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November 24, 2022

Electronic Submission Only

ATT: Ministry of Municipal Affairs and Housing
777 Bay St., Toronto,
Ontario, M5G 2G2

RE: **Proposed changes to the Planning Act and Development Charges Act, 1997 to provide greater cost certainty for municipal development-related charges.**

Environmental Registry of Ontario Number: 019-6172

Background:
Schedule 3 of Bill 23, *More Homes Faster Act*,*2022,* proposes a number of changes to the *Development Charges Act, 1997* in order to provide greater cost certainty for municipal development related charges.

Comments:
Please find attached, the City of Burlington's staff comments related to the proposed changes to the Development Charges Act, 1997 (DCA).

The significant changes proposed to the Development Charges Act, 1997, substantially limit the ability of municipalities to generate the revenue needed to support the development and growth of complete communities. Municipalities and the Provincial government will need to work collaboratively to identify additional tools, resources and appropriate funding sources to address this gap.

There is no evidence to suggest that reducing development related fees improves housing affordability. The reduction in revenue that supports growth related infrastructure will rather, increase the burden on existing taxpayers resulting in increases to the cost of housing ownership and subsequently housing affordability. The proposed changes to the Planning Act will result in the City's Park provisioning levels to drop considerably.

The proposed definition of Affordable residential units (both ownership and rental) in the DCA relies solely on market conditions to determine affordability and not household income. This disconnects housing affordability from the real incomes of Ontarians and will result in the exclusion of low and middle income residents from ownership and rental markets. Consider using the definition in the Provincial Policy Statement (PPS) for consistency across municipalities and clarity across policy frameworks. This will ensure that household income informs the definition of what is truly affordable for residents.

The reduction of development related fees historically shouldered by the for-profit housing sector will result in significant impacts to the funding of municipal services, in the absence of other funding sources such as funding support from the Provincial government, the cost must then be passed on to tax-payers, increasing their cost of living. Municipalities will require significant support from the Province in order to find locally appropriate, innovative ways to build more homes faster, that are affordable and attainable for Burlington's residents.

Next Steps:

Please accept this letter and its attachment as the City of Burlington submission on ERO posting Number 019-6172. Given the short period for consultation the attached comments have not been approved by City Council. This letter and its attachment will be shared with the City's Committee's and Council at the earliest opportunity. Should Council determine any additional comments or refinements to the attached comments are required the Province will be advised at the earliest opportunity.

Sincerely,

Joan Ford

City of Burlington

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Theme: Reducing costs, fees and taxes

Proposed Planning Act and Development Charges Act, 1997 Changes: Providing Greater Cost Certainty for Municipal Development-related Charges – ERO 019-6172

<table>
<tr><th>Consultation</th><th>City of Burlington Comments</th><th>Guiding Principles</th></tr>
<tr>
<td>To reduce the cost of building homes, the government is proposing changes to the Planning Act and the Development Charges Act, 1997 through Bill 23, More Homes Built Faster Act, 2022 introduced in support of Ontario's More Homes Built Faster: Ontario's Housing Supply Action Plan: 2022-2023.

Deadline for comments: November 24, 2022</td>
<td>Provide greater cost certainty of parkland costs to enable housing developments to proceed more quickly

- The change to the maximum alternative rates results in significantly lower revenue potential to the city to support vital parks and recreational infrastructure.
- Reduced sizes of new parks or limited number of new parks will result in increased pressure on existing park systems given greater intensification in Burlington, this creates an inequity of current and future users of the parks systems.
- Creates an issue as new parks will be constructed years after new homes are built because of reduced and deferred funding.
- There is an impact to the development of timely parks infrastructure to support growth as the revenue will not be available to support infrastructure as needed. The city will need to rely on alternate funding sources such as the tax base and/ or debt financing to meet capital costs of these growth projects which is contrary to the principle of growth pays for growth.
- Reduced parkland revenue further restricts the city's limited funding thereby, impacting existing assets, as well as new infrastructure needs.
- Greater understanding is required to determine how certainty in parkland revenue for developers will lead to the increased development of affordable housing as opposed to an increase in developer profits.
- There is no evidence to suggest reducing development related fees improves housing affordability. The reduction in capital funding to address growth related projects will increase the burden on existing taxpayers which itself reduces housing affordability.

