Standing Committee on Heritage, Infrastructure and Cultural Policy
Laurie Scott, MPP, Chair
Isaiah Thorning, Clerk
Whitney Block, Room 1405
Toronto, ON M7A 1A2
Via email: schicp@ola.org

Hon. Steve Clark, Minister of Municipal Affairs and Housing
College Park 17th Floor, 777 Bay St,
Toronto, ON M7A 2J3
Via email: minister.mah@ontario.ca

November 24, 2022

Dear Members of the Standing Committee, Chair Scott, and Minister Clark:

RE: Bill 23 and associated 2022-2023 Housing Supply Action Plan consultations

Thank you for offering the opportunity to comment on Bill 23 and the associated legal and regulatory changes proposed through the 2022-2023 Housing Supply Action Plan.

Norfolk County supports the goal of increasing affordable housing supply and reducing barriers to the creation of safe, appropriate, and affordable housing options. It is therefore with concern that we identify many of the proposed changes outlined in Bill 23 do not seem to work towards that goal. To this end, we have identified a number of items of concern, and formally request an extension of the commenting period in order municipalities have more time to review wand provide constructive feedback before the proposed changes are finalized.

Norfolk County agrees that as-of-right permissions for additional dwelling units in serviced settlement areas are generally supportable but may come with some operational challenges in some urban settlement areas with limited or constricted servicing capacity. Norfolk County recently passed an Official Plan Amendment and Zoning Bylaw Amendment to allow for such additional uses; however, it is suggested that more clarity could be provided in relation to permissions of these uses in privately serviced settlement areas and agricultural areas. Furthermore, clear restrictions around appropriate site and scale are important to ensure additional units are appropriate within the area they are being created.

Norfolk County has identified a number of concerns in relation to the proposed Bill, with the overall concern that the changes will not specifically help achieve the goal of creating more housing; but create barriers to development and negatively impact ratepayers in the immediate and long term to the benefit of private developers who, in many instances, are not even from our community.

For example, conditionally exempting development charges (DCs) for a number of set projects will impact (a) municipal DC revenue, and (b) will require additional staff time and resources to manage the agreement process. Municipalities will be forced to recoup these lost DC revenues through the general tax levy, which will result in tax increases.

Housing services and background studies should remain eligible for DC funding. Eliminating housing services and background studies appears contrary to Bill 23's objective of seeing additional housing created, and the generally accepted DC philosophy of 'development pays for development'.

Clarification is necessary in relation to the terms 'spending' versus 'allocating' 60% of DC reserve funds each year for water, wastewater, and roads purposes. The expectation of municipalities spending 60% of DC Reserve funds each year for growth-related infrastructure projects is problematic at best, and impossible in many instances as many DC eligible infrastructure projects come with significant costs and require years to accumulate the funds and considerable time to complete various studies and approvals needed to undertake the project, including in some cases provincial approvals.

At a high level, the changes to legislation as noted in Bill 23 will reduce funding to Norfolk County by an estimated $1.4 million annually, which will in-turn reduce our Municipality's ability to fund the infrastructure required to support growth.

- The County is currently working toward an Inter-Urban Water Supply Project for approximately $300 million which is planned to be significantly funded by development charges over a multi-year project delivery timeframe and the requirement to spend 60% of DC reserve funds each year may compromise Norfolk's ability to maintain sufficient DC reserve fund balances for planned project expenditures.

- Norfolk County is responsible for the infrastructure that is required for new housing to be constructed, including water, wastewater, and roads. Our municipality relies on the contributions from development charges to make that infrastructure possible. The changes proposed in Bill 23 will force our Council, along with many others, to have to choose between maintaining existing assets and creating new infrastructure to support housing growth.

- Norfolk's 10-year capital plan for core infrastructure replacements is projected to include approximately $60 million in debt financing as a means to address the County's current infrastructure funding gap. Therefore, the loss of development charge revenues which will need to be funded from other sources will further exacerbate our infrastructure gap.

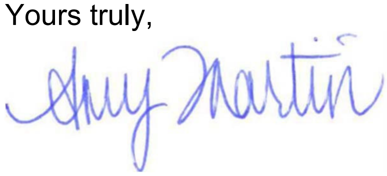
- Norfolk County is also required to plan for where and how growth will occur and to decide what infrastructure will be required. This type of planning relies on the use of studies like official plans, and master plans. The removal of eligibility to collect development charges to fund studies will lead to increased burden on current rate and taxpayers to cover these costs for growth planning.

- The required phase-in for development charge rates is written to phase-in the entire rate not just the increment if fees are increased. For example, this means that rates which are only increased slightly, must be charged at 80% of the entire amount in the first year, resulting in lower rates being charged than before the increase was applied. It would be preferred if the phase-in were only applicable to the incremental portion of the fee, as opposed to the maximum charge.

- It is also important to note that Norfolk County will experience a significant administrative burden with respect to the changes in Bill 23 and that impact is not fully determinable at this time. Norfolk, like many municipalities, does not have excess administrative capacity and is experiencing periods of lengthy vacancies and recruitment challenges. The changes proposed in Bill 23 will lead to heavy administrative burden that will result in further delays in growth related projects in addition to the delays that will be seen with respect to reduced funding.

Overall, the proposed changes do not appear to fully consider the enormous task and costs associated with building this many new homes within a 10-year period. For example, reducing revenues to municipalities that are presently generated by growth, will only shift the burden of paying for new growth from the development industry to existing taxpayers. Instead of removing this fiscal responsibility from development, we suggest that it is far more productive to work with the municipalities to examine a more effective way to utilize those resources to achieve this ambitious housing target. In addition, it must be acknowledged that DCs contribute greatly to the delivery of housing services and enables the construction of housing for some of the most vulnerable members of our communities. Future community and affordable housing may be jeopardized due to Bill 23, therefore risking the delivery of new community housing – an outcome that is contrary to the creation of more housing.

Yours truly,



Amy Martin
Mayor, Norfolk County

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