

# City of Mississauga

# Additional Agenda



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## Council

### Date

January 23, 2019

### Time

9:00 AM

### Location

Council Chamber, 2<sup>nd</sup> Floor Civic Centre  
300 City Centre Drive, Mississauga, ON L5B 3C1

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## 6. PRESENTATIONS

**Note: Presentation 6.1. has been removed from the agenda.**

6.1. ~~The Mississauga Food Bank Angel Award~~

## 10. INTRODUCTION AND CONSIDERATION OF CORPORATE REPORTS

10.3. Report dated January 17, 2019 from the Commissioner of Corporate Services and Chief Financial Officer: **Increasing Housing Supply in Ontario – Development Charges Comments.**

### Recommendation

1. That the report entitled: *“Increasing Housing Supply in Ontario – Development Charges Comments,”* including attachments, from the Commissioner of Corporate Services and Chief Financial Officer, dated January 17, 2019 be received and forwarded by the City Clerk to the Ministry of Municipal Affairs and Housing, Mississauga’s MPP’s and the Association of Municipalities of Ontario.
2. That staff be directed to complete the Ministry’s online survey based on the contents of this report and specifically the responses contained in Appendix 1.

### Motion

14. **CORRESPONDENCE**

14.2. *Direction Items*

- 14.2.3. Email dated January 18, 2019 from the Town of Georgina containing a Resolution from the Town of Georgina Council with respect to Bill 66.

Direction required

16. **MOTIONS**

- 16.7. To express sincere condolences to the family of Dave Monkhouse, City employee, who passed away on Saturday, January 19, 2019.

21. **CLOSED SESSION**

- 21.3. Litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board: **Settlement Instructions Regarding Street Sweeping Materials.**
- 21.4. Personal matters about an identifiable individual, including municipal or local board employees: **PMP Reviews of the Commissioners.**

City of Mississauga  
**Corporate Report**



Date: 2019/01/17

To: Chair and Members of Council

From: Gary Kent, CPA, CGA, ICD.D  
 Commissioner of Corporate Services and Chief  
 Financial Officer

Originator's files:

Meeting date:  
 2019/01/23

## Subject

**Increasing Housing Supply in Ontario -Development Charges Comments**

## Recommendation

1. That the report entitled: *"Increasing Housing Supply in Ontario – Development Charges Comments,"* including attachments, from the Commissioner of Corporate Services and Chief Financial Officer, dated January 17, 2019 be received and forwarded by the City Clerk to the Ministry of Municipal Affairs and Housing, Mississauga's MPP's and the Association of Municipalities of Ontario.
2. That staff be directed to complete the Ministry's online survey based on the contents of this report and specifically the responses contained in Appendix 1.

## Report Highlights

- The Province released a consultation document in December 2018 entitled "Increasing Housing Supply in Ontario." The document speaks to barriers to housing supply including a section on "Cost: Development costs are too high because of high land prices and government-imposed fees and charges."
- Provincial staff held a consultation on Development Charges (DCs) on January 9, 2019 with Municipal associations and DC consultants. City staff participated in the provincial consultation as a guest of the Association of Municipalities of Ontario (AMO).
- DCs provide a vital financial tool that is used to recover a portion of the cost of providing new infrastructure required as a result of new development in the City.
- Changes to Municipal DC calculations or processes have no impact on increasing housing supply. In fact, changes to calculations that would reduce DCs could have the unintended consequence of inhibiting new housing supply, as the City would have reduced funding for necessary infrastructure to support growth in the City. This in turn would either increase property taxes and/or user fees for all taxpayers, or curtail development within the City.

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- Provincial staff have scheduled a half-day session on January 21, 2019 to bring together the Development Industry, Municipal Associations and DC consultants to discuss DCs. The City of Mississauga will be participating at this meeting.

## Background

In December 2018 the Province released a consultation document entitled: *“Increasing Housing Supply in Ontario.”* The discussion paper presented five broadly themed barriers to new housing supply: speed, mix, cost, rent and innovation. For each theme a number of questions were raised. The Planning and Development Committee (PDC) agenda on January 14, 2019 contained a report entitled *“Increasing Housing Supply in Ontario – Comments”* (Item 4.2) from the Commissioner of Planning and Building. The recommendation directed that City staff complete the online survey based on the contents of the PDC report and specifically the responses contained in Appendix 2 of that report and any additional comments made by PDC.

