



Bill 23, More Homes Built Faster Act, 2022

Submission to ERO #019-6172

November 21, 2022

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1.0 Summary of Technical Recommendations

- Defer ongoing consultations on Bill 23 until January 2023 to provide municipalities with the opportunity to consult with councils and deliver an informed response to the Province. The Province should consult with municipalities on a regular and timely basis for future legislative and regulatory changes related to housing to avoid unintended consequences to municipal finance and governance. Doing so maintains the important partnership between the Province and municipalities.
- MFOA recommends the Province develop an infrastructure funding program to offset the loss of DC revenues. Without such funding, municipalities will be forced to re-prioritize capital growth projects, resulting in delays or cancellation of certain infrastructure projects which will, in turn, delay the construction of new or expanded housing. The Province should work in consultation with municipalities and stakeholders to quantify the potential revenue losses to develop this program.
- Remove proposed amendment to DCA subsection 5(6) to not enable a mandatory five-year phase in for DC rates. Should proposed subsection 5(6) not be deleted, it should only apply to DC by-laws that are passed on or after the More Homes Built Faster Act, 2022 receives Royal Assent. The mandatory phase-in should only apply to residential development to align with Provincial goals and maintain necessary municipal revenue.
- Remove proposed amendments to subsection 5(3) of the DCA to retain the current definition of eligible capital costs for DC funds to include studies and land costs.
- Remove proposed changes to Section 42 that mandate exemptions to parkland dedication and remove the amendments to alternative parkland dedication requirements. If these changes stay, MFOA encourages the Province to work with municipalities and stakeholders to develop a funding program to offset the loss of parkland dedication revenues.
- Remove the proposal to eliminate paragraph 17 of subsection 2(4) of the DCA in order to maintain housing services as a DC eligible service.
- Revise the proposed amendment to DCA section 26.3(2) to maintain that the maximum interest rate a municipality may charge be set at either prime plus 1% or a sufficient rate to recover interest on debt taken on to cover the deferrals, whatever is more.
- Remove proposed amendment to paragraph 4 of subsection 5(1) of the DCA in order to maintain historical service levels at 10 years.
- Move proposed section 4.2(2)(3)(4) of the DCA to O. Reg 82/98 under the DCA to allow greater flexibility for the Province to amend the definitions of “affordable” and “attainable” housing, if necessary, and amend the definition of “non-profit housing development” to capture local housing corporations by including the definition from the *Housing Services Act, 2011*.
- Remove proposed changes to Section 37 of the PA in recognition that CBCs are still new and, generally, untested for levels of support and sustainability. Making further changes to the CBC regime before municipalities have fully implemented the new CBC by-laws, may negatively impact the transparency and effectiveness of the new charges.

2.0 About MFOA

The Municipal Finance Officers' Association of Ontario (MFOA) was established in 1989 to represent the interests of municipal finance staff across the province. Our membership includes more than 4500 individual members who work intrinsically with elected municipal officials to provide counsel on matters of finance policy.

MFOA has a history of advocating for the needs of municipalities to build and maintain essential infrastructure that supports growth and the betterment of communities. Most recently, MFOA has been actively involved in communicating with provincial stakeholders on housing issues such as submitting a response to the Housing Affordability Task Force Report, and technical responses to legislative and regulatory changes related to housing. In particular, MFOA has focused on responding to changes around municipal budgeting, development charges, and other growth funding tools like parkland dedication.

As the professional association of municipal finance officers, this report about Bill 23, *More Homes Built Faster Act, 2022* focuses on the proposed amendments in Schedule 3 (*Development Charges Act, 1997*) and Schedule 9 (*Planning Act, 1990*) which significantly impact the ability for municipalities to recover costs to support new development.

3.0 Municipal Finances and Housing

Ontario's housing crisis is a complicated issue that has led to an overinflated market, limited housing stock, and few tools available for resolution. The Province's goals to resolve the housing crisis in the next decade is ambitious and necessary, but it can only be accomplished in partnership with all levels of government, the development industry, builders, and other stakeholders. Municipalities are key partners in this endeavour, but the relationship between housing and municipal finances must be understood.

