

Subject: Development Charges Reduction Program for Rural Development Projects**APPROVALS:**

Bradley Evanson, Director
Brian Moore, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the Rural Development Committee recommend that Council establish a Development Incentive Program for the rural areas within the municipality [similar to the program set out in Resolution 10-377 for the Lower Townsite] to reduce development charges in rural areas of the municipality by sixty percent (60%) for a trial period expiring on December 31, 2016.

Summary:

In the discussions leading up to Council's consideration of an extension for the Lower Townsite Redevelopment Incentive Program, Councillor Stroud made a request that Administration bring forward to Council for consideration a developer charge reduction program for the rural areas, similar to the program established for the Lower Townsite area.

Background:

On December 2010, Council adopted the Lower Townsite Redevelopment Incentive Program, which established a program of 60% reduction in development charges for offsite improvements (typically infrastructure such as roads, water/sewer lines, etc.) for projects within the Lower Townsite redevelopment area.

At the December 16, 2014 Council meeting, Council voted to further extend the program for an additional two years. During the discussion of this item, Councillor Stroud made a request that Administration look into the establishing a similar program in the rural areas. At that time, the proposal was made that those areas outside of the Urban Service Area should be offered the same opportunities and incentives that were offered in the urban core of the Lower Townsite. Should such a program be established, staff will work with the various rural interest groups, including but not limited to the Willow Lake Community Association, CRDAC, Metis, and First Nations, to provide notice of and information on the program.

Budget/Financial Implications:

As noted during the discussion of the Lower Townsite program, there have been several projects that have taken advantage of the program. Under the program, the Municipality has collected \$3.2 million in developer charges representing a 60% reduction from the approximately \$8 million in developer charges had the program not been in place.

As noted during the discussion last year regarding the provision of rural water and sewer services, the cost to bring services to the rural areas is higher than bringing comparable services to a new development within the Urban Service Area. As such, construction of a project in the Lower Townsite area might result in a developer charge assessment of \$100,000, and a collected amount of approximately \$40,000; a similar project in a rural location outside of the Urban Service Area could result in a developer charge assessment of \$250,000, but a collected amount of only \$100,000. A percentage reduction in the developer charges levy would have a significant positive impact for a developer. Conversely, it would result in a significant reduction in revenue for the Municipality. It is difficult to estimate the impact in the absence of a detailed list of projects and their developer charges.

Rationale for Recommendation:

In an effort to continue to encourage and accelerate development in the rural regions of the municipality, Administration recommends that the proposed Rural Developer Charge Reduction Program be approved for a trial period ending on December 31, 2016. The purpose of this program is to provide incentive for development activities, which would further facilitate providing improved amenities and services to the rural areas of the municipality. In addition, by supporting the redevelopment of the rural areas, the program has the advantage of supporting the growth of this key tax base over the long term.

Strategic Plan Linkages:

Pillar 2 – Building Balanced Regional Services

Pillar 3 – Building a Vibrant Economy Together

Pillar 4 – Building an Effective Land Strategy