



Report
Staff Report
 The Corporation of the City of Brampton
 5/1/2024

Date: 2024-04-25

Subject: **Recommendation Report for changes proposed to Development Charges Act, 1997 (DC Act) through Bill 185 - Cutting Red Tape to Build More Homes Act, 2024**

Contact: Nash Damer, Treasurer, Finance
 Raghu Kumar, Manager, Capital and Development Finance

Report number: Corporate Support Services-2024-393

RECOMMENDATIONS:

1. That the report from Nash Damer, Treasurer, Finance to the Council Meeting of May 1, 2024 re: **Recommendation Report for changes proposed to Development Charges Act, 1997 (DC Act) through Bill 185 - Cutting Red Tape to Build More Homes Act, 2024**, be received;
2. That this report and Appendix 1 be submitted to Minister of Municipal Affairs as comments on Environmental Registry of Ontario posting #019-8371 on proposed changes to the DC Act.

OVERVIEW:

- The Province tabled Bill 185 on April 10, 2024, which proposes to amend the DC Act and released ERO posting #019-8371 seeking feedback from stakeholders on the proposed changes.
- Bill 185 proposes to reverse the phase-in provision of approved DC rates that could potentially mitigate \$180 million in revenue loss and reinstate growth studies as a DC eligible cost providing for an additional \$16 million that can be recouped through future DC's.
- Other proposed changes include the reduction of the time for frozen rates, public notice requirement and the introduction of a streamlined process to update DC bylaws.
- Introduction of additional covenants is being recommended to ensure housing developments receiving exemptions or discounts maintain the affordability factor for a period of twenty-five years.

BACKGROUND:

On November 28, 2022, Bill 23, the *More Homes Built Faster Act* came into effect with changes to the *Development Charges (DC) Act* that negatively affected the ability of municipalities to fund growth-related expenditure, namely:

- Phase-ins of Council-approved DC rates
- Removal of growth-related studies and land acquisition for prescribed services as a DC-eligible cost
- discounts for rental developments
- exemptions for non-profit developments
- exemptions for affordable and attainable housing
- capping of interest rates at prime + 1%

CURRENT SITUATION:

The Province tabled Bill 185 on April 10, 2024, which proposes to amend the DC Act and released ERO posting #019-8371 seeking feedback from stakeholders on the proposed changes. The ERO posting has a 30-day commenting period, ending on May 10, 2024.

Bill 185 proposes to reverse the following Bill 23 provisions that would have a direct financial impact

- Remove Phase-ins of Council-approved DC rates

Bill 23 amendment to the Act required municipalities to phase-in the Council approved fully calculated DC rates over five years for DC Bylaws passed on or after January 1, 2022. This meant the discounting of the fully calculated rates by 20% in the first year of the bylaw, decreasing by 5% each year after, until reaching 100% of the full rate in the fifth year.

Removal of this phase-in provision will mitigate a potential revenue loss of \$180 million over the span of five years commencing from the passage of the new DC bylaw with the new DC rates in August 2024.

- Reinstate growth-related studies as a DC eligible cost

Bill 23 removed growth-related studies as a DC-eligible cost. Bill 185, if passed in its current form would reinstate them as a DC recoverable cost.

This change represents an additional \$16 million in growth related costs that can be recouped from future development charges with the passage of the new DC bylaws in August 2024.

Bill 185 also proposes the following changes that do not have a direct financial impact:

- Time limit on frozen DC rates

DC rates are frozen at site plan or zoning bylaw amendment application and the rates are frozen for a period of 2 years from the date of council approval. This rate freeze period will be reduced to 18 months under the new proposal. This change is intended to encourage developers to move faster on their applications.

- Streamlined process to amend DC bylaws.

Under the current legislation, an update or amendment to the DC Bylaw requires the completion of a background study and other legislated steps that can be appealed at Ontario Land Tribunal (OLT).

The proposed streamlined process will allow for municipalities to circumvent the legislated process should they choose to remove the phase-in provisions and include the cost of growth studies in their existing bylaws and extend the term of the bylaw if it does not involve a rate change. The streamlined process cannot be appealed at OLT.

- Public notice delivery

Currently notices for public meeting are provided through local newspapers. The proposed change would permit its provision on municipality's website if local newspaper is unavailable.

While the proposed changes mentioned above are positive, it is recommended that additional amendments be enacted to ensure housing developments receiving exemptions or discounts maintain the affordability factor for the prescribed duration.

Recommendations to ensure affordability is maintained.

- **Ownership housing:** agreements be required to be registered on title and affordability of unit be maintained for a minimum of 25 years.
- **Rental discounts:** agreement be registered on title to secure rental tenure for a period of 25 years
- **Non-profit DC exemption:** agreement registered on title and non-profit status of development maintained for 25 years.

DCs which would have ordinarily been due, become immediately payable plus interest, at a rate of Prime +1% if there is a breach of these covenants.

CORPORATE IMPLICATIONS:

Financial Implications:

The removal of the phase-in provisions will mitigate a potential revenue loss of \$180 million over five years and the reinstatement of growth studies as a DC eligible expenditure will allow for an additional \$16 million to be recouped from future development charges.

STRATEGIC FOCUS AREA:

This report supports the Strategic focus area of Government and Leadership by ensuring financial sustainability and accountability in adequately planning for the City's growth.

CONCLUSION:

Overall, the proposed changes to the DC Act through Bill 185 will have a positive financial impact for the City and its ability to fund growth infrastructure. Staff recommend the introduction of additional covenants to ensure housing developments receiving exemptions or discounts maintain the affordability factor for the prescribed duration.

Authored by:

Reviewed by:

Raghu Kumar,
Manager,
Capital and Development Finance

Nash Damer,
Treasurer,
Finance

Approved by:

Approved by:

Alex Milojevic,
Commissioner,
Corporate Support Services

Marlon Kallideen,
Chief Administrative Officer

Attachments:

- Attachment 1 – Appendix 1 – City Of Brampton Comments On Ero Posting #019-8371