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November 24, 2022

The Honourable Steve Clark
Minister of Municipal Affairs and Housing
College Park, 17th Floor
777 Bay Street
Toronto, ON M5G 2E5

Subject: Bill 23 – *More Homes Built Faster Act, 2022*
Comments from City of Pickering – ERO Posting 019-6172
Proposed *Development Charges Act* Changes
File: L-1100-058

Please find attached comments from the City of Pickering with respect to Environmental Registry Ontario Posting 019-6172, regarding proposed changes to the *Development Charges Act*. Thank you for your consideration.

These comments are also being forwarded to Council of the Corporation of Pickering for their receipt and endorsement.

Yours truly



Marisa Carpino, M.A.
Chief Administrative Officer

MC
Attachment

ERO Posting	City of Pickering Comments
<p>ERO Posting 019-6172 (Closing November 24, 2022) Proposed <i>Development Charges Act</i> changes</p>	<p>Mandatory Phase-In of Development Charges: Bill 23 is proposing a phase-in for the first 5-years of a DC bylaw, starting with 80% of the maximum charge in Year 1 and increasing by 5% each year until Year 5, where the full charge would then be in place.</p> <p>This phase-in approach will result in a significant decrease in DC revenues. With the City completing its most recent DC Background Study in July 2022, the potential revenue loss is quantified below:</p> <p>Year 1 – Approximately \$3.1 million in lost revenue (assuming 6 months of lost revenue)</p> <p>Year 2 – Approximately \$4.6 million in lost revenue</p> <p>Year 3 – Approximately \$3.1 million in lost revenue</p> <p>Year 4 – Approximately \$1.5 million in lost revenue</p> <p>The proposed phase-in of DCs will result in a loss of an estimated \$12.3 million in DC revenue for the City over 4-years, and a subsequent slower development of growth related infrastructure or in an increase in property taxes for taxpayers, or a combination of both. It is recommended that the Province not proceed with this proposal.</p>
	<p>Changes in DC Eligible Capital Costs: Bill 23 proposes to exclude certain capital costs that would be eligible for DC funding, such as land, Growth Studies, and Master Planning Plan studies such as Secondary Plans.</p> <p>Land, excluding parkland, is currently an eligible cost under the <i>Development Charges Act</i>. Bill 23 would allow for regulations to prescribe which services land could be included as a capital cost. Depending on which services are prescribe to allow for the inclusion of land, the impact to the City could be substantial. There are various City facilities with land requirements in the current DC Background Study, which are at risk of losing DC funding, such as the Seaton Fire Station, Animal Shelter & By-Law Services facility, Notion Road 401 Crossing, City Centre facilities and the Seaton Regional Library.</p> <p>Growth studies is another significant area that will be excluded from receiving DC funding. Bill 23 will allow for growth studies already included in DC Background Studies prepared prior to the passage of the bill to be eligible for DC funding, but future DC Background Studies and by-laws will exclude all growth studies. The City is currently planning to undertake multiple master planning studies (such as Transportation and Recreation Master Plans), in order to examine the increase in need of services in response to growth. The City's current DC Background Study has approximately \$6.9 million in gross costs for studies, with \$5.3 million being eligible</p>

for DC funding. With these studies being excluded for DC funding in the next DC Background Study, the full cost of the studies will ultimately be passed on to taxpayers.

With the reduction in DC revenues due to Bill 23, the City would recommend that the Province develop an infrastructure funding program to help municipalities to offset the loss of DC revenues. Without this, the City will be forced to re-prioritize growth related capital projects, resulting in delays or cancellations of growth projects, in turn delaying new development.

It is recommended that the Province not proceed with this proposal.

Community Benefit Charges exemptions: Bill 23 proposes additional statutory exemptions for the payments of Community Benefit Charges (CBC). Affordable Units, Attainable Units and Inclusionary Zoning Units will be exempt from CBC payments.

These additional exemptions will result in further revenue loss for the City, which will need to be made up by other funding sources (i.e., taxpayers).

The City of Pickering is a going through a transformational growth stage due to major planned growth related capital projects such as the City Centre, Pickering Heritage & Community Centre, Animal Shelter, Seaton Fire Hall and Seaton Recreation & Library. These capital projects, rely on development charge funding, to varying degrees, as a major source of capital dollars. With a reduction in DC dollars, and taking into consideration that there is one other source of financing, the "Pickering Taxpayer," there will probably have to be some difficult decisions made regarding property tax affordability, green lighting of capital projects and/or change in capital project scope.

New residents usually have an expectation regarding the level of municipal services for their new community. They expect their new community to have a wide range of recreational facilities, vibrant parks, and modern libraries. Bill 23 proposes to change that vision and/or expectation. The reduction in DC fees collected will probably result in an overall decrease in the quality of life viewed from a municipal lens. Existing facilities will become over crowded due to the possible reluctance of the existing local taxpayer to subsidy the construction of growth related facilities.

It is recommended that the Province not proceed with this proposal.