



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division
and
Legal and Risk Management Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 6, 2019
SUBJECT/REPORT NO:	Bill 108 <i>"More Homes, More Choice Act, 2019"</i> - Schedule 3 Comment Submission (FCS19057 / LS19023) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Lindsay Gillies (905) 546-2424 Ext. 2790 Joseph Spiler (905) 546-2424 Ext. 4519 Michael Kovacevic (905) 546-2424 Ext. 4641
SUBMITTED BY: SIGNATURE:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SUBMITTED BY: SIGNATURE:	Nicole Auty City Solicitor Legal and Risk Management Services

RECOMMENDATION(S)

- (a) That Council endorse the draft comments, recommendations and requests submitted to the Province on May 29, 2019 in response to Schedule 3 (Development Charges Act, 1997) of Bill 108, *More Homes More Choice Act, 2019* attached as Appendix "A" to Report FCS19057 / LS19023, as the City's official comments;
- (b) That the General Manager of Finance and Corporate Services be authorized and directed to confirm the submissions made to the Province attached as Appendix "A" to Report FCS19057 / FCS19023, as the City's official comments;

- (c) That the General Manager of Finance and Corporate Services, in consultation with the City Solicitor, be authorized to make submissions on Bill 108, More Homes, More Choice Act, 2019 and any associated regulations consistent with the concerns raised in Report FCS19057 / LS19023 and Appendix "A" to Report FCS19057 / LS19023;
- (d) That the Clerk forward this report to the Ministry of Municipal Affairs and Housing; and the Ministry of Environment, Conservation and Parks; Hamilton's Members' of Provincial Parliament (Donna Skelly - Flamborough—Glanbrook, Andrea Horwath - Hamilton Centre, Paul Miller - Hamilton East—Stoney Creek, Monique Taylor - Hamilton Mountain and Sandy Shaw - Hamilton West—Ancaster—Dundas) and the Association for Municipalities Ontario.

EXECUTIVE SUMMARY

On May 2, 2019, Bill 108, *More Homes, More Choice Act, 2019*, (Bill 108) was introduced at the Ontario Legislature. If enacted, this Bill would make amendments to 13 different statutes. The purpose of Report FCS19057 / LS19023 is to provide information on the changes proposed to be made to the *Development Charges Act, 1997*, S.O. 1997, c. 27 (DC Act) and the associated amendments through to Section 37 of the *Planning Act*, R.S.O. 1990, c.P.13 (Planning Act).

The commenting period, provided by the Province of Ontario, for Bill 108 closed at 11:59 pm on June 1, 2019. Given the short timeline and as communicated to Council through an Information Update on May 14, 2019, staff assembled a letter (attached as Appendix "A" to Report FCS19057 / LS19023) that highlights initial requests along with concerns and pressures that have the potential to impact Hamilton taxpayers in an unfavourable fashion, as well as, constrain the financial sustainability of the City. Report FCS19057 / LS19023 seeks to have Council endorse the draft comments forwarded to the Province as the City's official comments.

The Province has not released information on the regulations required for implementation of Bill 108 and therefore, it is not possible to fully understand the implications of the changes proposed by this Bill.

Key changes to the DC Act through Bill 108:

- Removal of "soft services" from the DC Act;
- Expand the mandatory exemption for secondary or ancillary dwelling units in a manner that has not yet been prescribed;
- Delay the payment of DCs for several forms of development;
- Freeze the DC rate at the later of site plan or zoning application; and

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- A proposed new Planning Act Section 37 which removes density bonusing provisions and combines the soft services being removed from the DC Act and parkland dedication collected under Section 42 of the Planning Act into one new consolidated charge.

These changes have been proposed without tools to allow a municipality to protect itself from collection risk, without regard for cash flow implications and municipal debt levels, without regard for the added administration and systems enhancement needed to implement such changes and without regard for the impact on services or property taxes.

In some instances, the proposed changes through Schedule 3 of Bill 108 support efforts that the City has taken steps to implement such as the exemption of secondary suites. The City also acknowledges and supports the need to improve the diversity and affordability of housing.

Staff have prepared draft comments and requests included as Appendix "A" to Report FCS19057 / LS19023. These comments were forwarded through the Environmental Registry of Ontario commenting portal for Schedule 3 of Bill 108 on May 29 ,2019. Report FCS19057 / LS19023 seeks to have Council endorse the draft comments forwarded to the Province as the City's official comments.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications related to the endorsement and submission of comments which is what Report FCS19057 / LS19023 recommends.

