

ORCA SUBMISSION
DEVELOPMENT CHARGES DEFERRAL
REGULATORY PROPOSAL

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

John Ballantine, Manager
Municipal Finance Policy Branch
Ministry of Municipal Affairs and Housing
13th Floor, 777 Bay Street
Toronto, ON
M5G 2E5

August 21, 2019

ABOUT THE ONTARIO RETIREMENT COMMUNITIES ASSOCIATION

Since 1977, the Ontario Retirement Communities Association (ORCA) has been the voice of Ontario's retirement communities and we remain committed to setting a standard for operational excellence in the sector.

ORCA represents over 96 per cent of all licensed retirement community suites in Ontario, with members caring for nearly 60,000 seniors who choose to call retirement communities their home.

Further, ORCA members employ over 28,000 Ontarians who are steadfast in their devotion to the difference the sector can make to each of its residents.

Retirement communities are regulated by the *Retirement Homes Act, 2010* and are licensed and inspected by the Retirement Homes Regulatory Authority (RHRA). Each retirement community can offer up to thirteen care services, including but not limited to assistance with dressing, assistance with personal hygiene, medication management and provision of a meal.

Caring for seniors is our most important job and we take that responsibility very seriously.

This submission has been prepared on behalf of ORCA's membership.

Submitted by the
Ontario Retirement Communities Association

2401 Bristol Circle, Suite 202
Oakville, ON L6S 5S9
1 (888) 263-5556

Cathy Hecimovich
Chief Executive Officer
cathy@orcaretirement.com
1 (905) 403-0500 ext. 222

Kari Cuss
Director, Corporate & Public Affairs
kari@orcaretirement.com
1 (905) 403-0500 ext. 229

Jack Sullivan
Government Relations Specialist
jack@orcaretirement.com
1 (905) 403-0500 ext. 236

INTRODUCTION

The Ontario Retirement Communities Association (ORCA) welcomes the opportunity to participate in the consultation on the proposed changes to O. Reg. 82/98 under the *Development Charges Act, 1997*. ORCA appreciates the government's initiative to increase the supply of purpose-built housing and believes that the *More Homes, More Choice Act, 2019* has taken considerable steps to address the cost of housing felt by seniors.

The costs associated with the construction of new seniors housing options has risen significantly over the last two decades, including the cost of land, materials, design, construction and development charges. These costs often slow potential developments and, in some cases, have proven prohibitive to new developments.

More concerning is what increased costs means to seniors, living on a fixed income, who are looking for the support of a congregate living setting of their choice. Retirement communities in Ontario do not receive public funding and our residents are paying for their housing and care needs using after tax income.

We know that 96 per cent of Canadians agree that social interaction is important for seniors' health and well-being, while 94 per cent agree that social isolation is associated with higher health risks.¹ Retirement communities allow seniors to age in place, while receiving the benefits of congregate living and without being forced to relocate away from family and friends in order to have the support they require.

Promoting policies which make access to congregate living more accessible for Ontario's seniors will improve their overall quality of life. It will also reduce the pressure on the publicly funded health care system by helping seniors to live well and age well in congregate settings where supports are readily available to them as needed and services can be delivered in a more cost-effective manner.

Summary of Recommendations

1. Add a new section 4.1 to the *Development Charges Act, 1997* to provide a definition of a "special care" dwelling unit and mandating that all municipalities amend their development charge by-law to introduce these new dwelling units.
2. Mandate that "special care" dwelling units have a development charge that is 25 per cent lower than a one-bedroom dwelling unit development charge.
3. Maintain the proposed amendment to O. Reg. 82/98 to include retirement communities in the definition of "institutional developments."
4. Amend O. Reg. 82/98 to prescribe that the maximum interest rate that may be charged on development charge amounts that are deferred or on development charges that are frozen is 0 per cent for "institutional developments."

TYPES OF DEVELOPMENTS

Retirement communities play an important role in housing and supporting seniors to age in place in communities of their choice. All retirement communities are regulated by the *Retirement Homes Act, 2010* and licensed and inspected by the Retirement Homes Regulatory Authority.

ORCA believes that retirement communities should remain included in the definition of "institutional development" under O. Reg. 82/98.

¹ *Attitudes About Senior Care: Worry for Ourselves and Others*, Toronto: DART Insight and Communications, 2018.

Recommendation

Maintain the proposed amendment to O. Reg. 82/98 to include retirement communities in the definition of “institutional developments.”

INCENTIVIZING INSTITUTIONAL DEVELOPMENTS

There are several creative solutions which municipalities could use to increase the supply of purpose-built seniors housing.

Development charges throughout the province are inconsistent, subject to increases several times a year and are prohibitive to new purpose-built housing, such as retirement communities. Development charges paid to some municipalities can be in the tens of millions of dollars.

As the number of seniors in Ontario continues to increase, municipalities must be responsive and work towards collaborative solutions that will keep senior’s housing options affordable and accessible. The Ministry of Municipal Affairs and Housing can support these efforts by enabling municipalities to incentivize the construction of developments, such as retirement homes, that support congregate living options for seniors.

