

Ministry of Municipal Affairs and Housing
777 Bay Street, 17th floor
Toronto, Ontario M7A 2J3
Date: December 9, 2022

ERO Posting: 019-6172

RE: Parkland changes, forced acquisition of parks, DC interest rates, DC phase in, DC exemptions

This letter represents the City of Ottawa's comment on ERO 019-6172. These comments should be read together with the City's comments under 019-6163, 019-6196 and 019-6141, as well as those submitted by the City of Ottawa to the Standing Committee on Heritage, Infrastructure and Cultural Policy on November 7, 2022.

Summary

The City of Ottawa does not support changes to parkland dedication and the *Development Charges Act*. The City emphasizes that the changes to Development Charges and Parkland will together lead to housing delays, rather than efficiencies, produce a new significant financial impact and will reduce the City's overall ability to support growth.

Specifically, changes to parkland and DC collection for supporting infrastructure and transportation may require a reevaluation of approved community plans. Uncertainty in long-term funding for core infrastructure may delay projects from moving forward in a timely manner. Gentle intensification that does not contribute to parkland or DCs in existing neighbourhoods may result in reduced livability and services to support this intensification and create City-wide impacts. Removal of housing services and affordable housing from DC recovery will make the provision of housing to address core housing needs more financially challenging.

All of the above will contribute to increased timelines for delivery of critical infrastructure, services and facilities, delays or reductions in provided services, reduce quality of life and impact the ability for Ottawa to support continued growth.

The anticipated delay to Bill 109 implementation, while helpful, will not relieve the financial pressures that Bill 23 puts on the City. The City recommends that the Province work with municipalities to ensure that infrastructure funding remains available to support new growth areas and provide incremental improvement to services in existing areas as they intensify. The City further recommends that the DC exemptions for "affordable" and "attainable" housing be better scoped to focus on supportive housing and long-term housing solutions aimed at households in the 30th income percentile or less, and that the new phase-in period be revised to apply only to the incremental increase from the previous DC rate.

City of Ottawa Comments

Changes to Parkland Dedication:

- The City is opposed to these changes.

- The amendments effectively reverse much of the work recently completed in the City's Parks Master Plan. To meet the objectives of the Plan which was required as a measure of Bill 197 2020 Covid 19 Economic Recovery Act, the City may need to now buy land for parks at considerable expense.
- Combined with DC exemptions, Parkland rate changes may hinder the City's ability to provide and improve recreational services necessary for the function of neighbourhoods, and force municipalities to choose between local parks and/or community facilities, with reduced ability to provide either.
- Additional exemptions for affordable and attainable housing would impact the provision of these amenities in areas that are currently underserved damaging equity and livability.
- The new caps on parkland dedication will compromise livability, health and safety of intensified areas and expansion areas. Acquiring that land or developing facilities through taxes will result in an additional financial burden for municipal rate payers.
- These amendments may necessitate a reopening of the design of communities, including updates to secondary plans and servicing studies, which will take City planning resources away from new housing approvals and lead to delays.
- These amendments will create more uncertainty in long-term planning, which may delay housing projects from moving forward.
- The new requirement to allocate 60% of cash-in-lieu funding each year will hinder the City's ability to do nimble, local upgrades on an as-needed basis.
- The new caps would impact stormwater management in at least two ways:
 - A decrease in the amount of parkland represents a decrease in the amount of impervious services, putting direct and immediate strain on our stormwater management infrastructure. This may require the reopening of master servicing studies.
 - Less land taken for parks means more land taken for development, so the City will need to reevaluate its infrastructure needs.
- The City recommends that changes to the parkland rates be revisited as soon as practicable and that a working group with municipalities be convened.

Encumbered Land for Parks:

- The City does not support the ability for landowners to propose lands for parkland conveyance.
- The City does not support the ability for the Ontario Land Tribunal to compel conveyance of those lands, should the City refuse to accept them.
- The City does not support the ability for encumbered lands to serve as parkland, as subsurface infrastructure or other easement on the property can significantly hinder the amenities that can be provided by the City and the ultimate usability and desirability of the land for parks purposes. For example, trees and certain structures that create a desirable

park space require both depth and height – if either are taken away by an encumbrance on title, then the park is compromised.

