

October 26, 2023

Ministry of Municipal Affairs and Housing  
17th Floor, 777 Bay Street  
Toronto, ON M7A 2J3

\*\*VIA EMAIL\*\*

**RE: Environmental Registry of Ontario Posting 019-7669: Changes to the definition of an “Affordable Residential Unit” in the *Development Charges Act, 1997* for the purpose of municipal development-related charge discounts and exemptions**

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Please accept this letter in response to Environmental Register of Ontario (ERO) proposal 019-7669, which is seeking input on the proposed amendments to the *Development Charges Act, 1997* (DCA) to change the definition of an affordable residential unit for the purpose of discounting and exempting these units from municipal development-related charges. Staff have reviewed the discussion questions posed in ERO Posting 019-7669 and offer the following comments.

#### Proposal Summary

Staff understand that ERO Posting 019-7669, which is to be implemented through the introduction of Bill 23, More Homes, Built Faster, has a goal of setting a provincial definition of affordable housing for the purposes of exempting and discounting Development Charges (DC). The proposal also notes the creation of an Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing.

#### Comments

Generally, staff are supportive of the Province’s intent to define affordable housing through the use of local incomes and a percentage of the incomes of those that are in the 60th percentile of gross annual income in the applicable local municipality, however we have a number of concerns that we highlight below that are critical to the success this endeavor.

We offer the following in response to the discussion questions posed in ERO Posting 019-7669:

- **The Affordable Residential Units bulletin**

Staff would like additional details on how often the proposed bulletin would be updated and which factors the Minister would review in order to determine the amounts noted in that bulletin.

- **Funding of the Exemptions**

Any exemptions provided to one group will need to be funded by another. Municipal Development Related Charges (MRDC’s) are collected for the sole purpose of funding growth related capital costs.

If developments under the “Affordable Housing” umbrella are exempted from paying MRDCs, how is the funding the shortfall being addressed?

- **Monitoring the Developments**

Although not directly addressed by Bill 134, the requirement to strike an agreement between the municipality and the person “required to pay a development charge” that an affordable unit will remain affordable for a period of 25 years is a key component of the affordable housing exemption.

It will be the municipality’s responsibility to enforce the provisions of these Agreements and this will create a longstanding administrative burden on the municipality.

Additionally, it should be noted that market rental housing has been incentivized with DC discounts ranging from 15% to 25% but there are no tools to ensure that these rental units do not revert to ownership units after the discount has been provided. Similar agreements should be in place and registered on title for these developments.

- **Ownership Housing – Arm’s Length**

Bill 134 is silent on whether a sale needs to be at arm’s length in order to qualify for any exemption. This language was not included in the revised definition. Should this no longer be a requirement, this will create an environment of non-arm’s length sales being made at below market rates to avoid paying MRDC’s.

Should the Province maintain an “arm’s length” requirement, it will be almost impossible for the Municipality to monitor and enforce.

- **Residential Rental Unit**

“Residential rental unit” is not defined in the *Development Charges Act*. It is unclear if these exemptions will be applicable to any unit that is rented or will be applicable only to units in a “rental housing development” as defined by the DCA.

- **Attainable Residential Units**

We have noted that Bill 134 is silent with respect to the definition of “Attainable Residential Units”. It is unclear to which developments this exemption might apply.

While we are supportive of the Province’s goal of increasing the amount of affordable housing options available, however are concerned with respect to how municipalities should address the shortfall in growth related revenues created by these development related exemptions.

Thank you for providing the opportunity to comment on this proposal.

Respectfully,



Michelle Banfield, RPP,  
Director of Development Services

cc: Bala Araniyasundaran, P.Eng, PMP, General Manager of Infrastructure and Growth Management  
Craig Millar, MBA, CPA, CGA, Chief Financial Officer  
Wendy Cooke, Director of Legislative & Court Services/City Clerk