

To:	Warden Milne and Members of Grey County Council
Committee Date:	November 9, 2023
Subject / Report No:	CAOR-CW-19-23
Title:	County of Grey Comments on Bill 134: Affordable Homes and Good Jobs Act, 2023
Prepared by:	Randy Scherzer, Deputy CAO
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That report regarding County of Grey comments on Bill 134: Affordable Homes and Good Jobs Act, 2023, be received for information.

Executive Summary

On September 28, 2023, the Ontario government introduced [Bill 134, the Affordable Homes and Good Jobs Act, 2023](#), and posted proposed amendments on the Ontario Regulatory Registry for a 30-day consultation, with comments due by October 28, 2023. This report outlines Grey County staff comments related to the proposed changes to the definition of an “Affordable Residential Unit” for the Development Charges Act, 1997, as proposed under Bill 134 and provides a continuation of the comments and concerns that Grey County supplied as part of the initial proposed changes to the Development Charges Act introduced as part of Bill 23, More Homes Built Faster Act, endorsed by County Council on December 8, 2022, through report [PDR-CW-37-22 - Bill 23 – More Homes Built Faster Act](#).

Background and Discussion

Further to the initially proposed changes to the Development Charges Act introduced as part of Bill 23, More Homes Built Faster Act, the Ontario government introduced Bill 134, the Affordable Homes and Good Jobs Act, 2023, on September 28, 2023, with a 30-day consultation period that concluded on October 28, 2023. In response to this consultation period, Grey County staff submitted comments related to the proposed changes to the definition of an “Affordable Residential Unit” for the Development Charges Act, 1997, as proposed under Bill 134. The comments provided were a continuation of the comments and concerns that Grey County supplied as part of the initial proposed changes to the Development Charges Act introduced as

part of Bill 23, More Homes Built Faster Act, included as Attachment 1 to this report. Within the attached comments, staff have again highlighted policy changes that could negatively impact municipal revenues, planning processes, and create administrative burdens for municipalities.

Financial and Resource Implications

In addition to concerns regarding the administrative burden applied to municipalities based on the proposed DC exemptions under Bill 23, the County's comments also outline concerns about the potentially significant impact on the DC revenue collected by municipalities, which is required to fund growth-related capital projects and maintain critical infrastructure. At this stage, the exact financial impact is not known. Staff will continue to monitor any further changes to the Development Charges Act and related legislation, as well as work in collaboration with local municipalities on ways to address the proposed changes, and keep County Council up to date on the status and impact.

Relevant Consultation

- Internal: Planning, Finance
 - AODA Compliance (describe)
 - Contribution to Climate Change Action Plan Targets (describe)
- External (list)

Appendices and Attachments

County of Grey Comments on Bill 134: Affordable Homes and Good Jobs Act, 2023

October 27, 2023

MFPB@ontario.ca

Comments submitted through the ERO website and via email

**RE: County of Grey Comments on Bill 134: Affordable Homes and Good Jobs Act, 2023 – 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
 ERO Registry Numbers 019-7669**

Dear Ruchi Parkash:

The following represents Grey County staff comments as it relates to the proposed changes to the definition of an “Affordable Residential Unit” for the Development Charges Act, 1997 as proposed under Bill 134: Affordable Homes and Good Jobs Act, 2023. The comments below are a continuation of the comments and concerns that Grey County provided as part of the initial proposed changes to the Development Charges Act introduced as part of Bill 23, More Homes Built Faster Act.

Bill 134 proposes to change the definition of affordable residential units established by Bill 23 which exempts these residential units from a municipal development-related charge (i.e. development charges, community benefits charges, and parkland dedication requirements). The table below summarizes the proposed changes to the definitions of affordable residential units for rental and ownership:

Proposed Affordable Residential Unit Definitions	
Rental Units	Ownership Units
Rent is no greater than the lesser of: <ul style="list-style-type: none"> • 30% of the annual income of a household at the 60th percentile in the applicable local municipality, or • Average market rent as set out by MMAH in the Affordable Residential Units Bulletin. 	Sale price is no greater than the lesser of: <ul style="list-style-type: none"> • Annual accommodation cost is less than 30% of the household income at the 60th percentile in the applicable local municipality, or • 90% of the average purchase price as set out by MMAH in the Affordable Residential Units Bulletin.

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Bill 134 also proposes to add a new definition for the term 'Affordable Residential Unit Bulletin' which is defined as a bulletin published by MMAH on a website of the Government Ontario amended from time to time.

County staff comments:

- The proposed definitions of affordable residential units aligns with the affordable definition in the Provincial Policy Statement which County staff support as this provides consistency between provincial legislation and provincial policy.
- The Affordable Residential Unit Bulletin will be a key document as this will establish the affordable rent and price thresholds for residential units that would be eligible for municipal development-related charge exemptions such as DC exemptions. The bulletin is currently not available and therefore it is difficult to assess the potential impact of the proposed definitions on DC exemptions. There is also no indication as to how frequently the bulletin will be updated and it is not known what geographic scale will be used to determine the affordable residential thresholds (i.e. local municipal scale or county/regional scale). The proposed definition includes the wording 'applicable local municipality' and therefore the hope is that the geographic scale to determine affordable residential thresholds will be at the local municipal scale (i.e. township/municipality/city scale) versus the county/regional scale as there is considerable variation of average household incomes amongst local municipalities and therefore there is significant variability on what would be considered affordable amongst each local municipality (see table below).