3.1 Development Charges and Housing

Development charges are fees collected on new development and are the primary funding source for infrastructure needed to service growth in municipalities. The *Development Charges Act, 1997* (DCA) sets out the rules to enable municipalities to collect development charges (DCs) to fund growth-related capital costs related to new development. Various amendments have been made to the DCA, but it continues to be an important funding tool for municipalities. The combination of DCs and community benefit charges (CBCs) allow municipalities to build the infrastructure that unlocks growth and the infrastructure that builds communities.

While MFOA appreciates the Province's commitment to addressing the ongoing housing crisis in Ontario and we support the Province's goal to build 1.5 million homes over the next ten years, as an organization representing the municipal finance sector, we have some concerns. In

recent years, the Province has released plans to guide housing policy, mainly the Housing Supply Action Plan and the Housing Affordability Task Force Report. Both plans set out recommendations on how to address issues on housing affordability and housing supply. Likewise, both plans point towards development charges as a major factor towards higher housing prices. This rhetoric ignores the municipal sector's demonstration that a reduction in development charges (or other growth funding tools such as parkland dedication and CBCs) will hinder the ability to finance growth-related infrastructure and put ratepayers on the hook to fill the funding gap. In the long-term, the total cost of home ownership will increase as homeowners pay higher property taxes and user rates to recoup the cost of growth-related infrastructure.

Reducing DCs and other cost recovery tools will not guarantee either lower housing prices or increased housing supply. MFOA is of the view that reducing DCs would be:

- Counterproductive: Less funding for DCs will increase competition for projects from other demands on property taxes and municipal revenue streams. Municipalities may not have the funds needed to put the infrastructure in place that is necessary for development to occur in a timely way.
- Inefficient: We are not aware of any evidence that shows reductions in DCs are being passed directly to homebuyers through reductions in housing prices. Further, it is the demand for real estate that sets the price point that the market will bear. Setting lower prices may simply lead to bidding wars as we have seen over the past few years, countering the Province's goals of more affordable housing.
- Ineffective: Pushing the cost for infrastructure onto taxpayers and ratepayers means higher property taxes and utility rates, creating a disincentive for residents to support new housing.
- Expensive: Reducing DCs does not decrease the cost of growth-related infrastructure, rather it transfers the cost to existing homeowners. Significant increases in the whole cost of housing will be unaffordable for many.

3.2 Municipal Financial Pressures and Housing

Since 2018, the Province has advanced a number of consultations and legislative changes related to the supply of housing in Ontario. These include:

- "Increasing Housing Supply in Ontario"
- "Housing Supply Action Plan"
- *More Homes, More Choice Act, 2019*
- *COVID-19 Economic Recovery Act, 2020*
- Housing Affordability Task Force and its Report
- Ontario-Municipal Housing Summit
- *More Homes for Everyone Act, 2022*

MFOA appreciates that housing is a top priority for the Province; indeed, it is a significant issue that affects all Ontarians and will require efforts from all levels of government. However, each introduction of legislation related to housing has had significant impacts to municipal finances without any new ability for municipalities to recover financial losses. For instance, the CBC regime was introduced in 2019 and the current Bill 23 already proposes new changes to the

funding model. Before municipalities are able to incorporate changes to financial operations, new proposals are presented that require staff to readjust their plans, policies, and procedures.

In regards to housing, municipalities play a key role in building the necessary infrastructure to unlock growth. These projects, ranging from building new sidewalks to constructing a new water treatment plant, require years of planning and development. The ability to maintain consistent and predictable funding through DCs allows municipalities to strategically plan for long-term projects. Municipalities create budgets for these projects and build up reserves through DCs to pay for these initiatives, but these projects are based on predetermined DC rates informed by studies. The recent changes to the ability for municipalities to generate development-related revenue have long-term consequences for whether municipalities will be able to build this infrastructure in a timely manner. As outlined in MFOA's past submissions to the Province, there is increased uncertainty for municipal financial capacity to pay for growth.

