



August 21, 2019

Municipal Finance Policy Branch  
Municipal Affairs and Housing  
777 Bay St., 13<sup>th</sup> Floor  
Toronto, ON  
M5G 2E5

**RE: 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 (ERO # 019-0184)**

Please accept this letter in response to the Environmental Registry of Ontario – ERO #019-0184 Proposed Changes to the Development Charges Act (Schedule 3) of Bill 108 – More Homes, More Choices Act, 2019. The Town of Caledon is appreciative of the opportunity to provide initial comments on the above ERO posting.

A report on the Proposed Regulations and Impacts related to Bill 108, More Homes, More Choice Act, 2019 is planned to go before the Town's Planning Committee on September 17, 2019 and subsequently to Council on September 24, 2019. This letter should be viewed as subject to Council endorsement, and a copy of the Report and Council resolution will be forwarded to Ministry staff for further consideration.

Attached please find the Municipal Finance Officers Associations (MFOA) comments on the Environmental Registry of Ontario – ERO #019-0184 Proposed Changes to the Development Charges Act (Schedule 3) of Bill 108 – More Homes, More Choices Act, 2019. Town staff support the comments made by MFOA on the above ERO posting. Town Staff have provided comments below to further expand or emphasis the comments made by MFOA.

#### Transition

The Minister proposes that the specified date for municipalities to transition to community benefits is January 1, 2021 meaning as of that date municipalities would generally no longer be able to collect development charges for discounted services.

#### **Town of Caledon Staff comments:**

Town Staff recommend an alternative to the January 1, 2021 prescribed date could be either of the following dates:

- The date the Development Charge (DC) by-laws come to a natural expiry, or are repealed by Council;
- 3 years after the Regulations detailing the proposed cap on Community Benefits Charges (CBC), and the requirements of the Community Benefits Strategy are finalized.

The changes from Bill 108 are significant and drastic when compared to the 1997 amendment to the DC Act which allowed municipalities two years to transition into the revised regulations (within the same Act). Now municipalities must operate under a completely new regime, under a different Act which is why a longer transition period is being recommended by Town Staff. Town staff are concerned that it will not be possible to effectively

complete a CBC strategy and adopt a by-law prior to January 2021 while ensuring revenue neutrality given the limited time for implementation and resources.

The draft Regulations do not describe any of the requirements that municipalities must follow to complete a CBC Strategy. It is reasonable to assume that a CBC strategy will require the same transparency, effort, detail and public consultation that the DC Background Study requires. It took over a year to complete the Town of Caledon's 2019 DC background Study under the same rules and regulations since 1997. Currently, DC By-laws across the province expire at different times, which ensures that there is access to the necessary expertise or consulting services required to assist in the preparation of these complex background studies at a competitive cost. If all of the over 200 municipalities require these services within the same one year period (prior to January 2021), this will cause significant resource issues unless more transition time is provided.

#### Development Charge Deferrals:

- Town staff are concerned with the collection issues the DC deferrals will cause municipalities between the period when a building permit is issued and when the final DC installment payment is due. With respect to the remaining payments (owing over the next 5 to 20 years, depending on the development type), the municipality has no mechanism to ensure that the developer ultimately pays the full amount of the DCs. A further complication is when the ownership changes during the payment period; how will municipalities be able to track the changes in ownership? Town Staff recommend the following collection tools be provided to municipalities:
  - Municipalities should be given authority to register deferral agreements on title to the development lands.
  - Any unpaid DC's that are added to the tax roll be given priority lien status to increase recovery in a bankruptcy/power of sale scenario (pursuant to s 1(2.1) and (3) of the *Municipal Act*, 2001).
  - Municipalities should be provided with clear legislative authority to implement other methods to secure the deferral payments.
  - Town Staff recommend amending the Building Code to allow the CBO to withhold the occupancy permit until the first installment of the development charges are paid. The *Building Code Act*, currently allows the CBO of the municipality to withhold the building permit until all fees and charges (including development charges) are paid. There is nothing in the current *Building Code Act* that speaks to withholding the occupancy permit until all fees and charges are paid.
- Town staff recommend that the Province further scope the rental housing definition to ensure rentals remain rental housing, only purpose built rental housing are eligible and are not converted into market value housing after occupancy. Restrictions should be registerable on title.
- Town staff recommend non profit housing developments qualify as a non-profit organization as per Canada Revenue Agency to be eligible for a DC deferral.
- Town staff recommend only non-profit institutional developments should be eligible for a DC deferral.
- It is unclear how deferrals for Commercial and Industrial development will provide for "More Homes, More Choice". There is no apparent correlation between these developments and increased housing supply. These types of development require municipal infrastructure (eg roads) that need to be in place before occupancy. Having a 6-year period delay in DC payments from the date of occupancy will cause significant cash flow and infrastructure issues for municipalities. Town Staff recommend further scoping the definitions to remove shopping centres and provide municipalities the authority to choose what

types of commercial development they wish to provide deferral agreements for based on the individual communities needs.

Interest Rates:

- Town staff support the Minister's decision to not prescribe a maximum interest rate that may be charged on DC amounts that are deferred or on DCs that are frozen from the application date.

Development Charge Freeze:

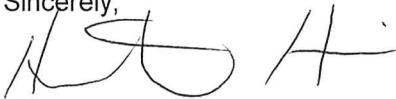
- Bill 108 provides that the DC rates be frozen at the time Council receives a site plan application or a rezoning amendment application. A time period in which the DC rates will be frozen is now proposed by the Minister; two years from the date the application is approved. There could potentially be a significant time lapse between the date the DC rate is frozen (application date) and approval date. Town Staff recommend the following:
  - Freezing the DCs at site plan application stage encourages applicants to apply for site plan approval early with no intention to proceed to Building Permit. Town Staff recommend that DCs be frozen at the site plan approval date, otherwise there is no incentive to resolve comments in a timely manner for premature submissions.
  - The length of the DC rate freeze should be limited to a maximum of one year from the complete application date to permit issuance, to better provide revenue certainty.

Additional Dwelling Units

- Town staff recommends providing municipalities with the flexibility to define ancillary structures to fit within their local context.
- For secondary dwelling units in new residential buildings, Town staff recommend providing clarification in the regulations to indicate that a secondary dwelling unit is subordinate to, or accessory to, a main residential building in order to be identifiably differentiated from other residential development such as multi-unit buildings (e.g. multi-plexes, stacked townhouses).

That you If you have any comments or require clarification, please do not hesitate to contact us.

Sincerely,



Heather Haire, CPA, CA  
Treasurer  
Finance & Infrastructure Services

c: Mike Galloway, Chief Administrative Officer, Town of Caledon  
Fuwing Wong, General Manager, Finance & Infrastructure Services/CFO, Town of Caledon  
Alexis Alyea, Solicitor, Town of Caledon

