

2

FISCAL AND ECONOMIC IMPLICATIONS OF THE REGIONAL GROWTH MANAGEMENT STRATEGY

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated October 31, 2007, from the Commissioner of Planning and Development Services and the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that the Regional Clerk circulate this report to the local municipalities.

2. PURPOSE

The purpose of the report is to provide Regional Council with an update on the status of the study for the fiscal and economic implications of the various growth scenarios prepared as part of the Region's Growth Management and Regional Official Plan update process.

3. BACKGROUND

On January 16, 2006 the Ministry of Public Infrastructure Renewal (PIR) released "*Places to Grow*" the Growth Plan for the Greater Golden Horseshoe. The Growth Plan includes policies which support the development of more compact, vibrant, transit-supportive communities.

As a result of the Growth Plan, and other recent provincial growth management and urban development initiatives, York Region is currently undertaking a comprehensive Growth Management Review and Regional Official Plan update. Key components of this review include.

- Updated forecasts for York Region and the nine local municipalities.
- A land budget (land demand/supply) exercise to determine how much land will be required to accommodate the future population and employment growth.
- The development of an intensification strategy that will determine the amount and location of residential intensification from 2006 to 2031 in the Region.
- A review and update of key strategic plans including the Transportation Master Plan, Long Term Sewer and Water Plan, Housing Supply Strategy, the 10 year Capital Plan, the Development Charges and the Human Services Plan.

The impact of the amount and distribution of forecasted growth in the Region and the costs associated with this growth is an important consideration for both private and public sector interests. A number of forecast scenarios have been developed that consider the range of growth options available to the Region. The updated forecasts and updated Master Plans and Development Charges Bylaw will be used to assess the costs of infrastructure and services required to accommodate the forecasted growth in the Region.

4. ANALYSIS AND OPTIONS

York Region's Official Plan is premised on the three themes of sustainable natural environment, healthy communities and economic vitality that form the basis of the Region's growth management and community building approach. The Region's growth management strategy is centered on the four key elements of land use planning, infrastructure planning, financial planning and human services planning.

The Region's recently adopted sustainability strategy builds on the policy and initiatives currently in place aiming to strengthen sustainability values throughout the Region. The strategy provides a long-term framework for making smarter decisions about managing growth that evaluates in a more extensive way the community, environmental and economic effects of our actions.



The growth management work plan currently in progress includes a review and update of all four key elements of the Region's growth management strategy. In keeping with the theme of sustainability, each of the growth scenarios will be integrated and assessed using a number of models including land use, fiscal impact, natural heritage system, water and wastewater and transportation infrastructure requirements as well as the Region's pedestrian and cycling master plan. In this way, the Region can devise a decision making model that gives equal consideration to land use and infrastructure planning, human services and fiscal impacts.

The fiscal impact analysis of the growth management work plan is a major issue to all private and public sector interests. It is important to understand the costs of providing the necessary infrastructure and services to accommodate the forecast growth for each growth scenario, as well as the impact that each development scenario will have on the amount and distribution of growth and its implications for regional assessment. There are significant costs in transportation and water and sewer infrastructure investment and human services investment associated with the amount of growth anticipated to occur in the Region over the next 25 years. It is especially important that a 25 year fiscal and economic analysis be undertaken to assess these costs to ensure the Region can afford the costs of growth.

Financial growth management policies contained in the current Regional Official Plan (ROP) state that growth must be achieved in a fiscally efficient and effective manner. It is essential that long term financial management strategies be implemented and that financial implications be monitored on an ongoing basis.

The implementation of the updated ROP shall be managed to ensure that the infrastructure works required to service growth are paid in a fair and appropriate manner by the new development which causes growth. The non-growth share of servicing costs shall be funded from non-development sources, in such a manner that the municipal tax base and municipal user rates are not inequitably burdened by the costs of growth. The Region has a role in coordinating and streamlining service delivery, optimizing service levels, ensuring duplication does not occur and seeking innovative and efficient approaches to ROP implementation.

Watson and Associates, Economists Ltd. have been awarded the contract to undertake the study and will be assisted by the Region's project team, which will be led by the Finance Department and include members from the Planning Department.

4.1 Project Scope

The purpose of the project is to assess the economic and financial implications of the forecast scenarios that consider the range of growth options available to the Region. All relevant information from the Infrastructure Master Plans and Development Charges By-law will be input as part of the analysis.

The project will include the following key components.

- A forecast of capital and operating expenditures and revenues.
- A forecast and analysis of tax levy and user rate impacts under different funding and expenditure assumptions.
- A forecast of reserve and reserve fund requirements under different funding assumptions.
- An analysis for establishing the need for a revised funding system.
- An analysis of the financial impacts of sustainability in the context of the Region's Sustainability Strategy and Triple Bottom Line approach for decision making.

In addition, a fiscal impact analysis model will be created by the consultant that will be capable of undertaking the following.

- A scenario assessment and examination of the fiscal impact of new growth and development on regional infrastructure and services.
- An assessment of the fiscal implications of intensification development versus Greenfield development.
- The impact of various funding sources.

- The ability to perform sensitivity analysis under different assumptions, including but not limited to, growth, service requirement, capital spending, capital financing, and economics.

4.2 Project Deliverables

The products of this study will consist of the following.

- A final report that contains the assessment of the fiscal and economic implications of the various forecast scenarios prepared by York Region.
- A Microsoft-based (Excel, Access) long term fiscal impact analysis model which will become the property of the Regional Municipality of York. The model will be able to perform sensitivity analysis and project the following under different assumptions:
 - Capital expenditures and revenues
 - Tax levy impact
 - Reserve and reserve fund requirements
 - Debt interest and principal payments
- A separate model to analyze financial impacts of area specific development proposals within the Region.

4.3 Relationship to Vision 2026

An assessment of the costs associated with the growth options the Region is exploring speaks primarily to the Vision 2026 goal area of *managed and balanced growth*. Financing growth and securing adequate funding for future needs are key actions under this goal area.

5. FINANCIAL IMPLICATIONS

The completion of a 25 year fiscal impact assessment is an important component of the Region's Growth Management Strategy Update. Funds required for this study are included in the 2007 budget for this project.

6. LOCAL MUNICIPAL IMPACT

A municipal technical advisory committee has been established under the Growth Management Public Information and Engagement Program. This group of municipal representatives meet regularly to discuss growth issues affecting the Region and to provide feedback on the components of the Growth Management Strategy.

The scope of this project involves an assessment of the fiscal and economic challenges associated with growth options based on the provision of regional services.

York Region staff will be reviewing information on the observations and conclusions from this project with local municipal staff as part of the technical advisory committee.

7. CONCLUSION

The Region's growth management strategy is centered on the four key elements of land use planning, infrastructure planning, financial planning and human services planning. Undertaking a fiscal and economic analysis of the amount and distribution of the forecasted growth in the Region and the costs associated with this growth is an important component of York Region's Growth Management and Regional Official Plan update.

The updated forecast scenarios that consider the range of growth options available to the Region and the updated Infrastructure Master Plans and Development Charges By-law will be used to undertake the analysis.

The firm of Watson and Associates, Economists Ltd. have been awarded the contract and will be assisted by the Region's project team, which will be led by the Finance Department and include members from the Planning Department.

For further information about this report, please contact John Waller, Director of Long Range and Strategic Planning at 905-830-4444 ext. 1525 or john.waller@york.ca.

The Senior Management Group has reviewed this report.