



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
- 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 or 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.

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



City of Hamilton
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Appendix "A" to Report FCS19057
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General Manager, Finance and Corporate Services
Corpora Services Department
71 Main Street West, 1st Floor
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Email: mike.zegarac@hamilton.ca

May 29, 2019

ERO Number: 019-0017

Honourable Steve Clark
Minister of Municipal Affairs and Housing
17th Floor, 777 Bay Street
Toronto, ON MSG 2E5

Dear Minister Clark:

Subject: City of Hamilton Submission on *Bill 108: More Homes, More Choice Act, 2019* Schedule 3

Thank you for the opportunity to provide comments on the proposed Bill 108 - *More Homes, More Choices Act, 2019* (Bill 108). Please accept the following draft comments, for consideration, with respect to Schedule 3 of Bill 108.

As communicated by the Province of Ontario, the Provincial commenting period closes at 11:59pm on June 1, 2019. Given the short timeline provided to municipalities to comment on Bill 108, City of Hamilton (City) staff has 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. The City's final comments will be forwarded to the Province once they have been endorsed by Council in June 2019.

The Province states that:

"If passed, the proposed changes to the Development Charges Act, 1997 would:

- Support a range and mix of housing options, and boost housing supply;*
- Increase the certainty of costs of development;*
- Make housing more attainable by reducing costs to build certain types of homes; and*
- Make other complementary amendments to implement the proposed reforms, including in relation to transitional matters."*

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 provides that, if passed as written, the changes to the *Development Charge Act, 1997* could also:

- increase municipal property taxes;
- increase municipal debt;

- increase municipal administration;
- increase Development Charges for the remaining services;
- reduce municipal services; and,
- if done without maintaining revenue neutrality, may slow the rate at which municipalities can afford growth.

Notwithstanding the above, the Province has not yet released regulations to clarify how the broad changes through the proposed Bill 108 would be implemented. The City's insights are broad because these regulations have not been communicated to municipalities and the public. The City requests further consultation to provide feedback on all aspects of Bill 108; inclusive of the regulations.

The City is concerned with changes proposed by Bill 108. The changes are a significant departure from the current legislative framework and undermine an effective tool for creating vibrant communities. Reducing development charges will not make housing more affordable. Restricting cost recovery tools does not guarantee lower house prices. House prices are set by the market. The changes proposed by Bill 108 would require extensive administration and expose municipalities to collection risks.

If more municipal operating revenues are needed to cover the cost of growth, it will be at the expense of maintaining existing capital assets, levels of services, or current property tax rates. In addition, municipalities may not have the funds available to put the infrastructure in place needed for development to occur in a timely manner. Further restricting cost recovery tools is counterproductive and will increase inequities within communities. These are unintended consequences that will undermine the health and vibrancy of Ontario's communities.

The City requests the Province to reconsider the entirety of Schedule 3 to Bill 108 under the guiding principles:

- Growth should pay for growth;
- Complete, vibrant communities are good for everyone;
- Provincial legislation related to municipal governance should be enabling and permissive; and
- Provincial red tape costs municipalities time and money.

These are the guiding principles used in the Schedule 3 comments being submitted by the Municipal Finance Officers' Association of Ontario (MFOA). These guiding principles are supported by the City and are not upheld within the proposed changes through Schedule 3 of Bill 108.

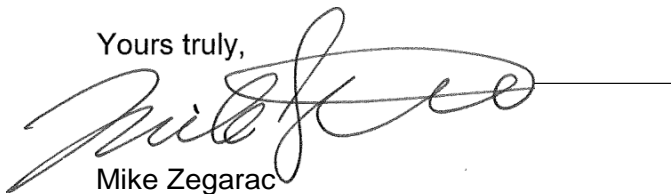
All other comments and requests have been prepared should the proposed changes to the *Development Charges Act, 1997* remain despite the previous recommendation.

The City's draft comments and requests have been detailed in the attached list which is organized by section of the *Development Charges Act, 1997*. The City requests that all comments and requests be reviewed and considered by the Province.