Municipalities are limited in their ability to generate revenues, with property taxes as the most significant funding tool at their disposal. The property tax regime must cover a wide array of services to existing homeowners, and the recent changes to DCs and CBCs threatens to further burden the tax base, which already funds both operating and capital pressures. The reduction in DCs also has the unintended consequence of undermining the legislated asset management requirements under O. Reg. 588/17. These unpredictable changes to municipal growth recovery tools put development-related infrastructure projects at risk. If development-related infrastructure must compete with the maintenance of existing infrastructure and operating day-to-day services, municipalities will have to face three unpopular, competing decisions – delay infrastructure necessary to unlock growth, reduce existing service levels to reduce operating costs, or delay costly and necessary infrastructure repairs.

On top of these risks, municipalities are also facing the same financial pressures as private sector entities. Our economy is currently experiencing high inflation, as well as supply issues and worker shortages that may also lead to project delays. With Minister Chrystia Freeland warning of a risk of recession in Canada, municipalities must also be mindful to provide reasonable tax rates and user fees that Ontarians are able to pay. All these issues continue to exacerbate the strain on municipal finances.

4.0 MFOA's Guiding Principles

The following principles guide our comments:

a) Growth should pay for growth

When the cost of infrastructure is directly related to development, municipalities should be able to recover the full cost through various fees and charges. Doing so ensures that costs are not borne by current taxpayers and future generations, which promotes affordability and equity in the long-term. The mechanism to permit cost recovery should be efficient to guarantee that the necessary infrastructure to unlock growth can be built in a timely manner.

b) Solving the housing crisis requires more than houses

Housing and affordability are intrinsically linked together. Homes are an essential need for all people and policies should be crafted to ensure Ontarians can afford the homes they live in. It is not enough to build new homes; considerations should be made throughout the process to ensure that costs to homeowners and renters remain reasonable beyond the initial housing price. Property taxes and user fees are crafted to fund projects and programs that communities need and expect, but adding more pressure onto the tax base will become increasingly costly to citizens in unexpected ways. Provincial legislation should not unduly burden homeowners and renters to guarantee the long-term success of solving the housing crisis.

c) Complete, vibrant communities are good for everyone

Complete communities support healthy and active living for residents. The services needed to support complete communities extends beyond water, wastewater and roads. No community is complete without parks, recreation facilities, and other services that enable residents and businesses to thrive.

d) Provincial legislation related to municipal governance should be enabling and permissive

Restrictive provincial legislation removes the decision-making powers from local authorities and chips away at local officials' ability to respond to local concerns. Further, much of this proposed legislation adds to the municipal administrative burden.

5.0 Proposed Changes to the Development Charges Act, 1997

The following section includes MFOA's recommendations for Schedule 3 of Bill 23.

5.1 Municipalities Need Funds to Finance Growth

Bill 23 proposes amending the DCA to create exemptions for certain residential units:

- Exemptions for existing rental residential buildings: for rental residential buildings with four or more residential units, exempting the greater of one unit or 1% of the existing residential units.
- Exemptions for existing and new residential buildings: exemptions for secondary units where only one residential building exists; exemptions for third units where no building or ancillary structure contains any residential units; and exemptions for one residential unit where two residential units already exist.
- Exemptions for affordable units, attainable units, non-profit housing developments, and inclusionary zoning units.

- Discounts for rental housing developments dependent on the number of bedrooms: 25% discount for 3+ bedrooms, 20% for 2 bedrooms, and 15% for 1 bedroom or bachelor units.

The proposed exemptions and discounts recognize the importance of supporting gentle density and providing incentive for the development of affordable and attainable housing, which is a key piece of successfully solving Ontario's housing crisis. However, gentle density still leads to intensification for neighbourhoods that were previously unplanned for this type of growth.

