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November 23, 2022

The Hon. Steve Clark
Minister of Municipal Affairs and Housing
17th Floor - 777 Bay St.
Toronto, ON
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**Re: Proposed Updates to the Planning Act and Development Charges Act
ERO Number 019-6172**

Dear Minister Clark,

The City of Cambridge administration is providing this submission in response to the proposed amendments to the Planning Act and Development Charges Act, 1997 posted for comment on the Environmental Registry of Ontario by the Ministry of Municipal Affairs and Housing

Please see below comments:

Planning Act changes to Parkland dedication:

The proposed changes to the Planning Act result in significant reductions in the amount of parkland and/or cash-in-lieu (CIL) dedication requirements for a Planning application. In addition, encumbered land can be counted towards parkland dedication, and these proposed changes apply retroactively to development approvals, unless a permit has been issued. Disputes regarding parkland dedication are also subject to appeal under the proposed changes.

The City of Cambridge is concerned about the proposed changes and specifically that:

- New communities and developments will be underserved in terms of the physical amount of public parkland and recreational space.
- With future development expected to be denser than what has historically been developed, the importance of parkland is greater than ever before to ensure the health and wellbeing of our community.
- Municipalities will be required to purchase additional parkland beyond what can be acquired through the proposed reduced dedication requirements to provide for viable public parkland and recreational space in a community, therefore placing a financial burden on a municipality and its existing taxpayers.
- Retroactive effect of the changes will mean that already draft approved plans with approved parkland dedications may be renegotiated at a reduced parkland amount to the municipality.
- Requirement to allocate 60% of reserve funds annually may make long-term park planning difficult. Clarification is needed on whether "allocated" means that funds can be directed to financial accounts for long term parks planning purposes, such as strategic land acquisition.
- Ability to include encumbered land (e.g. land encumbered with infrastructure) to contribute to parkland dedication may result in unprogrammable/unusable park space.

Staff support the idea of introducing some flexibility in parkland requirements by enabling privately owned public spaces (POPs) to form part of the parkland obligation. This could be particularly useful in urban infill situations where viable public parkland or CIL may not be practical. However, the ability to use POPS as part of parkland dedication should be discretionary and subject to a municipal Council decision and not appealable to the Ontario Land Tribunal (OLT).

Proposed change to the Development Charges Act, 1997:

Development Charges (DCs) have a long-standing history in Ontario with the underlying concept of growth paying for growth. Their essential purpose is to recover the capital costs associated with growth within a municipality. This helps ensure property taxes can be used to maintain existing levels of service and reduces the impact of growth infrastructure to existing taxpayers.

The proposed changes to the Development Charges Act (DCA) will result in reduced development charges (DCs) payable to a municipality. This includes reduced fees as a

result of mandatory phasing of DCs over a 5-year period, a reduced list of eligible services that charges can be collected for, extending the level of service calculation from the current 10-year historical time period to 15 years, DC and community benefit charges (CBC) discounts for rental units based on the number of bedrooms, and DC/CBC exemptions for affordable and attainable housing.

If this legislation had been in place at the time of the City's last DC background study and by-law update, the proposed changes under Bill 23 would have amounted to over \$18 million of loss funding to the City over the five-year life of the by-law. Reduced ability to collect development charges will result in the delay of important municipal infrastructure to which home construction is dependent on. This may have the unintended consequence of further delaying home construction, contrary to the stated goal of the legislative changes. Other unintended consequences of reduced development charges may be increased tax levies, placing a financial burden on all households and property owners.

Development charges collected by municipalities are often delayed compared to the timing of the need for infrastructure; particularly roads, water and wastewater infrastructure. As a result of reduced revenue from development charges, municipalities will be required to take on more long-term debt to finance the cost of this infrastructure and result in a greater financial burden for the associated debt financing costs. More long-term debt will create greater risk for municipalities due to higher debt capacity ratios.

One of the key underlying objectives of Bill 23 is to increase housing in order to maintain the affordability of housing, by increasing supply to meet demand. However, the total cost of housing will increase due to higher property taxes and water/sewer rates to make up for the shortfall in DCs, CBC and parkland dedication. Meanwhile it remains uncertain and untested whether for-profit developers would indeed pass on any savings from reduced fees, as housing and rental prices are based on market demand with developers pricing based on what the market will bear.

The City recommends that before any proposed changes to the DCA is made, additional time be provided for the province and municipalities to understand the financial impact of reduced development charges on the provision of infrastructure.

City of Cambridge staff are supportive of the principal of incenting the development of more rental and affordable housing and believe that the proposed changes could result in a greater variety of dwelling units at more affordable and attainable price points. In this regard the City of Cambridge already has a community improvement plan (CIP) that provides financial incentives for affordable housing. However, staff are concerned that the result of the proposed changes to DCs and CBC will mean that municipalities are

effectively subsidizing attainable and affordable housing without the ability to recoup the costs of providing hard and soft infrastructure services for such developments. This will put financial strain on municipal budgets which have limited revenue sources. Staff recommend that if the proposed changes are made that the Province provide funding to municipalities to offset the costs incurred as a result of reduced and exempted development charges. Additionally, any changes to exempt or discount types of housing, such as attainable or rental housing, must have mechanisms in place to ensure they remain as such well beyond the intention at building permit.

The proposed changes place a 25-year limit on affordable housing agreements. City of Cambridge staff are concerned that this will not ensure the long-term supply of affordable housing, which is one of the objectives of this legislation. If such a term limit is imposed, a municipality should have the ability to recoup exempted DCs at the time of expiration of the 25-year affordable period.

Additionally, the new definition of affordable housing being 80% of the current average market rate is, in our opinion, an inappropriate measure for the affordability of a unit. Removing a correlation between household income and affordability will most likely result in units that, while below average market rate, are not affordable. Consideration must also be given to the type or size of a unit (i.e. number of bedrooms) to ensure the correct mix of affordable housing for families. The definition of affordable housing as used by the Canada Mortgage and Housing Corporation, tying the cost of housing to less than 30% of a household's before-tax income, is a more appropriate manner to determine the affordability of a unit.

Thank you for the opportunity to comment.

Yours truly,



Lisa Prime
Chief Planner



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Chief Financial Officer