The changes through Schedule 3 of Bill 108 are intricately entangled with the changes to Section 37 of the *Planning Act, 1990* through Schedule 12 of Bill 108. The City of Hamilton is submitting comments through both commenting portals on the Environmental Registry of Ontario (ERO) website and has provided overlapping comments in this, Schedule 3, submission. In addition, the City will concurrently be submitting comments on other Schedules of Bill 108 such as Schedules 5, 9 and 11.

Thank you again for the opportunity to provide meaningful input into this review. We look forward to reviewing regulations and, ultimately, the final version of Bill 108. City of Hamilton staff would be pleased to meet with you to discuss these comments in greater detail.

Yours truly,

A handwritten signature in black ink, appearing to read 'Mike Zegarac', followed by a horizontal line.

Mike Zegarac
General Manager, Finance and Corporate Services
Corporate Services Department

c.c. -

Nicole Auty, City Solicitor
Michael Kovacevic, City Solicitor
Steve Robichaud, Director of Planning and Chief Planner
Anita Fabac, Manager of Development Planning, Heritage and Design
Brian McMullen, Director of Financial, Planning, Administration and Policy
Cindy Mercanti, Director of Customer Service, POA and Financial Integration
Joe Spiler, Manager of Capital Budgets and Development
Lindsay Gillies, Senior Financial Analyst, Capital Budgets & Development

City of Hamilton Submissions on *Bill 108: More Homes, More Choice Act, 2019* Schedule 3 – Development Charges Act, 1997

Recommendation

The City requests the Province to reconsider the entirety of Schedule 3 to Bill 108 under the guiding principles:

- Growth should pay for growth;
- Complete, vibrant communities are good for everyone;
- Provincial legislation related to municipal governance should be enabling and permissive; and
- Provincial red tape costs municipalities time and money.

These are the guiding principles used in the Schedule 3 comments being submitted by the Municipal Finance Officers' Association of Ontario (MFOA). These guiding principles are supported by the City and are not upheld within the proposed changes through Schedule 3 of Bill 108.

All other comments and requests have been prepared should the proposed changes to the *Development Charges Act, 1997* remain despite the previous recommendation.

General Comments:

1. The City requests the Province to extend the June 1, 2019 timeline on the Environmental Registry of Ontario for comments on proposed Bill 108 to provide additional time for municipalities to comment on the proposed legislation.
2. The City requests the Province to consult with the City prior to issuing any draft regulations associated with proposed Bill 108, before the coming into force of the proposed Bill, such that the City can fully understand and be able to analyse the impact of the proposed Bill changes comprehensively, including the cumulative financial impacts to municipalities.
3. The City requests the Province to enshrine revenue neutrality in the proposed legislation and if not, create a municipal compensation fund to support municipalities whose revenues decline under the proposed community benefit charge regime.
4. The City requests the Province to provide a transparent and thorough stakeholder consultation process in the development of all regulations associated with proposed Bill 108.
5. The City requests the Province to provide the later of four years or the expiry of the current development charges by-law, from the date of enactment of the regulation that sets out any prescribed requirements for the community benefit charges (CBC) before a municipality must adopt a CBC By-law.

Specific Comments:

Section / Change	Description	Comments / Insights	Requests to Province
2(3) Secondary Suites	The requirements related to exempting additional dwelling units within existing residential buildings has been reworded to include reference to additional dwellings in new residential buildings as well as ancillary structures; subject to prescriptions within the regulations (not yet released).	<p>It is unknown how many additional dwellings are to be permitted according to each class of residential building.</p> <p>It is unclear how duplexes / stacked townhouses and other multiple-dwelling forms of residential development would be considered in the regulations.</p> <p>An increase in the statutory exemptions will correlate into a reduction of cash flow needed to put municipal infrastructure in place to service the same population growth.</p>	<p>The City is supportive of encouraging more and varied forms of housing.</p> <p>The City requests the Province to ensure that the regulation expressly limits the number and size of additional/secondary dwelling units and the classes of housing types that they can be located in and prevents unintended units from qualifying (e.g. stacked townhouses).</p> <p>The City requests that the Province ensure that municipalities can remain revenue neutral as a result of this exemption, and any statutory exemptions, by permitting statutory exemptions to be adjusted for through the calculation of the per unit DC.</p>

