

EXECUTIVE SUMMARY

York Region staff comments on the proposed Bill 108 regulatory framework

The Government of Ontario is considering regulatory changes to Ontario Regulation 82/98 under the *Development Charges Act, 1997* related to Schedule 3 of Bill 108, *More Homes, More Choice Act, 2019*. It is also considering a proposed new regulation pertaining to the community benefits authority, as well as other regulatory changes under the *Planning Act, 1990* and *Local Planning Appeal Tribunal Act, 2017*.

The stated purpose of these and affiliated changes through Bill 108, is to make housing more affordable for the people living in the province by increasing the supply of housing. Reducing the cost of housing is of critical concern for all Ontarians. As such, York Region staff support the Government of Ontario in its efforts to reduce the cost of housing.

From an upper-tier perspective, York Region staff are generally supportive of some of the proposed regulatory changes, including: the sunset period between application approval and building permit for the freezing of rates under the *Development Charge Act, 1997*; the principle that the Community Benefits Charge will be revenue neutral; and the requirements for additional residential units under the *Planning Act, 1990*.

York Region is one of the fastest growing upper-tier municipalities in Canada, and the Growth Plan expects the Region to grow by 716,000 people and 358,000 jobs from 2011 to 2041, making it home to 1.79 million people by 2041. Given that growth of this size requires significant capital investment, York Region's capital budget is more heavily focused on growth-related investments, with approximately 57 per cent of York Region's 2019 ten-year capital plan being growth-related. Most growth-related regional infrastructure is paid using development charges debt and this infrastructure is built many years before benefiting development arrives.

After thorough review and analysis of the proposed changes, York Region staff have concerns about certain elements of the proposed regulatory framework that may inadvertently cause significant fiscal and administrative strain on municipalities.

The purpose of this document is to put forward specific recommendations about how the Government of Ontario can further refine its proposed changes. York Region staff believe these refinements will improve the fiscal framework so that it better enables municipalities to responsibly manage growth and development without having to operate on increased debt levels. In turn, this will ensure that residents, businesses, municipalities, and developers are treated with fairness and equity.

Detailed summaries of the following recommendations are found herein:

- *Transition provisions*
 - The proposed transition period should be extended to allow municipalities sufficient time to implement the changes under Bill 108.
 - The regulations need to take into consideration that not all municipalities experience the same levels of growth, nor do they have the same level of targeted growth as set out in the Growth Plan.
 - York Region strongly recommends the Province adopt an approach ensuring that matters before the Local Planning Appeal Tribunal are considered under the Act as it read on the day before the proposed changes came into force.
 - Expanding grounds for appeal, limiting appeal rights and reducing decision timeframes should not apply to applications where a notice of public meeting has been issued prior to the proposed changes coming into force. Making changes to a planning approval process that is well underway may not align with the Province's objective of speeding up the planning approvals process.
- *Development charges framework*
 - The broad nature of the development eligible for freezing of rates and delayed and phased payments, combined with inability for municipalities to ensure and secure payments could result on the order of \$300 million in reduced development charge collections over the next five years (2019-2023)
 - An additional 'sunset period' provision should be provided between application and approval. Without which, municipalities could bear significant additional revenue shortfalls and additional debt risks
 - The defined types of development eligible for the delaying and phasing of development charge payments need greater clarity – they currently appear to be either too broad or unworkable, which creates a significant cash flow challenge and debt pressure for municipalities
 - Municipalities should be provided with the ability to secure their interests
- *Community benefit charges framework*
 - This regime must ensure revenue neutrality on a forward looking basis for all municipalities
 - Greater clarity and about the proposed community benefits charge framework is required – significant challenges remain as it appears noted issues were either insufficiently addressed in the regulatory framework or not addressed at all
- *Regional concern*
 - While many of these proposed changes are to be implemented by local municipalities, the Region requests the Province continue to ensure that interests of the upper-tier municipality are reflected in regulatory changes.

While expressing its concerns during the preliminary discussions with Government officials, York Region strategically crafted a framework of five guiding principles to ensure the drafting of the regulations creates a working product that is beneficial for all stakeholders.

- *Allotting municipalities sufficient time to effectively transition to the new framework*
- *Ensuring municipalities can deliver complete communities in a fiscally sustainable way*
- *Ensuring municipalities have a clear legislative foundation for implementing the changes*
- *Ensuring all stakeholders involved in delivering housing supply, including residents, businesses, municipalities and developers, are treated fairly and equitably*
- *Recognizing municipalities are at different stages of growth and development, with different infrastructure requirements*

As a valued partner of the Government of Ontario, York Region intends to work with the Government to help realize its vision of making housing affordable for everyone in the province and to put Ontario on the path to fiscal balance.