In particular, it must be recognized that any new development will lead to an increased demand for infrastructure. Regardless of whether the road already exists or the sewer pipes are already installed under the home, there is a cost associated with maintaining infrastructure and the added pressure of new residents will not be reflected in the current levels of service outlined for the asset. Municipalities can not rely on reserves and reserve funds to recoup these costs, as the majority of these funds are already allocated or restricted to specific infrastructure projects as legislated by the Province. Instead, this added cost will be transferred to the tax base, which, paired with the other cumulative financial impacts that recent provincial housing policy has burdened on municipalities, will add significant pressure to property owners. To put it bluntly, the efforts to address the housing affordability issue at the local level comes at the expense of the tax affordability problem in the midst of high inflation and a looming recession.

Overall, MFOA believes that a one size fits all approach to DC exemptions undermines the revenue raising capabilities of all municipalities. Without additional funding or resources from the Province to offset these costs, municipalities have little option but to put these costs back on the taxpayer.

Recommendation: MFOA recommends the Province develop an infrastructure funding program to offset the loss of DC revenues. Without such funding, municipalities will be forced to re-prioritize capital growth projects, resulting in delays or cancellation of certain infrastructure projects which will, in turn, delay the construction of new or expanded housing. The Province should work in consultation with municipalities and stakeholders to quantify the potential revenue losses to develop this program.

Bill 23 proposes that for all DC by-laws passed after June 1, 2022, the charge must be phased-in for the first five years that the by-law is in force. The proposed mandatory phase-in will be paired with the proposed amendment to have DC by-laws expire 10 years after the day the by-law comes into force (as opposed to the current 5 years).

MFOA acknowledges that this proposal may come from the concern that increases to DC rates with updated by-laws can cause uncertainty; however this proposal adds a great deal of risk for municipalities who need the DC funds to initiate infrastructure projects. DC rates are calculated to fully recover the cost of projects which includes estimated service levels and costs for resources needed to complete the projects. Adding a phase-in for the first 5 years does not eliminate the need for these funds, rather without the necessary monies to put shovels in the ground, projects necessary for those first 5 years of the DC by-law will have to compete for a

limited budget caused by these funding shortfalls. Based on current bylaws, municipalities have estimated that they are at risk of losing up to 10% of revenues during the five-year period.

Likewise, there is concern around the retroactive date of this proposal to June 1, 2022. MFOA sees no necessity for this retroactive date and views this requirement as unfair to municipalities who have passed new DC by-laws from June 1, 2022 to present without the knowledge of this significant change to the funding structure. Municipalities already enact phase-ins for their DC rates depending on their circumstances, but MFOA believes that this decision should be left for individual municipalities to decide between staff and council.

Additionally, the discounted DC rates in the first 5 years may result in new incoming rates to be less than the DC rates of the outgoing by-law, which can create a counter-productive incentive for certain developers to delay housing projects if there is opportunity to reduce costs. The same incentive exists after the 5 years is complete, although municipalities would now have 10 years to update their by-law; developers may delay submitting new development projects if they are aware of a by-law update. As it currently stands, there is no drawback for developers to delay development projects, and without consequences, there is significant risk on municipalities to bear this financial burden. Looking at some of Ontario's upper-tier and single-tier municipalities, there are hundreds of thousands of approved housing units without building permits issued. In a sample of Ontario Regional and Single-Tier municipalities, approximately 300,000 approved housing units have not had building permits drawn by developers despite having the development projects approved. Developers who delay their own housing projects despite municipal approvals face no consequences to slowing down the amount of houses built.

MFOA is concerned by the unintended consequence of disincentivizing municipalities from reopening their by-laws for amendments. There are situations where municipalities may want to reopen their by-law in order to add discounts for certain types of development based on community needs. Will these minor amendments restart the 5-year phase-in? MFOA seeks clarification on this issue.

An additional concern is that the phase-in will apply to both residential and non-residential development. Should this proposal not be removed, MFOA recommends that the new statutory phase-in only apply to residential development to reflect the goal of increasing housing supply, and not provide discounts to non-residential development (which many municipalities already provide).

MFOA is concerned that the proposed 5-year phase-in of DC rates under a new by-law will have an overall negative consequence to the goal of building more housing. The phase-in will delay necessary infrastructure projects to unlock growth while also providing incentives for development projects to be delayed for, potentially, months until a new by-law is enacted.