Section / Change	Description	Comments / Insights	Requests to Province
<p>2(4) List of services that a DC can be collected for</p>	<p>Previously, a municipality could calculate a DC for all services except for a prescribed list. Under the proposed Bill 108, a municipality can only calculate a DC for a prescribed list of services.</p> <p>The change limits the DC to the former 'hard' services and moves waste diversion to a 'hard' service. Other services that required a 10% mandatory deduction have been removed from eligibility in the DC calculation.</p>	<p>Municipalities are expected to provide services in addition to the prescribed list; such as parks, libraries, affordable housing, recreation centres, etc.</p> <p>The changes to Section 37 of the Planning Act, through Schedule 12, may provide an alternate tool (CBC By-law) for municipalities to collect funds for the services no longer eligible for inclusion in a DC By-law. The extent to which a CBC By-law will be able to offset the revenues lost from the DC By-law cannot be assessed until the regulations are released.</p> <p>Currently, there is a link between the charge for a service and the growth-related costs for the service. The proposed CBC needs to raise sufficient revenue to cover growth related costs for services captured by the CBC. If it does not, critical infrastructure will be significantly delayed, the cost burden will be transferred to existing taxpayers and ratepayers, or the infrastructure will not be built at all.</p>	<p>The City requests the Province to enshrine revenue neutrality in the proposed legislation and if not, create a municipal compensation fund to support municipalities whose revenues decline under the proposed community benefit charge regime.</p>
<p>9.1 Transitional matters</p>	<p>Provides transitional policies that appear to provide that 'soft' services would continue to be collected through a DC By-law until the earlier that a municipality adopts a CBC By-law or a prescribed date (not yet prescribed).</p>	<p>How the transition will apply to DC By-law passed after May 2, 2019 and before Bill 108 received Royal Assent is unclear.</p> <p>It is also unclear how debt payments for soft services issued under the DC Act may be impacted by the transition to a CBC. It is also unclear how budgeted, but not yet spent, soft service DC allocations will transition to a CBC. Without knowing what is contained in the regulations, it is possible that the costs may fall to existing property tax payers.</p>	<p>The City requests the Province to provide clear transition provisions which ensures recovery of growth costs and avoids confusion to development proponents.</p> <p>The City requests the Province to prescribe the date to be the later of the expiry of the current/2019 DC By-law or four years from Bill 108 receiving Royal Assent.</p> <p>The City requests the Province to prescribe transition provisions for debt issued for soft services under the existing DC Act as well as funds approved to be spent under the existing DC Act in such a way that municipalities are able to recover the same costs from growth.</p>