Related to the changes that Bill 108 proposes to the DC Act, the impacts are to be determined after a review of the regulations. The regulations have not been released by the Province. Staff will report back to Committee once the regulations are released and the Bill has received Royal Assent; or earlier as appropriate.

Staffing: There are no staffing implications related to the endorsement and submission of comments which is what Report FCS19057 / LS19023 recommends.

Related to the changes that Bill 108 proposes to the DC Act, it is expected that additional administration support, in the form of full-time equivalent positions (FTEs), will be required to support the effective implementation and management of the proposed Bill 108 changes. The specific details on these costs will be assessed once the regulations are released by the Province and

will be presented through a staff report later this year of as part of the 2020 budget process.

Legal: There are no legal implications related to the endorsement and submission of comments which is what this Report recommends.

Legal Services and the Financial Planning, Administration and Policy Division will continue to monitor the status of Schedules 3 and the related section of Schedule 12 of Bill 108 and report back as necessary.

HISTORICAL BACKGROUND

On May 2, 2019, the Ontario Government released the Housing Supply Action Plan that is intended to "cut red tape to create conditions that make it easier to build housing." To implement the Housing Supply Action Plan, the Province of Ontario is proposing legislative changes. Bill 108 was tabled in the Ontario Legislature on May 2, 2019 to give effect to many of the measures outlined in the Housing Supply Action Plan. Bill 108 proposes changes to the DC Act as well as 12 other Acts.

On May 14, 2019, staff provided the Mayor and Members of City Council an Information Update that provided an initial summary of the proposed changes impacting the fees currently levied under the DC Act. Specifically, the proposed changes contained in Bill 108 through Schedule 3, amendments to the DC Act and the associated amendments through Schedule 12 to Section 37 of the Planning Act. Changes made through other schedules of Bill 108 will be discussed in separate reports brought to the attention of Council by other divisions.

The Province of Ontario has not yet released regulations to clarify how the broad changes through the proposed Bill 108 would be implemented. As part of the City's submission, staff requests further consultation to provide feedback on all aspects of Bill 108, inclusive of the regulations.

At the time of the drafting of Report FCS19057 / LS19023, Bill 108 had completed its Second Reading at the Legislative Assembly and had been referred to Standing Committee. The Bill may then be debated further in Third Reading. If it passes Third Reading, it can receive Royal Assent whereupon Bill 108 becomes law. The Bill's changes would come into force upon each individual schedule's proclamation.

There are a significant number of proposed changes that necessitate the creation of regulations. As indicated, no regulations have been proposed at this time, making it difficult to understand the implications of the changes. Through the comments, attached as Appendix "A" to Report FCS19057 / LS19023, which staff are asking Council to endorse, the City requests a thorough stakeholder consultation process and further consultation to provide feedback on all aspects of Bill 108, inclusive of the regulations.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no policy implications or legislative requirements related to the endorsement and submission of comments attached as Appendix "A" to Report FCS19057 / LS19023 which is what Report FCS19057 / LS19023 recommends.

The City will need to take a cross-departmental approach in reviewing the impacts of the legislation as regulations are released to determine how to support the effective implementation and management of the changes arising through Bill 108.

RELEVANT CONSULTATION

- Planning and Economic Development Department
- Public Works Department

Upon receipt of the legislation, a further cross-departmental review and assessment is required in order to assess and quantify the impacts of the proposed changes to the DC Act.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The commenting period, provided to municipalities by the Province of Ontario, for Bill 108 More Homes, More Choice Act, 2019 (Bill 108) closed at 11:59 pm on June 1, 2019. Given the short timeline and as communicated to Council through an information update on May 14, 2019, staff assembled a letter that highlights initial requests along with concerns and pressures that have the potential to impact Hamilton taxpayers in an unfavourable fashion, as well as, constrain the financial sustainability of the City. Report FCS19057 / LS19023 seeks to have Council endorse the draft comments forwarded to the Province as the City's official comments.

The changes proposed in Bill 108 are a significant departure from the current legislative framework. Staff comments and concerns are detailed in the draft comments submitted to the Province, attached as Appendix "A" to Report FCS19057 / LS19023.

If Bill 108 is enacted without maintaining full revenue neutrality, the changes proposed through Bill 108 have the potential to impact the financing of growth projects. In addition, the Bill adds significant administrative requirements, delays the cash flow of DCs and exposes municipalities to unnecessary financial risks.

ALTERNATIVES FOR CONSIDERATION

None.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – City of Hamilton Submission on Bill 108: *More Homes, More Choice Act, 2019* Schedule 3

LG/JS/MK/dt