Recommendation: Remove proposed amendment to DCA subsection 5(6) to not enable a mandatory five-year phase-in for DC rates. Should proposed subsection 5(6) not be deleted, it should only apply to DC by-laws that are passed on or after the *More Homes Built Faster Act, 2022* receives Royal Assent. The mandatory phase-in should only apply to residential development to align with Provincial goals and maintain necessary municipal revenue.

Bill 23 proposes to prescribe a maximum interest rate based on an average of the Canadian banks' prime rates plus 1% for DC installments, set on a quarterly basis. Recognizing that municipalities may need to incur debt to recover the deferred revenue from DC freezes and installments, MFOA encourages the Province to amend this proposal to allow municipalities to charge either prime plus 1% or an interest rate that sufficiently covers the interest on any debt incurred to cover the deferrals. This recommendation ensures municipalities remain whole while maintaining a level of stability and transparency for interest rates.

Recommendation: Revise the proposed amendment to DCA section 26.3(2) to maintain that the maximum interest rate a municipality may charge be set at either prime plus 1% or a sufficient rate to recover interest on debt taken on to cover the deferrals, whatever is more.

Bill 23 proposes to change eligible capital costs for DC funding. One amendment is to make the cost to acquire land ineligible "except in relation to such services as are prescribed". The eligible services to acquire land are currently undefined, but MFOA is especially concerned by the risk of losing the ability to generate revenue to acquire land that is designated for growth-related infrastructure.

The narrative around growth-related infrastructure often centres on the infrastructure itself (roads, sewer pipes, buildings, etc.), but a critical piece towards infrastructure is the land required to build. The first step towards getting shovels in the ground is acquiring the appropriate land to build, and there is great concern that if municipalities are unable to use DC funds towards purchasing land, then municipalities will have no choice but to delay infrastructure projects which will negatively impact housing supply. Municipalities will need to raise funds to acquire these lands through other means, such as adding it to the tax base and user fees which will further constrain existing and future homeowners and renters. A new housing development cannot be livable if the necessary municipal infrastructure is not built underneath and around it. If the Province's intention is to create policies that encourage speed in developing homes, we strongly encourage reconsidering the intention of this legislative change.

Another proposed amendment is to have the cost to undertake DC background studies and other DC-related studies become ineligible for DC funds. Currently, municipalities are able to use DC funds towards plans that help to quantify and plan for growth, which can include DC background studies, environmental assessments, infrastructure master plans, and more. These studies are essential for determining the infrastructure required for supporting growth and inform the basis of DC recovery and therefore the DC rates. The intrinsic relationship between these studies and DCs should merit their ability to be recovered under DC funds.

Looking at some of Ontario's upper-tier and single-tier municipalities, the proposed definition of eligible capital costs to remove studies and land costs are estimated at approximately \$2.5 billion over a 10-year period, which would require a new source of funding.

Recommendation: Remove proposed amendments to subsection 5(3) of the DCA to retain the current definition of eligible capital costs for DC funds to include studies and land costs.

Bill 23 proposes the timeframe for average historical service levels be extended to 15 years, five years more than the current timeframe. The average historical service level is used to estimate the added services needed with growth, which helps to calculate DCs. These services are imperative to communities, including public health, waste diversion, police services, and more. MFOA's longstanding position is that service levels should be forward looking. In areas experiencing high-growth, that growth can trigger the need for new services which would not be recognized by a backwards looking perspective on service levels. In particular, municipalities experiencing exponential growth will not see their anticipated service level use reflected in a 15-year average of the area's service levels. An increased timeframe for historical service levels may lead to lower DC rates and delayed collections for many municipalities.

Recommendation: Remove proposed amendment to paragraph 4 of subsection 5(1) of the DCA in order to maintain historical service levels at 10 years.