Several municipalities throughout Ontario have introduced a special classification in their development charge by-laws for retirement community occupancies. For example, the City of Hamilton, Region of Halton, City of Oshawa, Wellington County and the City of St. Thomas have classified these developments as “special care” dwellings, which cost on average, 25 per cent less than a one-bedroom dwelling unit.

According to the Collaborative Retirement Econometrics *Q4 Construction Report for 2018*, the highest concentration of new capital development of retirement communities in the province is happening in Durham and Halton region², in part due to the lower cost of development.

Recommendation

Add a new section 4.1 to the *Development Charges Act, 1997* to provide a definition of a “special care” dwelling unit and mandating that all municipalities amend their development charge by-law to introduce these new dwelling units. Additionally, mandate that “special care” dwelling units have a development charge that is 25 per cent lower than a one-bedroom dwelling unit development charge.

Proposed Amendment to the *Development Charges Act, 1997***Special care dwellings**

4.1 (1) If a development is a special care dwelling, the amount of the development charge that is payable must be set at a rate of at least 25 per cent lower than a one-bedroom dwelling unit.

- (2) A special care dwelling means a residential building or portion thereof;
- (a) containing more than two dwelling units, which units have a common entrance from street level;
 - (b) where the occupants have the right to use in common halls, stairs, yards, common rooms and accessory buildings
 - (c) that is designed to accommodate individuals with specific needs, including independent permanent living arrangements;
 - (d) where support services such as meal preparation, grocery shopping, laundry, housekeeping, nursing, respite care and attendant services are provided at various levels; and
 - (e) includes but is not limited to retirement homes or lodges, nursing homes, charitable homes, granny flats, group homes (including correctional group homes) and hospices

² CORE Construction Report, 4th Quarter 2018, Oakville: Collaborative Retirement Econometrics, 2019.

INTEREST RATES DURING DEFERRAL

A deferral in the payment of development charges may stimulate the development and construction of new purpose-built seniors housing; however, the way the regulatory proposal is currently structured will cost seniors and retirement community developers more than if they were to pay the development charges upfront to municipalities. This will likely negate any potential positive outcomes of this policy initiative.

Under section 8(1) of the *More Homes, More Choice Act, 2019*, “a municipality may charge interest on the instalments required by subsection (3) from the date the development charge would have been payable in accordance with section 26 to the date the instalment is paid, at a rate not exceeding the prescribed maximum interest rate.”³

The proposed changes to O. Reg. 82/98 will not put a maximum interest rate on development charge amounts that are deferred or on development charges that are frozen.⁴

The lack of a maximum interest rate on development charges that are deferred or frozen may allow municipalities to charge an interest rate that ultimately disincentivizes the development of new purpose-built seniors housing options. Additionally, this proposed policy will increase the costs associated with seniors housing options, as it will cost more to pay development charges over time.

ORCA believes that in order to stimulate the development of new purpose-built seniors housing options, the maximum interest rate that municipalities may charge on institutional development must be 0 per cent. Without this cap on the maximum interest rate, the cost of living for seniors who pay for their housing using after tax income will increase.

Recommendation

Amend O. Reg. 82/98 to prescribe that the maximum interest rate that may be charged on development charge amounts that are deferred or on development charges that are frozen is 0 per cent for “institutional developments.”

CONCLUSION

Providing relief on the cost of development will not only benefit seniors, but it will also benefit the provincial government and the public health system. With an increased supply of retirement communities at lower costs, the number of seniors moving into long-term care homes due to financial needs will decline. Additionally, seniors who have the supports associated with congregate living are less likely to end up emergency departments, can have their care delivered more efficiently and effectively and are less likely to become alternate level of care patients.

While these proposed regulatory changes partly address the financial concerns of the development of new retirement communities, the way they are currently structured will not result in the increase in supply of purpose-built seniors housing that the province is hoping to achieve. Only changes that result in savings for seniors will ensure supply increase. In order to achieve this, municipalities must not be permitted to charge interest rates which defeat the purpose of development charge freezes and deferrals.

ORCA is ready and available to partner with the provincial government to help deliver long-term housing solutions for seniors. Our members have the experience and knowledge to help the government address the barriers in creating more housing options for seniors. ORCA welcomes the opportunity to work with the

³ *More Homes, More Choice Act, 2019*, S.O. 2019, c. 9 – Bill 108, s. 8 (1).

⁴ *Proposed changes to O. Reg. 82/98 under the Development Charges Act related to Schedule 3 of Bill 108 – More Homes, More Choice Act, 2019*, Toronto: Ministry of Municipal Affairs and Housing, 2019.

Ministry of Municipal Affairs and Housing to assist in the development of policies and regulations that will benefit seniors.



REFERENCES

Attitudes About Senior Care: Worry for Ourselves and Others. Toronto: DART Insight and Communications, 2018.

CORE Construction Report, 4th Quarter. Oakville: Collaborative Retirement Econometrics, 2019.

More Homes, More Choice Act, 2019. S.O. 2019, c. 9 – Bill 108.

Proposed changes to O. Reg. 82/98 under the Development Charges Act related to Schedule 3 of Bill 108 – More Homes, More Choice Act, 2019. Toronto: Ministry of Municipal Affairs and Housing, 2019.

