October 27, 2023

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Via Email

To whom it may concern:

Re: Review of proposed changes to the Development Charges Act, to change the definition of an affordable residential unit for the purpose of discounting and exempting these units from municipal development-related charges (MDRCs) – ERO #019-7669

The County of Oxford has reviewed the proposed changes to the Development Charges Act, to change the definition of an affordable residential unit for the purpose of discounting and exempting these units from municipal development-related charges (MDRCs). Based on our review, the following comments identify some technical areas of concern and some other matters that would benefit from further clarification.

Proposed Amendment

Bill 134 proposes new definitions for both affordable rental and ownership housing, under the Development Charges Act. These new definitions are intended to mimic the current definitions of affordable housing that are provided in the Provincial Policy Statement, which is consistent with the County's definition of affordable housing.

While the income test is welcomed in an effort to ensure affordable residential units are targeted to low and moderate-income households, further clarity is needed to understand if municipalities can continue to apply lower income tests to affordable units based on local market conditions and need (i.e. affordable rental units are limited to those below the 50th income percentile for renter households). One of the most pressing questions is whether the new thresholds for both affordable rental and ownership are intended to be maximums.

In addition, when determining the lesser of the income-based affordable rent set out in the Affordable Residential Units bulletin, as identified by the MMAH (being 30% of the annual gross income of a renter household in the 60th percentile), and the average market rent (AMR) identified for the residential unit set out in the Affordable Residential Units bulletin, the AMR will prevail in

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the context of the County of Oxford. Further clarity is necessary to understand if the AMR will now mean 100% of the average rent, or still 80% of the average rent, as applicable to Provincial funding programs for affordable housing (OPHI/COCHI). If the threshold is now 100% of the AMR, can municipalities apply the 80% AMR threshold if Provincial funding is to be stacked with other funding. Overall, if the 100% AMR is to be used, is this simply a maximum?

Further, is the local municipality that is responsible for housing (i.e. the designated Service Manager) the body that is required to administer the 25-year agreements with proponents for the provision of affordable rental and ownership units? In a two-tier government structure, where differing development charges are collected by two municipalities, would the applicable agreement include both upper (County) and lower-tier DCs, with enforcement/administration being the responsibility of the Service Manager? Further clarification is necessary to understand the responsibility and administration of such agreements.

With respect to affordable ownership parameters, further clarification is necessary to understand municipal obligations during the 25-year affordability term. In particular, can municipalities apply capital appreciation to ownership units that are sold before the 25-year term is complete? This would allow the municipality to recoup exempted development charges, along with a portion of the increased property value. If so, could the repaid funds be deposited into a revolving loan fund, to be used for future affordable housing projects, similar to the Provincial Homeownership program? In addition, if repayment is provided in a two-tier government structure, where differing DCs are collected by both the upper and lower tiers, the funds would need to be reimbursed into differing accounts, which offers a level of difficulty when administering such agreements.

In addition to the above, the County also requests clarification and/or additional details regarding the following general questions:

o   Will the "Affordable Residential Units bulletin" be issued at the same time as the current 'House Prices and Rents' tables that are annually issued by MMAH to support local planning authorities in implementing Section 1.4 of the Provincial Policy Statement relating to provision of an adequate supply of affordable housing, or will the new bulletin replace this?

o   Can municipalities still request an amendment to the average market rents provided by MMAH annually, in accordance with local market conditions?

o   With respect to the income-based affordable purchase price, is the 60th percentile of gross annual income intended to reflect 'all households' or just 'ownership households'? In this respect, the income-based approach to affordable ownership housing will significantly reduce the availability of homes priced to qualify for the affordable DC exemption.

o   Will Federal and Provincial affordable housing funding programs be revised to reflect the new thresholds proposed under the Development Charge Act, including the AMR for affordable rental units, and maximum purchase price for an affordable ownership home?

o   How will the average market rents and purchase prices will be determined (according to what data)?

o   Will the average market rents provided in the proposed "Affordable Residential Units bulletin", be defined by unit size, or simply the affordability a renter household in the 60th percentile?

The County appreciates the opportunity to provide input into the proposed changes. If you have any questions regarding the County's submission, please feel free to contact myself by email – rsmith@oxfordcounty.ca or by phone at 519-539-9800 ext. 3302.

Sincerely,

Rebecca Smith, MPA, MCIP, RPP
Manager of Housing Development

CC. Kelly Black, Director of Human Services