

Appendix I

Bill 185 – Changes to the Development Charges Act, 1997

Peel Region Response to the Province: ERO 019-8371 – Changes to the Development Charges Act, 1997 to Enhance Municipalities' Ability to Invest in Housing-Enabling Infrastructure

April 22, 2024

Ministry of Municipal Affairs and Housing
Municipal Finance Policy Branch
777 Bay St., College Park 13th Floor
Toronto, ON M7A 2J3

Email: MFPB@ontario.ca

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

Thank you for the opportunity to comment on the proposed changes to the *Development Charges Act (DC Act)* as outlined in *Bill 185, Cutting Red Tape to Build More Homes Act*. Please note that these comments are provided by Peel Region staff and may be considered by Regional Council for endorsement. If additional or differing comments are provided through a Council resolution, they will be forwarded to the Ministry for consideration.

Peel Region appreciates the Province's efforts to increase housing supply and improve affordability. Many of the changes to the DC Act in Bill 185 appear positive for municipalities specifically the inclusion of growth-related studies as an eligible DC cost, and the removal of mandatory phase-in provisions to new DC by-laws. However, Peel will continue to advocate the need to reinstate other DC ineligible services as enacted from Bill 23, namely community housing services and the cost of land for some services as DC eligible costs.

Issues and Recommendations:

1. DC Eligible Services

Bill 23 eliminated community housing services, growth-related studies and certain land costs from being eligible for DCs. These changes have challenged the principle of "growth should pay for growth". Restoring studies as an eligible DC cost in Bill 185 will help this principle.

Peel's 2020 DC Study included approximately \$200 million in DC funding for Community Housing Services and \$250 million for lands, over a ten-year period. The removal of Community Housing Services has impaired the Region's ability to construct much needed affordable housing and has shifted the costs which were partially shared by the development community to taxpayers and ratepayers, including businesses.

Recommendation

Peel staff recommend the following:

- Community housing services should be reinstated as an eligible service for DCs to support the on-going provision of non-market housing; and
- Retain land costs as DC eligible.

Should the remaining DC elements of Bill 23 proceed, Peel staff recommend the following:

- Dedicated funding to cover municipal revenue shortfalls and ensure revenue neutrality;

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Conclusion

As noted above, there are significant negative implications for Peel, should the changes to the DC Act as enacted in Bill 23 continue. Without additional funding support, Peel's ability to finance future growth will be impacted.

We trust that Peel's comments are helpful as the Ministry considers amendments to the DC Act provisions in Bill 185, which reversed some amendments made in Bill 23 which limited municipalities' ability to collect DC eligible costs. As these legislative changes move forward, consideration of Peel's concerns and recommendations for further Bill 23 reversals is greatly appreciated.

Peel is committed to continuing to work with the Province, local municipal partners, and other stakeholders, to meeting our shared objective of building more housing supply that is affordable to Peel residents. If additional information or clarification is required, please do not hesitate to contact me directly.

Sincerely,

Davinder Valeri
CFO and Commissioner of Corporate Services