- The new appeal process to the Ontario Land Tribunal would create added delays that could compromise the City's ability to meet the new timelines established by Bill 109.
- The Ontario Land Tribunal should be able to retain some discretion when making an order for conveyance, considering factors such as the in-effect Parks Plan and 2022 Parks Dedication Bylaw, usability and local context, or to requisition the removal of certain encumbrances.

Development Charge Phase-ins and Exemptions:

- The City is opposed to these changes.
- Preliminary analysis of the financial impact and loss of revenue to Ottawa from the new mandatory phase-in period is at least \$26 million annually based on current interim DC rates.
- The amendment of no longer funding DC background studies would create an additional \$1.5M pressure based on average expenditures over the last 5 years.
- Exemptions for housing services from DC recovery will result in a loss of capital funding of \$741,000 annually.
- In addition, there would be an undetermined loss of revenue from exemptions relating to gentle intensification and attainable housing.
- In the absence of equivalent and consistent funding by the Province, the options would be to delay, reduce service, or seek other funding sources.
- The only readily identifiable source to offset the significant funding shortfall are existing tax and ratepayers, who would be asked to fund the studies and capital investments necessary to deliver services, amenities and infrastructure needed to support growth – meaning conclusively that growth will not pay for growth.
- Ottawa's urban residential DC rates were ranked 45th highest in the province in 2021 and will be deeply impacted by these changes once a new comprehensive background study and by-law are approved.
- The City recommends that the Province reconsider the thresholds for DC exemption to focus on relief for housing for 30th percentile household income brackets, consider scoping phase-ins to only to the incremental increase from the previous DC rate, and reconsider removal of housing services and development studies from DC recovery.
- Losses from new exemptions from development charges will need to be offset; this represents a possible significant gap in the City's capital budget that will hinder its ability to accommodate new growth.
- Further, the variability of DCs presents a major hurdle for City planning. With no understanding of the ratio of market to affordable/attainable units, and therefore no understanding of the DC shortfall, long-term City-wide planning becomes very challenging. Whether and how much of this shortfall will be recoverable from the Province, and for how long, remains unknown.

- Constantly evolving DC requirements create risk of error re: undercharge, overcharge, incorrect application.
- Exempting “gentle intensification” units from development charges may impact the City’s ability to fund infrastructure renewal and ensure that parks, community facilities and local infrastructure keep pace with increasing pressures from new demand, particularly in existing neighbourhoods. It may compromise the City’s ability to keep water and sewer systems in a state of good repair, despite the added pressure to the systems directly from the new units.
- There is no guarantee or requirement that savings from DC exemptions will actually be passed on to renters and purchasers, and levels of service will be challenged without other funding sources to provide an offset to the loss of revenue.
- Studies related to development charges, including development charge background studies, are necessitated by growth; eliminating these studies from the Act and forcing the City to fund them in other ways runs contrary to the idea that growth should pay for growth.
- The City does not support eliminating studies as DC-eligible, as it will mean that the City will have reduced capacity to advise on right-of-way protection or develop plans for transportation facilities to accommodate growth that would “future-proof” its transportation network. The cost of studies is comparatively small to the cost of implementation; the findings/recommendations of studies can save the City millions in capital and operating costs.
- The City does not support these amendments and suggests that the Province convene a working group with municipalities to reconcile possible funding gaps, including the provision of additional details about the use of the Affordable Housing Accelerator Fund to fill those gaps.

Development Charge 60% Allocation:

- The City does not support this amendment because it will create barriers to planning for larger capital projects. In practice, this could mean that projects will be delayed to later in the planning period, which is the opposite of what is intended by the Bill.

Community Benefit Charges:

- The City supports amendments that would allow municipalities to enter into agreements with developers for services, facilities and matters offered through section 37.
- The City does not support, however, a reduction in CBCs that is proportionate to the number of affordable and attainable units.
- Such a reduction would reduce the City’s ability to provide community benefits in areas where those units are provided, potentially disproportionately impacting low-income residents.

Notwithstanding Royal Assent on November 28, 2022, the City of Ottawa looks forwards to opportunities to work with the Province going forward to ensure that the City remain financially whole.

Sincerely,

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