Support more efficient use of land and provide for more parks quickly

- The proposal doesn't ensure appropriate use of the "right" land required for park development. Though it allocates land, it does not presume efficient land that is usable and meets the increased density in the area.</td>
<td>Growth Pays for Growth

Financial Impact on Municipalities

Creation of Complete Communities

Creation of Complete Communities</td>
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	- Creates an issue as new parks will be constructed years after new homes are built because of reduced and deferred funding. - The type of public space/parkland being conveyed to the City will be reduced in size or too small to be considered a public park. - New parkland can be encumbered limiting design and quality of public spaces. Parks on encumbered land will be closed more often to repair underground infrastructure. - The City's Park provisioning level will drop considerably. There will be very few new parks being built. Residents living in high intensification areas do not have backyards and will be forced to travel much longer distances to access a public park for recreational purposes. - Applicants will have the ability to identify what lands shall be conveyed to the City, so long as they meet criteria to be established in regulations, without the City being able to refuse to accept it. Particularly without the benefit of knowing what those criteria will be, it is very concerning that the City will be compelled to accept land that it does not want and could impose significant liability and costs on the City to maintain the identified land. **Build transparency and other measures to support the faster acquisition of more parks** - A single parcel of parkland is expensive, the requirement to spend and/ or allocate 60% of parkland reserve each year doesn't allow to build reserve funds for high value single land transactions. - The proposed reduced revenues to parkland will only reduce the ability to develop and acquire parks contrary to the proposal indicating the faster acquisition of parks. - If 60% of parkland reserves are to be **spent** each year, all expenditures will be forced to be put towards asset renewal as this does not allow time to accrue adequate funding to buy land. - If 60% of parkland reserves are to be **allocated** each year, it will take many years to accrue adequate funding to acquire any parkland given the high cost of real-estate **Set maximum interest rate for DC freeze and deferral (prime + 1 per cent)** - No additional comment, the City's current interest rate does not exceed this maximum **Reduce development costs to enable more housing to be built faster & Increase transparency and accountability in the use of development charges funds**	**Creation of Complete Communities** **Growth Pays for Growth** **Growth Pays for Growth** **Financial Impact on Municipalities**

	- The proposed phase-in of development charges, and a by-law update every 10 years defers and simultaneously reduces collection of DC revenue. This creates a funding gap between DC collection and timing of capital works. Furthermore, this scenario would result in an immediate reduction to the City of Burlington's DC rate that is less than our 2019 bylaw with statutory indexing. Therefore, not adequately capturing increases in capital costs of growth projects between study updates, nor considering indexing for recent construction market escalations. This further exacerbates the city's ability to fund the cost of growth infrastructure. - The Bill proposes to remove the cost of land for certain services (yet to be defined). Land represents a significant cost for some municipalities in the purchase of property to provide services to new residents (e.g. roads, fire stations, community centres, libraries.). This is a cost required due to growth and should be funded by new development. - The delay/ reduction in collection of DCs will defer capital projects as the required financing will take longer to materialize, otherwise the city will need to look to alternate funding sources such as the tax base and debt financing. This causes an inequity between current and future residents of Burlington, and contrary to the principle of growth pays for growth. - Reductions in DC revenues do not meet the goal of increasing housing supply it only serves to delay the timing of key infrastructure to support growth - There will be increased pressure on the existing property tax base to supplement the capital costs of growth projects that are not being recovered from DCs/ CBC/ PD, thereby contrary to the principle of growth pays for growth - The City makes every effort to spend/ allocate reserve fund dollars to expedite growth related projects and ensure that growth funding is assigned as required to infrastructure that is in support of growth. The City does not have an excessive reserve fund balance and as such these proposed changes reducing revenue will further defer the city's growth projects. - Greater understanding is required to determine how reduction in development charges revenue for developers will lead to the increased development of affordable housing as opposed to an increase in developer profits. - There is no evidence to suggest reducing development related fees improves housing affordability. The reduction in capital funding to address growth related projects will increase the burden on existing taxpayers which itself reduces housing affordability. - Studies are required to establish when, where and how a municipality will grow. Growth related studies should continue to be funded by growth and not shouldered by the taxpayers. - The significant changes proposed to the DCA substantially limit the ability of municipalities to generate the revenue needed to support the development and growth of complete communities. Consider	**Creation of Complete Communities** **More Homes Faster**

