

October 28, 2023

Electronic Submission Only

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

RE: Changes to the definition of an “Affordable Residential Unit” in the Development Charges Act, 1997 for the purpose of municipal development-related charge discounts and exemptions

Environmental Registry of Ontario Number: 019-7669

Background:

Through Schedule 1 of [Bill 134: Affordable Homes, Good Jobs Act, 2023](#), the Ministry of Municipal Affairs and Housing (MMAH) is proposing to amend subsection 4.1 of the *Development Charges Act, 1997*, to change the definition of an “Affordable Residential Unit” for the purpose of discounting and exempting these units from municipal development-related charges (MDRCs). MDRCs are development charges, community benefit charges and parkland dedication requirements. The proposed new definition would be based on the existing definition of affordable housing in the Provincial Policy Statement (PPS), 2020, which considers local income in addition to market prices. The proposed new definition would consider the housing costs that are affordable for households that, in the Minister of Municipal Affairs and Housing’s opinion, are in the 60th percentile of gross annual income in the applicable local municipality.

The proposed change to the definition of an affordable residential unit in the *Development Charges Act, 1997*, would change which units might qualify for discounts and exemptions from MDRCs. Affordable residential units that meet the province’s definition would be eligible for discounts and exemptions from MDRCs.

Comments:

The proposed changes to the definition of “affordable residential unit” in the *Development Charges Act, 1997*, propose a definition of “affordable” that more closely aligns with the definition in the PPS, 2020 to focus more on the ability of households to pay for housing rather than basing the definition solely on what the market is asking. However, this definition does not consider households with a household income below the 60th percentile and is unlikely to incentivize rental and ownership units that would meet the needs of Burlington’s moderate and low-income residents. For context, in 2021, households in the 60th percentile earned an average household income of \$123,911 per year. Further, in the absence of more information about how the Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin will be prepared, it is difficult to determine the full fiscal impact of the proposed change and to provide a fully informed submission at this time.

There is no evidence to support that reducing development related fees is an appropriate tool to improve housing affordability. The reduction in revenue that supports capital funding addressing growth related projects rather, will increase the burden on existing taxpayers which in itself reduces housing affordability. Even if successful in incentivizing housing, the type of unit may not achieve the desired mix of housing in a specific municipality and will not likely incentivize the missing middle. If the Province wants to provide financial assistance to promote affordability it is better suited to be administered through grant, incentive or rebate programs.

Next Steps:

Please accept this letter and its attachment as the City of Burlington's submission on ERO posting Number 019-7669. 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 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,

Alison Enns

For:
Jamie Tellier, MCIP, RPP
Director of Community Planning
Community Planning Department
City of Burlington