## Comments

Subsequent to the preparation of the PDC report, a technical consultation was held by the Province on January 9, 2019, specifically on the subject of Development Charges (DCs) and how these may impact housing costs. The Province invited Hemson Consulting, Watson and Associates, the Municipal Finance Officers’ Association of Ontario (MFOA) and the Association of Municipalities of Ontario (AMO). The City of Mississauga was invited by AMO to participate in the consultation.

To facilitate the discussion between the Province, the consulting firms and the municipal associations, the Province provided a list of discussion questions on the subjects of Municipal DC calculations, Municipal DC process (Education DCs were also discussed at the consultation but are not discussed in this report). The following questions framed the discussions undertaken on January 9, 2019 at the Provincial Offices:

### Municipal DC Calculation Questions

1. Would use of a backward-looking or forward-looking service level average in calculating development charges better address housing supply concerns?
2. How can the lists of ineligible and non-discounted services be adjusted to positively affect housing supply?
3. How can area rating be used to increase housing supply?
4. How can the *Development Charges Act, 1997* incentivize the development of the kind of housing people want, and can afford (e.g. purpose-built rental housing and housing appropriate for families) in the right places with the right supports (e.g., schools, transit and other amenities)?

### Municipal DC Process Questions

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1. How can municipalities better inform interested stakeholders of the timing for introducing new DC rates? Are there ways to provide additional transparency and clarity?
2. Does the process of passing a development charge by-law following preparation of the background study require more formalized feedback from the development industry? Are there any other stakeholders that should provide formalized feedback?
3. Is there enough rigor in how municipalities account for development charges collected?
  - a) Are better linkages between the background study and reserves required from municipalities?
  - b) Should reporting requirements be more prescriptive? If so, how?

In addition, the Province provided a list of topics that were considered outside the scope of the consultation. These were:

- Appeal of a by-law including the powers of LPAT
- Mandatory 50% exemption for industrial expansion
- Notice of by-law
- Duration of development charge by-law
- Process of amending a by-law
- Process for complaints about DCs
- Statement of treasurer in relation to voluntary payments

The consultation discussions began with provincial staff indicating that they had already held discussions with the development industry in October 2018 and were now collecting input from the Municipal sector and DC consultants.

The municipal participants provided opening statements with key messages demonstrating the importance of DCs as a source of funding to support additional municipal infrastructure related to new growth. The MFOA's has prepared a draft infographic (Appendix 2) to reiterate these points. Highlights of these messages included:

- Reducing DCs will not lower housing prices. No evidence has been provided to demonstrate reductions in DCs are being passed directly to homebuyers through decreases in housing prices;
- DCs represent approximately 5-7% of the price of a new single-family home in the GTA and Ottawa;
- Reducing DCs may actually result in decreasing the capacity to provide new housing supply because reduced DC revenues will slow the servicing of new lands if not supported by property taxes or user fees;
- Less funding from DCs means more pressure to fund growth-related projects from other property taxes, and prioritization of these projects with all other City initiatives, and municipalities will likely not have sufficient funds available to put the infrastructure in place needed for development to occur in a timely way;
- Significant reductions or elimination of DCs would leave property taxes and utility rates as the only financial tools remaining for municipalities to pay for infrastructure. This

would result in increased taxes to pay for new infrastructure that would not substantially benefit existing residents and businesses.

Provincial staff were attentive throughout the day-long discussions and asked for clarification when points were not clear to them. Municipal staff questioned provincial staff to ascertain the point of view of the development industry as it related to the discussion framework questions. It was clear to the municipal participants that some conflicting viewpoints exist between the municipalities and the development industry. Municipal participants suggested a meeting with provincial staff and both the municipal sector and development industry be held to allow for a candid discussion with all parties. Reflecting on this suggestion, provincial staff have scheduled a half-day consultation session on January 21, 2019 with the development industry and municipal participants. Provincial staff has not provided any specific framework for the discussions at the time of the writing of this report. Any update from the January 21, 2019 consultation can be provided as a verbal update to Council during the consideration of this report.

During the provincial consultation on January 9, 2019, provincial staff encouraged municipal staff and associations to make a submission through the online survey relating to DCs. Staff have prepared comments (in blue) in Appendix 1 and are seeking Council's approval that this report and appendix 1 be submitted to the Province by the deadline.

## Financial Impact

DC revenue is the one key financial tool a municipality has to ensure a portion of the costs related to new infrastructure, required as a result of growth in the City, can be recovered from new development. A reduction to, or elimination of, the municipalities' ability to recover these costs does not reduce or eliminate the requirement for the municipality to service new growth in the community. Any changes to the *Development Charges Act, 1997* or its regulations that results in reduced DCs would have an immediate impact on property taxes and user fees if the City intends to maintain its current service levels.