	providing grants, subsidies, and other funding measures to compensate for the lost revenue to address this gap. - Consider monitoring how many housing providers elect to build affordable, attainable, non-profit and IZ units to determine if this exemption is effective in incentivizing the delivery of these unit types. **Encourage the supply of rental housing** - Rental stream exemptions thresholds are defined by a new bulletin, more information/ clarification is required to discern the impact of this proposed legislation. - Exemption of these rental units adds further loss of revenue and increased burden onto infrastructure such as water/wastewater and also other services such as transit and active transportation - Consider monitoring the uptake on rental housing that qualifies for exemption and subsidize with grants and other sources of funding to ensure service levels are maintained. **Encourage the supply of affordable housing** - More information is required around the Bulletin and how it will determine AMR and average purchase price. How often the bulletin will be updated, what data sources will be used and whether it will be based on geographic locations, unit type and number of bedrooms. - Is there sufficient evidence to demonstrate that exemptions provided with respect to DC/CBC/PD is enough to incentivize affordable rental and ownership housing, this will be largely dependant on location as housing prices/ land values vary by geographical locations thereby affordability itself will vary by region. - What is the rationale for using “80% of AMR” and “80% of average purchase price” to define affordability? The PPS currently uses household income as a metric for determining affordability. - Consider using the definition in the PPS for consistency and clarity across policy frameworks. This will ensure that household income informs the definition of affordable. - Disconnecting the definition of affordable and attainable from the household income of Ontarians and relying on the market to define affordable and attainable will result in a further disconnection of housing affordability from real incomes. - How do these new definitions ensure that moderate and low-income decile households are considered when defining what is affordable?	**Growth Pays for Growth** **More Homes Faster**

	- Within the City's DC bylaw is the exemption of non-profit housing developments, however this exemption would now extend into CBC, and PD. Exemption of any kind increases pressure on the city property tax base for cost recovery of capital projects - Need more clarity around the aspects of affordability and how to keep these units affordable for 25 years, and what are the ramifications if they are not, will the exempted fees apply? - An agreement does not appear to be required for affordable/attainable residential units exempt from payment of a C.B.C. Agreements should be allowed to include the C.B.C. so that if a municipality needs to enforce the provisions of an agreement, both development charges and C.B.C.s could be collected accordingly. - These newly exempted affordable, attainable and IZ units will require municipalities to enter into agreements to ensure that these units remain affordable and attainable for up to a maximum of 25 years. This will introduce a new administrative burden and will be cumbersome and will need to be monitored. **Gentle Density** - no comment, as a result of moving the exemptions directly into the Act from regulations **Encourage the supply of attainable housing** - An attainable unit excludes affordable and rental units however it has not been defined in the DCA. Given that the intent of this exemption is unknown there is no way to quantify the impact however it could be significant. - Is there sufficient evidence to demonstrate that exemptions provided with respect to DC/CBC/PD is enough to incentivize attainable housing, this will be largely dependant on location as housing prices/ land values vary by geographical locations - Why is rental not included in the definition of attainable?	**More Homes Faster** **Growth Pays for Growth**