5.2 Affordable Units Should Stay Affordable

Bill 23 proposes to set definitions in the DCA for "non-profit housing development", "affordable residential units" and "attainable residential units"; these, alongside inclusionary zoning residential units, will be exempt from DCs, parkland dedication, and CBCs. In the current housing market landscape, the definition for "affordable residential unit" appears appropriate, however we are concerned that both the housing and economic landscape can change without warning. What may be considered an appropriate definition for "affordable" today may not apply in even 2-3 years. Affordability is subject to a variety of factors, and market price is not always reflective of what people can afford as noted in the current housing crisis where even 80% of the market price is still unaffordable for many Ontarians. Likewise, the Canada Mortgage and Housing Corporation defines affordable housing as housing that costs less than 30% of a household's gross income. Depending on an individual's gross income, the Province's definition could be far from what other Provinces and national associations consider affordable housing.

Similarly, there is concern that the definition of "attainable residential unit" as outlined in Bill 23 is too broad and may be misinterpreted to allow residential units that should not be deemed attainable to receive the same benefits as properly attainable housing. The Canada Mortgage and Housing Corporation notes that affordable housing and attainable housing are terms that

are interchangeably used, and MFOA recognizes the efforts by the Province to distinguish a difference between the two. However, given this untested definition, we kindly request that the Province scope this definition further to be more clear on what is “attainable” in order to allow municipalities to recover growth-related costs for non-attainable residential units.

In this vein, MFOA respectfully recommends that the Province move the definitions for “affordable residential units” and “attainable residential units” from the DCA to a regulation to allow flexibility for amendment when the housing landscape changes or when the Province sees fit.

MFOA is also concerned that the current proposed definition of “non-profit housing development” is too narrow and may carry the unintended consequence of not capturing municipal housing development. Some municipalities provide housing services through housing corporations which are not governed by the *Co-Operative Corporations Act* or the *Not-for-Profit Corporations Act, 2010*. Rather, they are governed by the *Ontario Business Corporations Act* which is not in the scope of the current “non-profit housing development” definition. Omitting municipal housing corporations from these exemptions puts local housing corporations on unequal footing with other non-profit developments, which MFOA believes is not the Province’s intention. MFOA recommends that the Province broaden the proposed definition to capture local housing corporations.

Recommendation: Move proposed section 4.2(2)(3)(4) of the DCA to O. Reg 82/98 under the DCA to allow greater flexibility for the Province to amend the definitions of “affordable” and “attainable” housing, if necessary, and amend the definition of “non-profit housing development” to capture local housing corporations by including the definition from the *Housing Services Act, 2011*.

Bill 23 proposes to remove housing services from the list of eligible services to be recovered under DCs. The removal of housing services from eligible DC services goes against the provincial goal of building more and diverse mixes of houses to reflect the needs of Ontarians. Municipalities are essential partners with the other levels of government to provide housing for our citizens, including housing for people who need it most through shelters, community housing, and subsidized residential units. The importance of providing housing to the lowest income communities cannot be understated, and DCs help municipalities to deliver this essential service.

If it is removed from DC eligibility, municipalities will lose a predictable and consistent source of funding for housing services and many ongoing and planned housing projects will be at significant risk, which will in turn put the existing housing of many citizens at peril. Municipalities include DC revenue for growth-related housing in their capital plans, and some upper-tier and single-tier municipalities have indicated that the proposed removal of housing services could result in losses between \$10 million to \$1.3 billion. The strain on municipal funding for housing services has already been exacerbated over the past few years due to COVID-19 and it is

unclear how significant the cumulative financial impact could be, but it is clear that municipalities cannot bear this cost without adding higher fees to the tax base and user rates.

Recommendation: Remove the proposal to eliminate paragraph 17 of subsection 2(4) of the DCA in order to maintain housing services as a DC eligible service.

6.0 Proposed Changes to the Planning Act, 1990

6.1 Vibrant Communities are More Than Pipes in the Ground

Bill 23 proposes to amend the *Planning Act, 1990* (PA) to change the calculation of the newly instated Community Benefits Charge (CBC) regime to adjust the land valuation to exclude existing development, as well as exempting CBCs from affordable residential units, attainable residential units, and inclusionary zoning units. MFOA is concerned that the Province is already amending the structure of the CBC regime, a funding tool that has only been in place since 2019/2020. The CBC has not yet been tested to ensure that the funding model can adequately help municipalities to fund growth-related services.