Household Pre-Tax Incomes (Statistics Canada, 2020)

	Households		Individuals	
	Median	Average	Median	Average
Owen Sound	\$63,200	\$77,300	\$36,000	\$44,360
Hanover	\$69,000	\$83,900	\$37,200	\$45,680
West Grey	\$77,500	\$96,400	\$37,200	\$47,840
Grey County	\$78,000	\$100,700	\$39,200	\$52,200
Meaford	\$79,500	\$100,600	\$39,600	\$52,650
Chatsworth	\$81,000	\$93,100	\$36,800	\$45,400
Southgate	\$85,000	\$98,900	\$38,400	\$46,440
Grey Highlands	\$85,000	\$106,300	\$40,000	\$52,750
Georgian Bluffs	\$94,000	\$116,200	\$42,800	\$56,300
Town of The Blue Mountains	\$101,000	\$157,000	\$48,400	\$82,700
Ontario	\$91,000	\$116,000	\$41,200	\$56,350

- In terms of the frequency of the bulletin, it is recommended that the bulletin be updated on a quarterly or semi-annual basis at a minimum as the affordable

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residential thresholds can change quite frequently. It would also be beneficial for the provincial bulletin to be issued on a granular/municipal scale as this may provide more reliable data on rental units and pricing, particularly for smaller municipalities. Some rental data is available through CMHC but this is currently only available for municipalities with populations of 10,000 people or greater which excludes many of Grey's municipalities as well as other rural municipalities across the province. If municipalities were to receive regular reporting of rental units and pricing at a local municipal level, that would help with immensely for tracking rents and rental units.

- Proposed Bill 134 makes no clarification on the definition of 'attainable' housing. Based on the changes to the DC Act made by Bill 23, attainable housing units would also be exempt from DC's. This could have a significant impact on the DC revenue collected by municipalities which is required to fund growth-related capital projects (e.g. road improvements, municipal water/sewer infrastructure, etc.). If DC revenue is reduced, this could result in delays with capital infrastructure which will delay more housing being built throughout the Province resulting in the opposite direction that the Province wants to go. A loss in DC revenue will also result in overall levy increases to existing taxpayers versus the growth-related costs being paid by growth through DC's. The Province had previously suggested that municipalities would be kept 'whole' regarding any DC revenue loss being implemented by the Province and we would be interested in understanding if this continues to be the Province's commitment. We would also be interested to receive information on how the Province intends on keeping municipalities 'whole' for any loss in DC revenue caused by the changes to the DC Act by Bill 23 and Bill 134.
- The County remains concerned about the administrative burden applied to municipalities based on the proposed DC exemptions under Bill 23. For affordable residential units that meet the definition of affordable and attainable, local municipalities are required to enter into an agreement between the municipality and the person that would be exempt from paying a development charge. The affordable unit would also need to remain affordable for a period of 25 years in order to be exempt from DC's. This requires municipalities to not only administer these agreements and to register them on title, but to also continuously monitor the affordable and attainable units to ensure that they remain at affordable and attainable levels throughout that 25 year period. If the unit no longer meets the affordable or attainable thresholds, then it appears that municipalities would be able to recover the exempt DC's but this would likely require additional staff resources in order to continuously administer, monitor and enforce these agreements as most municipalities would not have the existing capacity to do so.
- In addition to increased municipal workloads to manage the agreement process, the use of agreements may complicate purchase and sale transactions for properties, as well as impact mortgage lending processes. In fact, the County has experienced complications with financial institutions/mortgagees associated with CMHC funding who were not willing to provide financing for development

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projects with the deferred DC conditional exemptions remaining outstanding as these outstanding charges stand in priority to other encumbrances (e.g. mortgage) should the developer run into financial challenges. If municipalities are to administer a unified system for deferred / exempted development charges, and they will create some form of encumbrance on title similar to deferred DCs, it may be simpler to create a specific type of lien or similar interest that is consistent throughout the Province. This lien or similar interest could be registered directly on title through the land titles system (and the land registry system, where still applicable) that would set out the express terms of any conditions applicable to the property with the deferred / exempted DCs, such as the amounts necessary to be repaid, who can advise if the amounts are repayable (e.g. the appropriate local municipality), and the conditions triggering any repayment. In the case of such liens or interests that extend past the original sale of the property (e.g., a property to be maintained as an affordable unit for 25 years), the responsibility of enforcement could be shared with solicitors acting on ownership transfers through the "law statements" mechanism provided for in the title registration system. Those solicitors could confirm compliance with appropriate conditions applying to transactions with the property; this would be similar to the statements they make currently regarding compliance with s. 50 of the Planning Act, a mechanism well understood by real estate lawyers.

- Given the impacts of the DC revenue loss from the DC exemptions, as well as the administrative burden that municipalities will face to be able to administer, monitor and enforce the agreements, if the Province decides to still move forward with DC exemptions then it is recommended that the Province remove the attainable residential exemptions from the DC Act as well as the affordable ownership units and to just focus on affordable rental housing exemptions. This would reduce the potential impact to municipalities caused by the proposed DC exemptions under Bill 23 while still incentivizing the affordable rental housing stock which is greatly needed throughout Grey County and the Province.

Thank you for the opportunity to provide comments.

Should you have any questions, or require any further information, please do not hesitate to contact this office.

Yours truly,



Randy Scherzer, MCIP, RPP
Deputy CAO
519-372-0219 ext. 1237
Randy.Scherzer@grey.ca

Cc. Township of Chatsworth (via email only)
Township of Georgian Bluffs (via email only)

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Municipality of Grey Highlands (via email only)
Town of Hanover (via email only)
Municipality of Meaford (via email only)
City of Owen Sound (via email only)
Township of Southgate (via email only)
Town of The Blue Mountains (via email only)
Municipality of West Grey (via email only)

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