Section / Change	Description	Comments / Insights	Requests to Province
<p>26.1 Introduction of instalment payments</p> <p>... Continued on following page</p>	<p>Payment of DCs for rental and non-profit housing, and institutional, industrial, and commercial development will be payable in equal instalment commencing at occupancy and each year for the following five years. Interest will be able to be added at a prescribed rate (not yet prescribed).</p>	<p>Other Bill 108 changes mean that only the ‘hard’ services are eligible to be included in the DC calculation. Infrastructure such as water, wastewater and storm service is required to be in place prior to development occurring. Receiving the DC to pay for this infrastructure up to six years after occupancy will necessitate an increase in municipal debt.</p> <p>Delaying the receipt of DCs does not change the types of infrastructure needed to service land. The proposed plan will hurt municipal cash flow and could result in unsustainable levels of debt. The proposed instalment plan will delay the works needed to permit development of any kind. This will adversely affect the supply of serviced land and housing supply.</p> <p>Financing costs are eligible costs in the DC Act and therefore the interest related to the required increased debt will become part of the calculated DC, thereby increasing the DC. Any financing costs that cannot be added to the DC will be a burden on existing tax and rate payers.</p> <p>The increased debt will impact a municipality’s annual repayment limit, which could lead to Councils being faced with the decision between debt to upgrade existing services or debt to service growth.</p> <p>There is no ability for a municipality to register a notice on title regarding unpaid DCs. There is no clear mechanism that municipalities can use to protect themselves from the risk non-payment. Many events can occur over an extended payment period which add complications to the collections process, including changes in ownership, bankruptcies, mergers and acquisitions of companies, and changes in use for e.g. condo conversions (rental to residential).</p>	<p>The City requests that the Province remove the mandatory instalment terms and allow municipalities to determine when and if a deferral is appropriate using Section 27 and to provide municipalities with the ability to register notice of a DC deferral on title.</p> <p>Alternatively,</p> <p>The City requests that the Province provide authority to register notice of DC instalment payments on title.</p> <p>The City requests that the Province provide clear definitions of the development types that will pay DCs in instalments, including how mixed-uses will be treated.</p> <p>The City requests the Province prescribe a threshold that where the DC payable is under the prescribed threshold (e.g. \$500 K) that the DC be payable at permit issuance regardless of the type of development.</p> <p>The City requests the Province define “person”, e.g. the person required to pay a DC and the person required to provide notice of occupancy.</p> <p>The City requests that non-residential developments be removed from Section 26.1 as it is outside the scope of increasing affordable housing and will ultimately result in increased DCs required due to increased debt.</p>

Section / Change	Description	Comments / Insights	Requests to Province
<p>... Continued from previous page</p> <p>26.1 Introduction of instalment payments</p>		<p>There is no clarity on how mixed-use development will be handled.</p> <p>Administering and enforcing the payment schedule will be challenging and will require the use of additional resources. Municipalities will need to keep track of rates for different developments, ensure payments are made as set out, and pursue alternative collection methods if needed. Municipalities may need to charge higher planning fees to recover the additional administrative burden. The administration of such payment system is not built within the functionality of existing development software or considered in the administration budget of a municipality; it would require a municipality to face increased costs.</p> <p>There is no minimum DC to trigger this payment system, meaning that a conversion or expansion that triggers a \$1,000 DC payable would be payable in six annual instalments commencing at occupancy.</p> <p>There is no clarity as to who the “person” is that is required to inform a municipality of occupancy.</p> <p>Reduces the ability/need for a municipality to utilize Section 27 deferral agreements.</p> <p>It is not clear how the instalments for non-residential development will aid with the supply and affordability of housing stock.</p>	

Section / Change	Description	Comments / Insights	Requests to Province
<p>26.2 Freezing DCs - Setting the applicable DC rate at an earlier point in time</p> <p><i>... Continued on following page</i></p>	<p>The applicable DC rate will be set at the later of an application for site plan or zoning by-law, subject to a maximum period of time from approval of the relevant application (not yet prescribed); otherwise the date of building permit issuance applies.</p> <p>Interest will be able to be added from date the DC is set to date of payment, at a prescribed rate (not yet prescribed).</p>	<p>There is concern that unnecessary planning applications will be made to freeze the DC rate.</p> <p>Freezing DC rates well in advance of building permit issuance will produce a shortfall in the amounts needed to cover growth related costs. This will further move away from the concept of growth paying for growth.</p> <p>The proposal could also reduce the speed with which developers build by removing the financial incentive to move quickly to building permit.</p> <p>Freezing the DCs may have an impact on land values and increase investor speculation rather than achieving the goal of more and varied housing stock.</p> <p>Creates administrative complexity to determine what rate applies at time of permit issuance.</p> <p>Creates administrative complexities for determining DC exemption policy and necessitates a review of how DC exemption policy is used in a municipality's DC By-law.</p> <p>The City's current site plan practice is to ensure timely site plan approval. Applications are scheduled for consideration at the Development Review Team meeting within 4 – 6 weeks of receipt of a complete application. If there are no major issues or concerns with the application, conditional site plan approval is granted and the applicant has one year to satisfy the conditions of site plan approval and obtain a building permit. The City receives and considers an average of 128 site plan applications annually (excluding minor applications, applications in the rural area or infill applications for single detached dwellings).</p>	<p>The City requests the Province to limit the prescribed time period to one year.</p> <p>The City requests the Province to change the date that sets the DC rate to the same date that the prescribed amount of time applies from, i.e., the approval date versus the currently stated application date.</p>

