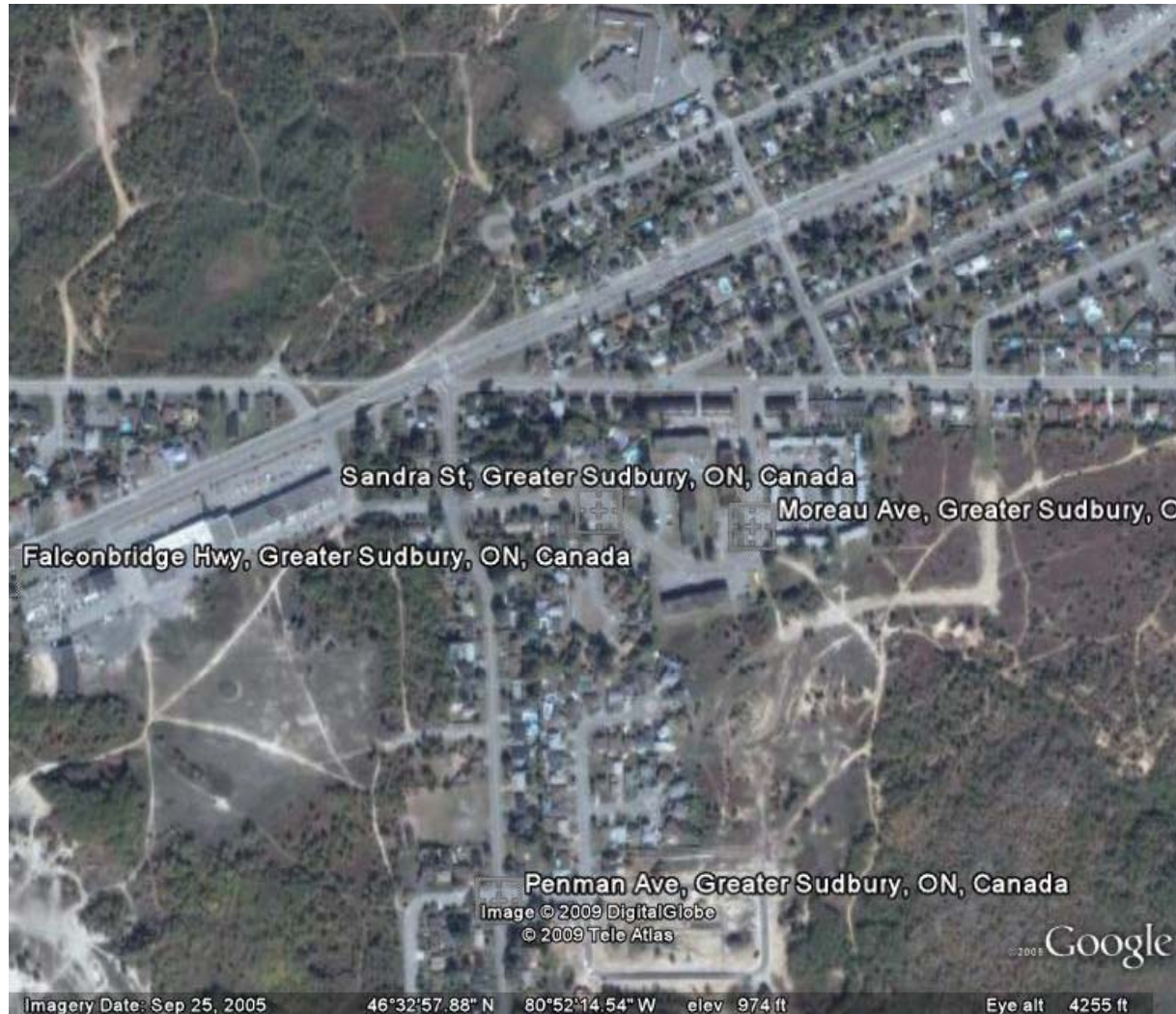
What does the New Home Buyer Pay For ?

A New Home Buyer will Pay a Larger Share of Costs for Repair and Maintenance of Older Areas

What does the New Home Buyer Pay For ?

- A New Home Buyer will pay a Larger Share of Costs for Institutions such as:
 - i. Hospital
 - ii. Arenas
 - iii. Ball Fields
 - iv. Police Services
 - v. Etc.

Typical Neighborhood Challenges and Opportunities



Existing Problems

Example: Lack of Fire Flow

- Age old Problem
- Danger
- Liability

- We would like to develop South of O'Neil but because of no fire flow, we cannot

Possible Solution

- THE CITY OF GREATER SUDBURY KNOWS THE FIRE FLOW ISSUE NEEDS TO BE CORRECTED WHETHER THERE IS NEW DEVELOPMENT OR NOT.
- Could do the following:
 - i. Replace pipes that need to be replaced with larger pipes
 - ii. Increase the size of the new pipes to allow for re-growth

Example	Pipe Size
Existing	8"
Required to correct problem	10"
Needed to allow for growth	12"

- The cost from going from 10" to 12" is not excessive in cost and would allow for growth
- Growth = New Revenue for City including: development charges on new homes and higher taxes for the person moving from older area (\$3000 taxes) to newer area (\$5000 taxes)

If 200 more Homes were Built...

- If, as a result, two hundred more homes were built, new revenue would be:

Today's Development Charge

200 x (Development Charge) \$3079.00 \$615,800.00

+

Taxes Every Year After

200 x \$5000.00 \$1,000,000.00/year

- How much additional services will be needed (policemen, etc)? How much will this buy?
- After 10 years the addition tax revenue to the GCS - \$10,615,800 plus the value of tax increase along the way.

Option offered by City of Greater Sudbury

- Dalron (cost to new home buyer) to pay all costs to Engineer and replace pipe to rectify this existing fire flow problem. A total cost of \$800,000 +
- City will then pay for half
- New home buyer will still pay development charge and area specific charges such as road up grades....
- Will this Fire Flow problem be resolved if there is no growth?
- Do the existing residents of this area need to be concerned for their safety

Now let's look at the New Home Buyer

Who is the New Home Buyer?

Is he being treated fairly?

Is this smart business?

Time Line

1989

2009

2029



1989

2009

2029



- Apartment renter or Home Owner pays taxes for 30 years.
- New Home Owner moves in
- Pays taxes for 30 Years (eg. Taxes \$3000/ year)
- New Buyer in Existing Neighborhood has not paid for the Infrastructure in this Neighborhood
- Pays own Way
- Money in pot for future
- Higher taxes than New Owner in Old Neighborhood
- Infrastructure good for 30 years in New Area – Better Specifications
- Pays More for Repair & Replacement in old Neighborhood than those moving into old neighborhood

Remember: Approximately 70% (7 out of 10) of New Home Buyers are the Victims of the above scenario

The new home buyer is excessively burdened because not only did he pay for everything in his new neighborhood and put money in the kitty for the future, he is also paying a higher tax rate for infrastructure that will have to be replaced in his old neighborhood.

Is this fair to the new home buyer? Should the person who has just bought a home in the new neighborhood be paying a development charge?

O'Neil Drive Example

Challenge:

To stop looking at this as a problem
but as an

OPPORTUNITY

To provide fire flow and safety for all those who live in the area
and

To invest in growth with \$10,000,000 plus in taxes over ten years.

Just think of the huge return on the investment. You will have created a great
investment

Where will CGS get the money ???

Where will CGS get the money ???

- **City is debt Free**
- **City can borrow at a very low interest rate if interested**
- **City has a reserve fund of more than 120 million dollars**