Recommendation: Remove proposed changes to Section 37 of the PA in recognition that CBCs are still new and, generally, untested for levels of support and sustainability. Making further changes to the CBC regime before municipalities have fully implemented the new CBC by-laws, may negatively impact the transparency and effectiveness of the new charges.

Bill 23 proposes changes to exemptions for parkland dedication. The changes include new exemptions for affordable residential units, attainable residential units, inclusionary zoning residential units, and non-profit housing. Other exemptions for parkland dedication are also made to encourage gentle density in new and existing residential buildings. These changes are aligned with proposed exemptions for DCs.

Bill 23 also proposes to amend the calculation for alternative parkland dedication. These changes essentially halve the revenue earned through land conveyance and cash-in-lieu. MFOA is concerned that this proposal will make purchasing land for parks incredibly difficult, especially in times of high inflation and high land prices. Municipalities will need to make compromises with purchasing parkland, and may need to replace plans to build parks to build small parkettes instead. From an environmental point of view, this is concerning as smaller parks will make neighborhoods less livable, particularly those that are traditional suburban sprawl. Further, the less open space available in these neighborhoods, the less ability for natural methods of absorbing rainwater to curb flooding. As Ontario continues to experience extensive flooding on a regular basis, the loss of parks is a concerning environmental risk.

As previously mentioned, MFOA recognizes the importance of promoting a diverse array of housing options, and in particular gentle density as one of many tools needed to solve Ontario's housing crisis. However, parks are an essential part to making complete communities. The importance of using parks as a gathering place for friends, families, and communities was evidenced through the COVID-19 pandemic. As we encourage the development of housing that does not carry the traditional backyard or front lawn, municipalities must be able to provide greenspace that can alleviate the absence of outdoor space. Many municipalities already provide exemptions for certain types of residential development, and municipalities should be able to retain that autonomy. In lieu of this, funding programs should be available to recoup the lost revenue.

Recommendation: Remove proposed changes to Section 42 that mandate exemptions to parkland dedication and remove the amendments to alternative parkland dedication requirements. If these changes stay, MFOA encourages the Province to work with municipalities and stakeholders to develop a funding program to offset the loss of parkland dedication revenues.

7.0 Moving Forward

In order for the Province to successfully achieve its goal of building 1.5 million homes over the next 10 years, municipalities must be viewed as strategic partners, alongside the development community, conservation authorities, housing advocates, etc. As the frontline level of government, municipalities are also eager to resolve the housing crisis and are the most informed on what is needed to create complete communities that Ontarians want and expect.

As outlined in this submission, Bill 23 carries significant unintended consequences to municipal finances. Municipalities are still working on quantifying the impact of these proposed changes, but it is clear that in the long-term, it will have a demonstrable impact on the taxpayer. As there is only one taxpayer, we urge the Province to pause on Bill 23 to further consult with municipalities. Municipalities are fresh off of an election and staff have not had the opportunity to consult with their councils to present a formal response. Pausing until 2023 provides the opportunity for true partnership and collaboration between municipal and provincial partners.

Recommendation: Defer ongoing consultations on Bill 23 until January 2023 to provide municipalities with the opportunity to consult with councils and deliver an informed response to the Province. The Province should consult with municipalities on a regular and timely basis for future legislative and regulatory changes related to housing to avoid unintended consequences to municipal finance and governance. Doing so maintains the important partnership between the Province and municipalities.

8.0 Conclusion

We thank the Province for the opportunity to provide our recommendations on Bill 23. MFOA remains committed to affordable housing solutions and looking for ways for municipalities and their provincial partners to work together towards building 1.5 million homes over the next 10 years. Should you have any questions, please contact MFOA's Executive Director Donna Herridge (donna@mfoa.on.ca).

Yours truly,



Laura E. Barta, CPA, CMA
President

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Staff members: Suzanna Dieleman, Manager of Policy; Christine Duong, Policy Team Lead