Section / Change	Description	Comments / Insights	Requests to Province
<p>... Continued from previous page</p> <p>26.2 Freezing DCs - Setting the applicable DC rate at an earlier point in time</p>		<p>The applicant controls the timing for the clearing of the site plan conditions and obtaining a building permit. If the conditions of site plan approval and issuance of a building permit cannot be obtained within the one year time frame, the applicant can apply for a site plan approval extension, and subsequent extensions for a further one year can be granted.</p> <p>The Planning Division processes approximately 10 site plan extension requests annually. This means that 93% of applicants obtain a building permit within one year.</p> <p>Based on the above, the prescribed time period should be limited to a maximum of one year.</p>	

Related Schedule 12 (Planning Act, 1990) Comments:

Section / Change	Description	Comments / Insights	Requests to Province
Schedule 12 37 Community Benefits Charge (CBC) By-law	<p>Current density bonusing provision will be replaced with new CBC provisions.</p> <p>A municipality can have only one CBC By-law.</p>	<p>Under the new s37, there is no mechanism for increasing height and density zoning of development projects, which typically enables intensification and supports the province's goal of increasing the housing supply. The removal of this mechanism, parkland under s42, and the significant changes to charges for growth-related capital (DCs and CBCs), leaves municipalities with fewer revenue tools.</p> <p>In the City's experience neighbourhood associations in and around the Downtown supported a s37 process as it provided certainty and a mechanism to achieve community benefits as a result of tall building development. There were no appeals to the s37 provisions in the new Downtown Secondary Plan or in implementing zoning by-law.</p> <p>The new s37 does not permit a CBC By-law to contain area specific rates for different parts of a municipality.</p> <p>A municipality is only permitted to have one CBC By-law and there is no ability for a municipality to provide exemptions which suggests that a municipality cannot have varying, or area specific, CBCs.</p> <p>A CBC is of no benefit to the City if the calculation does not permit a charge at a rate higher than the parkland dedication rates to ensure that the CBC is sufficient to pay for parks, libraries and other essential soft services.</p> <p>A CBC makes sense in an urban area where it isn't possible to build a traditional park but, as currently written, the legislation will pit urban vs suburban areas in terms of how the charge is calculated and the monies spent if the CBC stays at the equivalent of a parkland dedication rate.</p>	<p>The City requests the Province to enable a municipality to have a city-wide community benefit charge by-law or area-specific by-laws provided only one community benefit by-law applies in any given area;</p> <p>The City requests the Province to include the ability to set varying CBC rates for different areas/zones within a municipality.</p> <p>The City requests the Province to enshrine revenue neutrality in the proposed legislation and if not, create a municipal compensation fund to support municipalities whose revenues decline under the proposed community benefit charge regime.</p>

Section / Change	Description	Comments / Insights	Requests to Province
Schedule 12 37 (4), 37 (5), Exclusions	A CBC will not be able to be imposed on prescribed types of development (not yet prescribed) and cannot be imposed for services collected through a DC By-law or for a prescribed list of services (not yet prescribed)	<p>Limitations will be placed on what services a municipality can collect for through a CBC By-law and what types of developments are subject to a CBC.</p> <p>There is no express statement allowing municipalities to establish exemptions from CBCs.</p>	<p>The City requests the Province to enshrine revenue neutrality in the proposed legislation and if not, create a municipal compensation fund to support municipalities whose revenues decline under the proposed community benefit charge regime.</p> <p>The City requests the Province to clearly prescribe any limitations on services or types of development subject to a CBC after a transparent and thorough stakeholder consultation process.</p> <p>The City requests the Province to allow municipalities to establish their own exemption policy for CBCs.</p>

