

November 17, 2022

Ministry of Municipal Affairs and Housing
777 Bay St.
Toronto, ON
M7A 2J3

Submitted online and sent via email to MFPB@ontario.ca

Dear MMAH officials:

RE: Proposed Planning Act and *Development Charges Act, 1997* Changes: Providing Greater Cost Certainty for Municipal Development-related Charges (ERO# 019-6172)

The Ontario Federation of Agriculture (OFA) is the largest general farm organization in Ontario, proudly representing more than 38,000 farm family members across the province. OFA has a strong voice for our members and the agri-food industry on issues, legislation and regulations governed by all levels of government. We are dedicated to ensuring the agri-food sector and rural communities are included, consulted, and considered in any new and changing legislation that impacts the sustainability and growth of our farm businesses.

OFA appreciates this opportunity to provide input with respect to the Environmental Registry posting # 019-6172 which proposes changes to the *Development Charges Act*.

OFA firmly believes that growth must pay for growth. The capital infrastructure costs required to service new development should be paid for by developers and not the current base of property taxpayers. OFA opposes the proposed changes to the *Development Charges Act* which would shift the financial burden of paying for growth-related capital costs from developers to property taxpayers.

The proposal to extend the historical service level for eligible capital costs (excluding transit) as part of development charge bylaws from 10-years to 15-years is particularly concerning. This change directly undermines the intended use of development charges which is to help municipalities recover increased capital costs associated with growth. The demand for most municipal services rises each year. Setting development charges based on the average service for the past 15 years will underestimate the cost to service new properties today and into the future. As a result, development charges will be insufficient to cover the cost to service growth and property taxes will need to rise to cover the funding deficit. If growth is to pay for growth, the timeline to base historical service levels should be shortened not lengthened.

Excluding the cost of development charge background studies from being recoverable through development charges means that local property taxpayers will be forced to foot the bill. This is particularly concerning in small, rural municipalities that have fewer taxpayers to split the cost.

The cost of development charge background studies could be lowered however by providing a statutory exemption from development charges for farm buildings. OFA has long advocated for a statutory exemption for farm buildings from development charges since farm structures like barns do not contribute to growth related capital expenditures in the same way as other development. For example, building a livestock manure storage structure on an existing livestock farm operation would not result in a need for additional municipal infrastructure. Most municipalities in agricultural areas do recognize that assessing development charges on farm buildings is inappropriate and have chosen to provide an exemption in their municipal development charge by-law. A province-wide statutory exemption would eliminate the need for a consultant's time to determine a development charge rate for farm buildings in the background studies.

New residential units do contribute to growth related capital expenditures. Therefore, the proposals to exempt attainable housing from development charge and community benefit charges, discounting rental unit development charges and a five-year phase-in period for all development charges will put additional strain on municipal budgets and local taxpayers.

Additional strain on municipal budgets and the subsequent pressure to increase property taxes is of great concern to the farm community. In the last province wide assessment MPAC provided, farmland values increased at a disproportionate rate and farmers in many municipalities across the province are paying a record high percentage of the municipal tax levy.

If the provincial government moves forward with these proposed changes to the *Development Charges Act* move forward, OFA believes the provincial government must commit to significant new funding for municipal infrastructure to avoid negatively impacting local property taxpayers.

Farmland makes up less than 5% of Ontario's land base. To feed a growing global population, we need to hold on to all the productive farmland and soil we have. And if the supply of available, productive agricultural land continues to dwindle, everyone will suffer. Every day, Ontario loses 319 acres of farmland to non-agricultural uses like housing and commercial developments.

Development charges are a financial tool that can be adjusted to provide incentives to help keep farmland in production. However, imposing development charges on building new farm structures creates a disincentive for farmers to reinvest in their farm operation, which undermines the financial viability of Ontario family farms and leads to the loss of agricultural land.

To create the financial incentives necessary to support the protection of agricultural land, farm buildings/structures should be exempt from development charges. Exempting farm structures from development charges, and maintaining them for all other types of development, will increase the relative cost for developing agricultural land for other uses, creating a financial incentive to keep agricultural land in production. If the proposals in this consultation move forward as currently worded, a farm exemption from development charges will become more important than ever. Easing the cost of developers further incentivises development of farmland unless a farm exemption is also put into place.

Most municipalities in agricultural areas have recognized the need for financial incentives to preserve farmland and have chosen to exempt farm buildings from development charges. However, subsequent by-laws may inadvertently omit the existing exemptions for farm buildings/structures unless farmers and municipal councillors are vigilant. If municipal budgets become too strained, they may have little choice but to raise the financial burden on local farmers through further increase in farm property taxes and inclusion in local development charge bylaws.



Therefore, OFA requests that the *Development Charges Act* be amended to provide a statutory exemption to farm buildings/structures from all development charges.

Sincerely,

A handwritten signature in black ink that reads 'Peggy Brekveld' followed by a period. The signature is written in a cursive, flowing style.

Peggy Brekveld
President

cc: The Honourable Steve Clark, Minister of Municipal Affairs and Housing
The Honourable Lisa Thompson Minister of Agriculture, Food and Rural Affairs
OFA Board of Directors