
Sent by e-mail to: minister.mah@ontario.ca

December 15, 2023

The Honourable Paul Calandra
Minister of Municipal Affairs and Housing
College Park, 17th Floor
777 Bay Street
Toronto, Ontario M7A 2J3

The Honourable Peter Bethlenfalvy
Minister of Finance
Frost Building South, 7th Floor
Room 5E200
7 Queen's Park Crescent
Toronto, Ontario M7A 1Y7

The Honourable Kinga Surma
Minister of Infrastructure
College Park, 5th Floor
777 Bay Street
Toronto, Ontario M7A 2J3

Dear Ministers Calandra, Bethlenfalvy, and Surma:

Since October 2022, AMO has consistently taken the position that Bill 23 effectively acts as a subsidy for developers that was not in the public interest. We provided an early estimate following introduction that the changes would create a gap of more than \$1 billion annually in municipalities' ability to fund the infrastructure required to achieve provincial housing targets.

While we were pleased to see the government's November 2022 commitment to making municipalities whole, the limited details on how and when that promise would be fulfilled created ongoing challenges. Your recent commitment to review development charges and fee refunds comes as welcome news and provides much needed clarity regarding the path forward.

Municipalities remain committed to doing everything within their power to assist the Province in meeting its target to build 1.5 million homes by 2031. We recognize the need to revisit how we fund growth to meet our shared goals. Municipalities are prepared to support reductions in development charges and fees where they help to meet housing and affordability goals, provided that the government commits to a

Social and Economic Prosperity Review to update the provincial-municipal fiscal relationship.

Municipalities recognize the value of making investments to support the types of housing that we need the most – including purpose built rental units, affordable units and units built by not-for-profit developers. As such, AMO supports the government's decision to exempt these types of housing from development charges.

We strongly believe that reversing or modifying changes made under Bill 23 that undermine growth will better position municipalities to deliver housing-enabling infrastructure and community housing. Considering such changes will go a long way towards meeting the government's commitment to fully offset the costs of Bill 23 for municipalities.

AMO recommends the government consider the following amendments to Bill 23:

1. **Ensure affordable units are affordable for longer.** While municipalities support exemptions that could incent the creation of more affordable housing, requiring that developers commit to keeping units affordable for longer (e.g., 99 years or in perpetuity) would maximize return on this significant public investment.
2. **Make new revenue tools accessible in more communities.** Reconsidering the maximum land value and eligibility requirements for community benefits charges to reduce storeys and unit requirements to more inclusive of medium-density development would make these new tools more relevant to a greater number of communities.

AMO recommends the government repeal the following elements of Bill 23:

1. **Study and land costs required to create housing-enabling infrastructure.** The costs associated with studies and with cost of land are both significant, necessary, and directly related to growth-related infrastructure. Legislation requires municipalities to complete background studies before land can be developed safely and effectively. Municipalities cannot build water treatment plants, pumping stations, transit hubs, police stations, or any other growth-related infrastructure without purchasing land.
2. **Five-year phase in for development charges.** These significant discounts keep development charges artificially low and force municipalities to absorb changes to the true cost of infrastructure development, such as inflation and new services. In some instances, they create incentive for landowners to delay development to capture anticipated benefits.

3. **Costs required to fund housing services.** Development charges only provide a portion of the costs associated with funding housing services – the portion directly tied to the increased demand as a result of growth. These measures hamstring municipalities' ability to provide housing for low-income Ontarians, risking units' removal from operation and exacerbating the homelessness crisis. It is estimated that this measure has impacted 47,000 community housing units previously identified in municipalities' capital plans.

AMO has previously recommended repealing development charge exemptions for attainable housing, given the lack of definition and the potential to undermine incentives for affordable housing creation. We appreciate the clarity recently provided with respect to the purpose and objectives of these measures and look forward to further consultation to better understand the potential impacts and benefits.

We look forward to consultations on these measures and other important elements – including fee refund schedules and cash-in-lieu of parkland – in the new year at both the AMO-MOU Table and the Provincial-Municipal Housing Engagement Table.

Sincerely,



Colin Best
AMO President and Councillor for Halton Region

cc: Martha Greenberg, Deputy Minister, Ministry of Municipal Affairs and Housing
Greg Orencsak, Deputy Minister, Ministry of Finance
Carlene Alexander, Deputy Minister, Ministry of Infrastructure