Section / Change	Description	Comments / Insights	Requests to Province
<p>Schedule 12</p> <p>37 (6), (7), (8)</p> <p>In-kind contributions</p>	<p>A municipality may allow an owner of land to provide to the municipality facilities, services or matters and the municipality shall provide a value to that provision which will be deducted from the CBC the developer is required to pay.</p>	<p>No authority to enter into or register an agreement for an in-kind contribution is included in the legislation.</p> <p>No authority to require the owner of land to provide a facility, service or matter. For certain matters (e.g., parkland) municipalities should be able to require the matter to be provided in-kind.</p>	<p>The City requests the Province to add the following provisions to Section 37 of the <i>Planning Act</i> as 37(6.1) and (6.2) in Schedule 12:</p> <p>a) "6.1 Where an owner of land elects to provide an in-kind facility, service or matter because of development or redevelopment in the area to which a community benefits charges by-law applies, the municipality may require the owner to enter into one or more agreements with the municipality dealing with the facility, service or matter."</p> <p>b) "6.2 Any agreement entered into under subsection (6.1) may be registered against the land to which it applies and the municipality is entitled to enforce the provisions thereof against the owner and, subject to the provisions of the <i>Registry Act</i> and the <i>Lands Titles Act</i>, any and all subsequent owners of the land."</p> <p>The City requests the Province to add the ability for a municipality to require a facility, service or matter in-kind under agreement which may be registered on title. See related request within Section 42.</p>

Section / Change	Description	Comments / Insights	Requests to Province
Schedule 12 37 (9) CBC Strategy	Before passing a CBC By-law a municipality must prepare a strategy that identifies the facilities, services and matters that will be funded with community benefits charges; and complies with any prescribed requirements (not yet prescribed).	There is currently no detail as to what is required in a CBC strategy or the prescribed requirements. There is no timeline for how long a CBC By-law can be active or requirements for updating. There is no detail as to how to calculate a CBC or restriction on that calculation other than Section 37(12).	<p>The City requests the Province to enshrine revenue neutrality in the proposed legislation and if not, create a municipal compensation fund to support municipalities whose revenues decline under the proposed community benefit charge regime.</p> <p>The City requests the Province to provide the later of four years or the expiry of the current development charges by-law, from the date of enactment of the regulation that sets out any prescribed requirements for the community benefit charges (CBC), before a municipality must adopt a CBC By-law.</p>
Schedule 12 37 (12) Max % of land value	The amount of a CBC is required not to exceed a prescribed percentage of the value of the land (not yet prescribed).	<p>The CBC cap will be a percentage of the land value. Different percentages for different municipalities or classes of municipalities and for different values of land may be prescribed by the Minister. The construction cost to provide parks, recreation centres, libraries, etc. is somewhat consistent across municipalities but land values vary significantly.</p> <p>Land values not only fluctuate throughout the year and between municipalities, they can also vary inside a municipality. Prescribing a percentage is tricky because:</p> <ul style="list-style-type: none"> (a) A less desirable neighbourhood will have lower land value but could have greater needs for 'soft' services; (b) Less populous municipalities can have higher growth-related costs due to the availability of fewer suppliers and fewer economies of scale; and (c) It can be very costly to provide services for new residents in built up communities. <p>This proposed one size fits all approach removes the necessary flexibility that municipalities need in order to ensure that infrastructure required by growth can be constructed in a manner that is fiscally sustainable and fair to all taxpayers.</p>	The City requests the Province to remove the cap based on land values and explore other options such as the current DC methodology or a cap based on construction value.

