

**Ministry of
Municipal Affairs
and Housing**

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Ontario

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Dear Head of Council:

On May 2, 2019, I was pleased to release More Homes, More Choice, our government's action plan to tackle Ontario's housing crisis. As you know, this plan is supported by Bill 108, which includes changes to the Planning Act to simplify how municipalities collect funds for community benefits like parks and daycares. Following the introduction of the bill, some municipalities have raised questions about the proposed community benefits authority, and I am pleased to share more information about our government's intent today.

I would like to begin by emphasizing that one of our goals in establishing the new community benefits approach is to maintain municipal revenues. For emphasis, our goal is that municipalities would recover similar revenue from community benefits charges to what they have collected from development charges for discounted services, density bonusing and parkland dedication. While we want to make charges for community benefits more predictable, our intention has never been to reduce the funds available for community benefits and municipalities should not need to choose between parks and other facilities.

We are currently procuring expert advice to ensure that the community benefits framework will achieve these priority objectives. But we also want to hear the important perspectives of the municipal sector. This spring we will start our initial consultation seeking municipal input on the methodology for establishing a formula for a community benefits charge. The formula will be tied to the value of land that is ready for development. Based on the feedback from that consultation, we will again seek your input on a proposed formula before the regulations are finalized.

Municipalities will also have an opportunity to comment on other matters related to community benefits, including the timing of transition to this authority, reporting and types of development that would be exempted from community benefits through regulatory postings this Spring. We will take all feedback into consideration and ensure that there is enough time for municipalities to transition to the new community benefits authority and continue to be able to fund these important benefits.

As a former mayor and CAO, I understand how important it is that municipalities have the resources and tools available to support and build complete communities. I also firmly believe that local residents in growing communities should have a say in how those resources are used. This does not generally happen in today's section 37 negotiations, and we need to take the politics out of planning. Residents living in growing communities need to have an opportunity to share their thoughts, so we are proposing they would have a role in the development of their municipality's community benefits strategy.

We will be consulting with municipalities on the best way to replace the current system with an approach that puts people and communities first. Our proposed community benefits charge and the methodology that underpins it will maintain the principle of growth paying for growth. Libraries will be built. Parkland will be created. Community centres will be opened. As part of Bill 108, we said we would consult with municipalities on this new approach and that's exactly what we plan to do.

We also intend to post proposed directions for other regulatory changes related to the Development Charges Act and the Planning Act on the Environmental Registry this Spring/Summer. Further, we will also convene a teleconference to share this information with all interested municipalities in the near future. We look forward to your participation and suggestions on those proposed directions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Clark', written in a cursive style.

Steve Clark
Minister

Development Charges Transition Question and Answer

Q For municipalities that currently levy development charges (DCs) for soft services, what transition provisions are in place if they wish to collect for these services under the community benefits authority?

A Related to the proposed new community benefits charge authority, subsection 2(4) of the DCA is proposed to be amended so that development charges could only be imposed for 'hard services' (i.e., the services for which there is currently no 10% deduction in capital costs in calculating a development charge and waste diversion services). This change will necessarily come into force at the same time as all other changes related to the proposed new community benefits charge authority. However, for municipalities that currently levy DCs for soft services and wish to collect for these services through community benefits charges, transition provisions are proposed in Bill 108.

Existing DC by-laws expiring on or after May 2, 2019

DC by-laws that would otherwise expire on or after May 2, 2019 would remain in force in relation to soft services until the earlier of:

- The day that the DC by-law is repealed by the municipality,
- The day the municipality passes a community benefits charge by-law under the Planning Act, or
- A date that is prescribed in regulation.

Existing DC by-laws expiring after the prescribed date

DC by-laws that would have expired after the prescribed date, would instead expire in relation to soft services on the earlier of:

- The day the municipality passes a community benefits charge by-law, or
- A date that is prescribed in regulation.

Therefore, the bill would not impact the ability of a municipality to establish development charges for soft services until the proposed community benefits charge regime was in effect and would not impact the ability of a municipality to collect development charges for soft services until it passed a community benefits charge by-law or reached the prescribed date. For municipalities with development charge by-laws that would expire before the proposed community benefits charge regime was in effect, it would be for them to determine whether to rely on the proposed transitional extension of by-laws in relation to soft services or prepare a new background study and a new by-law dealing with soft services. In making this determination, they would be aware that the proposed

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transitional provisions would provide for a new by-law to be of no force in relation to soft services upon the transition to the community benefits regime.

The transition provisions are not proposed to apply to the current list of fully recoverable services (hard services) or waste diversion services. However, the potential extension of development charge by-laws expiring before the prescribed date would apply to by-laws in relation to ambulance services, which were also added as a fully recoverable service.

Any new DC by-laws passed after proposed amendment to subsection 2(4) of the Development Charges Act, 1997 (DCA) under Bill 108 come into effect would only be able to establish a charge for current hard services and waste diversion (proposed as a fully recoverable service under Bill 108), because soft services would no longer be recoverable under the DCA but instead through the Community Benefit authority.