



Greater Ottawa Home Builders' Association
Association des constructeurs d'habitations d'Ottawa

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May 10, 2024

Ministry of Municipal Affairs and Housing
777 Bay Street, 17th floor
Toronto, ON M7A 2J3
MFPB@ontario.ca

Re: ERO 019-8371 / 24-MMAH006 Changes to the Development Charges Act, 1997 to Enhance Municipalities' Ability to Invest in Housing-Enabling Infrastructure

Please accept the below from the Greater Ottawa Home Builders' Association (GOHBA) and its members as a submission to the government's request for feedback on 'Changes to the Development Charges Act, 1997 to Enhance Municipalities' Ability to Invest in Housing-Enabling Infrastructure' (ERO 019-8371).

Our comments follow on and complement our previous submissions on ERO #019-6172 Proposed Planning Act and Development Charges Act, 1997 Changes: Providing Greater Cost Certainty for Municipal Development-related Charges.

In addition to our comments, we support those submitted by the Ontario Home Builders' Association and our fellow municipal HBAs across the province.

Specific Comments – 1) Repeal the mandatory five-year phase-in of DC rates

GOHBA does not support the government repealing the five-year phase-in of DC rates as this will create uncertainty and interruptions for planning projects, will impact project viability, and will raise costs for new home buyers.

We remind the government that the phase-in proposal was originally done to reduce the impact of ever-increasing DCs on housing affordability.

When the phase-in was introduced, GOHBA supported the idea as it ensured cost certainty, protect project viability, and support housing affordability. Phasing increases over 5 years allowed home builders to plan ahead more effectively and provided better pricing to future home owners and renters.

For Ottawa in particular, the implementation of the five-year phase-in and now the potential repeal through Bill 185 comes just as the City has to provide a new Development Charge Background Study (DCBS) and Development Charge Bylaw (DCB) by May 21.

Previously, the City of Ottawa had requested that the province extend its current DC Bylaw because the City had not completed its Transportation Master Plan (TMP) and Infrastructure Master Plan (IMP).

With the prospect of not having a phased-in increase in rates, the City has now been emboldened to pass a DCBS and Bylaw that uses inconsistent data and varying timeframes, including outdated population/growth projections, project lists and master plans. These items should normally establish the fundamental foundation of the By-law.

GOHBA is particularly concerned with:

- The use of population projections and census data that is different than what is contained with the Ottawa Official Plan (the Background Study cites using 2021 data whereas the Ottawa OP uses 2019); and,
- The use of different planning horizon's within the Background Study because the Transportation Master Plan (TMP) and Infrastructure Master Plan (IMP) being relied upon are from 2013.
- The TMP and IMP are based on outdated planning principles, they do not necessarily reflect the policies of the 2020 Provincial Policy Statement (2020 PPS) and the TMP and IMP do not reflect the new directions contained within Ottawa's 2021 Official Plan (OP) or even the new urban growth areas that have been included.
- Although the 2020 PPS is established pursuant to the Planning Act, the 2020 PPS sets a policy foundation for 'regulating development and the use of land'. Integral to this is how to pay for the services required to develop the lands. The Background Study should therefore be consistent with the 2020 PPS.

When the foundational elements are not accurate then the DCB itself, specifically the rates to be collected, are not justified.

As well, the City of Ottawa originally proposed to NOT include any transition clauses for its new Bylaw. This is unlike previous DC by-laws, including 2019 and 2014, that contained transition clauses.

It has been stated to GOHBA that a transition clause is not required because the new rates will be subject to the phase-in reduction that is currently contained in the *Development Charges Act* (DC Act) section 5(8). However, Bill 185 which is expected to receive Royal Assent in late May or June of 2024, is proposing to remove the phase-in provisions contained in the DCA section 5(8).

In other words, Ottawa will be permitted to charge the full amount currently stated in the DC By-law after Bill 185 receives Royal Assent, which is anticipated to occur within weeks of council approving the new DC By-law. The DC by-law Staff Report recognizes this possibility. If Bill 185 proceeds to remove the statutory phase-in, and the DC By-law does not contain any freeze or transition clauses, this will represent a significant increase per DC payable in a matter of days or weeks.

We urge the government to work with GOHBA and OHBA to amend the proposals to ensure housing affordability and supply are protected.

The uncertainty created will affect the long-term ability of members to attract investment to this market, and have long term fundamental impacts on our industry's ability to deliver housing supply for new home owners.

We strongly request the government to allow for the current DC phase-in to continue until the time that it was originally intended to lapse in 2026.

Specific Comments – 2) Reinstate studies as an eligible capital cost for DCs

GOHBA generally supports including studies as an eligible capital cost for DCs.

Specific Comments – 3) Streamlined Process for Extending DC By-Laws

GOHBA generally supports allowing municipalities to extend their existing DC by-laws using a streamlined process.

As referenced above, the City of Ottawa originally asked the province in the fall of 2023 to extend its current Bylaw. Unfortunately, this proposal will come into effect too late for Ottawa's DC Bylaw timetable – however, due to the repeal of the phase-in provisions, the City has indicated that even if it had the power to do so, it would no longer choose to extend its current Bylaw.

Specific Comments – 4) Reduce the time limit on the DC freeze

GOHBA does not support the government reducing the timeframe of the DC freeze period from two years to 18 months.

Development approvals take years to obtain, so this policy previously allowed for more cost certainty, which encouraged more cost-effective housing options to be built.

This proposed reversal in Bill 185 will create uncertainty and interruptions for planning projects, will impact project viability, and will raise costs for new home buyer. Especially as municipalities have not done their part to speed up development application processes.

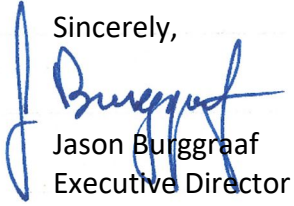
Conclusion

We thank the Ministry for the opportunity to comment on these proposals and look forward to further discussing specific details with Ministry officials at a later date.

We look forward to continuing engaging with the provincial government on how to encourage and enable housing.

We are pleased to answer questions or provide further information as requested.

Sincerely,

A handwritten signature in blue ink, appearing to read "Burggraaf", is written over a horizontal line. The signature is stylized and cursive.

Jason Burggraaf
Executive Director