Section / Change	Description	Comments / Insights	Requests to Province
<p>Schedule 12</p> <p>37 (13) to (22)</p> <p>Payment under protest</p>	<p>Where the owner is of the view that the required CBC exceeds the prescribed percentage of land value there is a back and forth appraisal process to settle the dispute.</p>	<p>There is no other appeal or complaint process in the legislation.</p> <p>A municipality will need to retain at least three appraisers at all times. Depending on how a CBC is to be calculated and the land values in a municipality, some municipalities may never be subject to payment under protest while others will regularly be challenged through this section. The administration of such a dispute process is not within the City's administration budget.</p> <p>The cost of an appraisal will need to be borne by municipalities and developers in resolving a payment under protest. Presently, this cost is estimated at a minimum of \$6,000 per appraisal. It is unclear if a CBC can recover this cost or if it will need to be passed to property tax payers.</p> <p>The cost of appraisals and the administration of such a dispute resolution system is not built within administration budget of a municipality; it would require a municipality to face increased costs.</p>	<p>The City requests the Province to remove the cap based on land values and explore other options such as the current DC methodology or a cap based on construction value with a corresponding revised dispute resolution process.</p>
<p>Schedule 12</p> <p>37 (27)</p> <p>Spending requirement</p>	<p>Municipalities will be required to spend or allocate 60% of the CBC fund each year.</p>	<p>A system whereby funds are raised and immediately spent is not necessarily the most effective or financially responsible way to build a city.</p> <p>Municipalities need flexibility to plan to meet growth demands and respond to changing trends.</p> <p>The term "allocate" is not defined.</p> <p>Depending on how "allocate" is defined, this CBC requirement may not allow for the planning and construction of large dollar value facilities, services and matters with CBC funds.</p>	<p>The City requests the Province to define "allocate" such that Council approval of a proposed capital plan, in principle, meets the requirement.</p>

Section / Change	Description	Comments / Insights	Requests to Province
Schedule 12 37 (28) Reporting requirement	Municipalities shall provide prescribed reports to prescribed persons at such times as prescribed (not yet prescribed).	The reporting requirements are extremely vague.	The City requests the Province to provide clear, non-onerous, reporting regulations for one annual report.
Schedule 12 42 Parkland By-law	A Parkland By-law is no longer in effect once a CBC By-law has been passed.	If a municipality adopts a CBC By-law they lose the ability to require parkland within a subdivision.	The City requests the Province to amend Section 42 of the <i>Planning Act</i> to provide additional predictability and transparency between Sections 37 and 42, and to support the achievement of complete communities in accordance with Amendment 1 of the Growth Plan, 2017 as follows:
Schedule 12 51.1 Plan of Subdivision	Plans of subdivision that are approved with a condition of parkland dedication are not subject to a CBC By-law.	<p>This poses a financial risk to municipalities for subdivisions that are approved with Section 51.1 requirements and are developed after a municipality adopts a CBC By-law or the transition period ends.</p> <p>Subdivisions with Section 51.1 requirements will not pay a CBC meaning that the City will be short revenue for all the soft services that were removed from the DC Act. This will become a pressure on existing tax payers.</p>	<p>a) enable municipalities to secure the conveyance of land for park purposes as a condition of the development or redevelopment of land along with the ability to secure a community benefits (facilities) charge in accordance with Section 37 of the <i>Planning Act</i>;</p> <p>b) clarify that where a municipality secures the conveyance of land for park purposes as a condition of development or redevelopment, the community benefits (facilities) charge will not include a payment in lieu of parkland for the site;</p> <p>c) revise for residential development the maximum conveyance of land for park purposes to be based on a maximum per cent of the development site as determined through a community benefits (facilities) charge strategy and as established by by-law as opposed to 5 per cent of the land currently proposed in Bill 108; and</p> <p>d) allow municipalities to set different maximum rates for the conveyance of land for park purposes for residential development based on building type(s) and intensity of development to ensure equitable contributions between different types of residential development and to support parkland need generated by the development.</p>