



Planning and Building Services

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Mr. John Ballantine
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Submitted via ERO

Mr. Ballantine,

RE: Response to ERO 019-1406
Proposed regulatory matters pertaining to community benefits authority under the
Planning Act, the Development Charges Act, and the Building Code Act

Thank you for the opportunity to comment on the proposed ERO 019-1406 Proposed Regulatory Matters Pertaining to Community Benefits Authority under the *Planning Act*, the *Development Charges Act*, and the *Building Code Act*.

Town of Newmarket (Newmarket) staff have reviewed the proposed regulations and respectfully request that the Province either a) reconsider the proposed percentage cap, or b) further consolidate all growth-related capital costs through development charges (DC). The proposed 10% cap on community benefits charges (CBC) for lower-tier municipalities would have a negative financial impact to Newmarket in the long term.

The proposed regulations disincentiveize vertical growth and inhibit municipalities' abilities to support healthy communities in achieving Provincial priority

Newmarket and many other municipalities in the Greater Toronto Hamilton Area and beyond are focusing growth through intensification in support of the Province's planning goals and significant investment in transit infrastructure. As directed by the Province in *A Place To Grow: Growth Plan for the Greater Golden Horseshoe*, Newmarket is focusing the majority of its growth through intensification in urban centres and corridors, including the Provincial Urban Centre, in the forms of mid and high-rise developments. Under the proposed regulations, Newmarket's growth related revenue will decrease by approximately 33% for a mid or high-rise development compared to its current DC, Section 37 and parkland dedication regimes. As development shifts towards higher density to meet growth projection and intensification targets as set out in approved planning documents, the shortfall grows larger. Over time, changes to CBC will decrease mid and high-rise development revenues by approximately 65% (see Attachment 1). This causes a large shortfall in growth related revenue in Newmarket's near future. As such, the proposed regulations will significantly and negatively affect the Province's planning goals as municipalities will be financially

constrained to pursue intensification. In addition, the proposed regulations have the effect of “incentivizing” low density/ground-related development, which are not the most efficient forms of development to support transit-oriented communities in achieving the Province’s growth targets.

From a complete community building perspective, this becomes very challenging for municipalities such as Newmarket to maintain existing service levels, let alone improve community services. If communities are challenged financially to accommodate higher density developments, they will be less likely to embrace it. This will likely exacerbate challenges in providing the servicing required to support growth (i.e. affordable housing supply) in the future.

Services funded under community benefit charges should be consolidated under development charges to make a clear development financing program

The Province has made great improvements to the DC regime by increasing cost predictability for developers and increasing cost recovery for municipalities while providing economic incentives for affordable development. However, the proposed CBC regime remains a less predictable cost for both developers and municipalities while providing less incentives for affordable housing. It is recommended that services funded under the CBC regime be consolidated under the DC regime to provide further predictability.

Table 1: Comparison of Characteristics between Development Charges and Community Benefits Charges

Characteristic Comparison	Development Charge	Community Benefit Charge
Rational Nexus	Related on needs to accommodate growth	Not related on needs to accommodate growth
Consultation Requirement	More consultation	Less consultation
Lock-in Rates	At time of site plan application	Must pay in protest if developer disagrees with assessment
Price Predictability	Price increases by an indexed amount	Price fluctuates as land value fluctuates
Price Comparison	Easy to compare rates by viewing mandatory brochures	Hard to compare rates due to varying policies and different land values
Mandatory Incentives	6-year and 20-year deferral programs	None are required

The amount that municipalities are allowed to collect through DC is capped at the amount required to maintain the same level of investment in services in the face of growth. That is, DCs ensure that growth pays for growth.

Due to the checks and balances inherent in the DC system, municipalities are prudent stewards of DC funding. Municipalities are judicious in setting rates as to only fund projects required to maintain service levels. By consolidating all development related revenue under the DC system, it would create fairness between the different built forms, assuming *Planning Act* revenue remains constant under the *Development Charges Act* (see Attachment 2 for details).

