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## DRAFT FOR CONSIDERATION OF CITY COUNCIL

May 8, 2024

ERO Number: 019-8371

Minister Paul Calandra  
Ministry of Municipal Affairs and Housing  
17<sup>th</sup> Floor, 777 Bay Street  
Toronto, Ontario  
M7A 2J3

Dear Minister Calandra:

**Subject: City of Hamilton Submission on Proposed *Development Charges Act, 1997* Changes through Bill 185, *Cutting Red Tape to Build More Homes Act, 2024***

Thank you for the opportunity to provide comments on Bill 185, *Cutting Red Tape to Build More Homes Act, 2024* (“Bill 185”). The City of Hamilton is submitting the following comments as endorsed by City Council on May 8, 2024 in relation to Schedule 6 to Bill 185 which proposes amendments to the *Development Charges Act, 1997* (“DC Act”) through ERO 019-8371. Comments pertaining to the remaining Schedules to Bill 185 will be submitted under separate letters to the appropriate EROs.

The City is working alongside the Province to increase housing and infrastructure development with the intent of facilitating the construction of 1.5 million new homes in Ontario by 2031. Council has echoed the importance of responsible development and growth through the [City of Hamilton’s 2022-2026 Council Priorities](#). Council Priority 1 promotes “Sustainable Economic and Ecological Development” and aims to reduce the burden on residential taxpayers, while Council Priority 2 is to create “Safe and Thriving Neighbourhoods” as measured by increasing the supply of affordable and supportive housing.

The Province has recognized the struggles faced by municipalities following enactment of the *More Homes, Built Faster Act, 2022* and is commended for recognizing the municipalities are in need of funding tools to support growing infrastructure and service needs of growing communities. The reversals of components of the *More Homes, Built Faster Act, 2022* proposed through Bill 185 represent a substantial advancement in improving the City’s capacity to finance growth-related costs without imposing an undue burden on rate and taxpayers. Further amendments aligned with the objectives of Bill 185 would enhance the City’s ability to responsibly meet the infrastructure and service needs of the growth and housing objectives set by the Province.

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The City's comments have been grouped into six categories:

1. Capital costs definition
2. DC rate phase-in
3. DC by-law amendments
4. Rate lock-in
5. Affordable housing exemption
6. Concluding comments

### **Capital Costs Definition**

Bill 185 proposes the definition of eligible capital costs be amended to allow for the inclusion of studies in the DC calculation. This would represent a reversal of the previous legislative decision through Bill 23 which removed the ability for municipalities to include the cost of studies in the DC Calculation. The City provided feedback to the Province through ERO 019-6172 in relation to *More Homes, Built Faster Act, 2022* which requested that studies remain as an eligible capital cost to avoid the transfer of the financial burden of funding the required studies to property tax and rate payers. Studies are essential to ensure that growth can occur and that sufficient infrastructure and services are available to support that growth. **The City is supportive of the proposed amendment to allow for the inclusion of studies as an eligible capital cost.**

The City's 2024 DC Background Study and by-law are currently being reviewed by Council with the DC Background Study having been prepared in 2023 during the 18-month period where studies were ineligible. Following passage of the by-law, additional analysis and efforts will be required to determine the studies eligible for collection and to amend the DC by-law. **The City urges the Province to consider the need for stability in the eligible services and broader DC framework** to support municipalities' ability to plan and developers to have clarity on the required DCs.

### **DC Rate Phase-In**

Bill 185 proposes the removal of the mandatory phase-in of DC rates over five years. This would represent a reversal of the previous legislative decision through Bill 23 which enacted the phase-in for DC by-laws passed after January 1, 2022 and required the DCs be discounted by 20% in Year 1, 15% in Year 2, 10% in Year 3 and 5% in Year 4 with the full DC rate applying in Year 5. The City provided feedback to the Province through ERO 019-6172 in relation to *More Homes, Built Faster Act, 2022* which requested that the phase-in be eliminated as it discounted DCs such that the City would have insufficient DC funding to support growth-related costs. The removal of the five-year phase-in would initiate a significant shift in the City's forecasted DC collections versus exemptions and better enable the City to support the costs of growth with less reliance on the property tax levy. **The City is in support of the removal of the phase-in.**

## DC By-Law Amendments

Bill 185 proposes a simplified process to amend DC by-laws passed in the period between the enactment of the *More Homes, Built Faster Act, 2022* (November 28, 2022), which removed studies as an eligible capital cost and the date Bill 185 receives Royal Assent. This will allow for the re-inclusion of studies as an eligible capital cost and the removal of references to DC rate phase-in. **The City is supportive of the proposed amendment to provide for a simplified process to amend DC by-laws.**

The simplified amendment process would be provided to by-laws passed between Royal Assent of the *More Homes, Built Faster Act, 2022* and Royal Assent of Bill 185. **The City recommends the addition of a grace period to allow for by-laws passed within three months of Bill 185 receiving Royal Assent to be permitted to benefit from the simplified amendment process.**

## DC Rate Lock-In

Bill 185 proposes the reduction of the site plan/ zoning by-law amendment rate lock-in period from two years to 18 months from the date of approval. The Province has indicated that the intent of this proposal would be to expedite building processes and incentivize developers to obtain building permits promptly following approval of a site plan or zoning by-law amendment application. The City does not anticipate significant impacts to DC collections and is supportive **towards the proposed amendment to reduce the site-plan / zoning by-law amendment rate lock-in period.**

## Affordable Housing Exemption

The Province has announced that the DC exemption of affordable housing, introduced through the *More Homes, Built Faster Act, 2022* and amended through the *Affordable Homes and Good Jobs Act, 2023*, will come into force on June 1, 2024. Further to the feedback provided to the Province through ERO 019-6172 in relation to *More Homes, Built Faster Act, 2022* and ERO 019-7669 for the *Affordable Homes Good Jobs Act, 2023*, the City is interested in the opportunity to review and consult on the affordable housing bulletins prior to this section of the DC Act coming into force. **The City is interested in evaluating the degree of specificity and localization of the Bulletins and recommends that affordable housing Bulletins are segmented by unit type and that affordable housing thresholds are provided at a highly localized level. The City is also recommending a standardized agreement be developed by the Province to administer the affordable housing exemption.**

## Concluding Comments

The City continues to support the Province's goal of building 1.5 million homes by 2031 and tackling the affordability crisis affecting Ontarians. Bill 185 marks a significant amendment to the DC Act, positively shifting the legislative framework to better equip municipalities to manage and provide for the needs of growing communities. Bill 185 introduces several beneficial reversals of previous legislation including the re-inclusion of the studies in the definition of capital costs and removal of the mandatory phase-in and the associated simplified by-law amendment process to adjust for each of these reversals. The proposed amendments introduced by Bill 185 represent a substantial advancement in improving the City's capacity to finance growth-related needs without relying as heavily on rate and taxpayers. Further amendments aligned with the objectives of Bill 185 would enhance the City's ability to responsibly meet the infrastructure and service needs of the growth and housing objectives set by the Province.

Yours truly,

*To be signed pending endorsement by City Council.*

Andrea Horwath  
Mayor, City of Hamilton