Summary

As greenfield sites become less available and intensification through mid and high-rise begin to grow, it is anticipated that Newmarket will experience substantial negative financial impact under the proposed regulations. The effect of the proposed regulations will limit Newmarket's ability to provide appropriate services to support growth. Newmarket staff encourage the Province to reconsider the proposed regulations and develop a more balanced financial approach in building communities.

Sincerely,

"Jason Unger"

Jason Unger
Acting Director, Planning and Building Services
Town of Newmarket

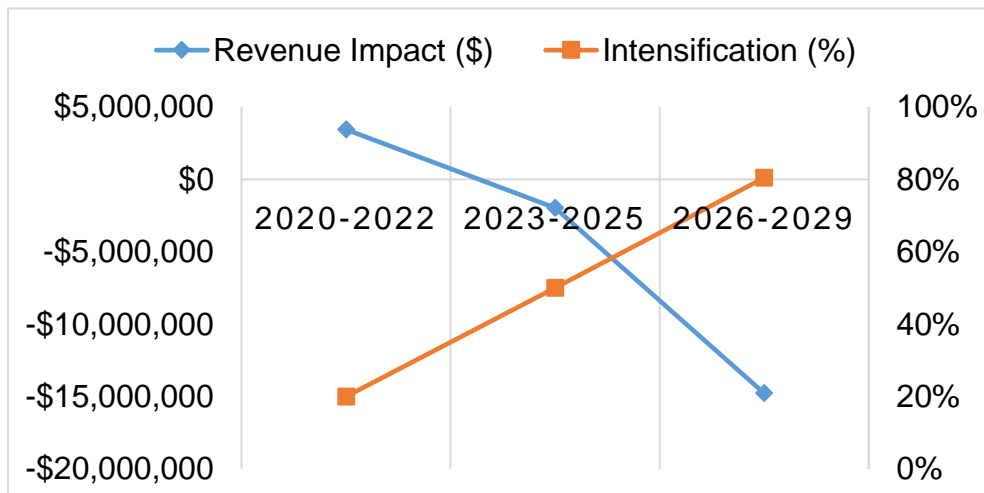
Attachments (2)

Figure 1 below shows the revenue impact Newmarket would experience over time under the proposed regulation. The left axis shows the total change in revenue collection in the period. The right axis shows the percent of projected mid and high-rise developments (intensification).

The intensification percentages for years 2020-2026 were derived from the Town's current development applications; whereas development projections were made for years 2027-2029 based on development trends and land availability.

Revenue impact was derived from the difference between total revenue collections under current regimes (DC, parkland dedication and section 37) and the proposed regimes (DC and the proposed CBC).

Figure 1: Proposed Regulation's Impact on Development Revenue Considering Intensification Levels



Staff used recent development applications of the same built form to calculate the projected revenue per person for mid and high-rise development and ground-related development. Table 2 below shows revenue per 500 people in Newmarket would collect for a) mid and high-rise development and b) ground-related development based on three financing regimes. Five hundred people was chosen as this is a typical size for both a new tower and subdivision development in Newmarket.

Under the proposed regulations, mid and high rise development will generate less revenue per person due to the proposed percentage of land value cap of the CBC being lower than the Town’s current parkland dedication cap. On the other hand, ground-related development will generate more revenue due to having a higher cap under the proposed CBC. If the province were to consolidate all growth related revenues into DC and the Town were to maintain revenue levels, all developments would pay the same amount per person.

Table 2: Comparison of Revenue per 500 People using Three Financing Regimes

	Development Charges Parkland Dedication Section 37	Development Charges Community Benefit Charge	Development Charges
Mid and High-Rise Development Revenue per 500 People	\$5,350,000	\$3,650,000	\$4,400,000
Ground-Related Development Revenue per 500 People	\$3,400,000	\$4,700,000	\$4,400,000