## Conclusion

Municipal staff that have participated in the provincial consultation on DCs are concerned that the Government of Ontario is considering making additional changes to the *Development Charges Act, 1997* and its Regulations since its recent amendment in 2016 (Bill 73). DCs are an essential municipal financing tool that allow for the recovery of a portion of the capital costs to provide the infrastructure required to service new growth to the municipality. This report has been prepared to ensure the City avails itself of the opportunity to provide fulsome comments to the Province regarding the City's position on DCs and the fact that DC policy should not be used as an indirect tool to affect new housing supply in Mississauga and Ontario.

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## Attachments

Appendix 1: City of Mississauga Response to Provincial Framework Discussions on Provincial Theme 3: Cost: Development Costs are too high because of high land prices and government-imposed fees and charges

Appendix 2: MFOA Development Charges Infographic -Draft



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

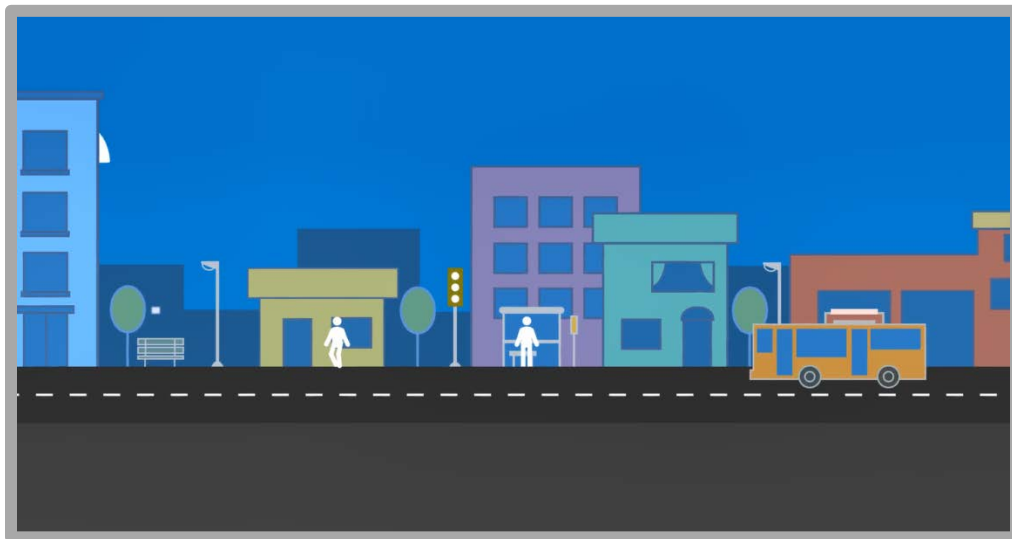
Prepared by: Susan Cunningham, Manager, Development Financing & Reserve Management

# Provincial Consultation

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Increasing Housing Supply in Ontario: Provincial Theme 3: Cost  
Development Costs are too high because of high land prices and government-imposed fees and charges

City of Mississauga  
January, 2019





## Municipal DC calculations

1. Would use of a backward-looking or forward-looking service level average in calculating development charges better address housing supply concerns?
  - The calculation of historical service levels does not have any impact on housing supply, regardless of which method is applied.
  - The current practice (backward-looking, or historical, service level average) typically puts downward pressure on the calculation of DC rates as this effectively limits municipalities' ability to increase service levels beyond the preceding 10-year average.
  - The *DC Act* was amended in 2015 (effective January 1, 2016) and now prescribes the transit service to use a forward-looking calculation. This was a positive step forward for municipalities as it allows rates to be set based on planned levels of service.
2. How can the lists of ineligible and non-discounted services be adjusted to positively affect housing supply?
  - The list of ineligible and non-discounted services has no impact on housing supply.
  - Making more services ineligible, or providing further discounts, would generally result in lower DCs than would be calculated under the existing framework. The lower DC revenue would result in increased property taxes or utility rates, to ensure the City can still afford to provide the infrastructure required to meet the needs of development, or would result in the City not being able to afford the needed infrastructure.
  - Furthermore, reducing DCs could negatively affect housing supply. Council approvals for new development could slow down if regional funding for water and waste water servicing infrastructure were to be reduced to a level that inhibits the supply of serviced land until funding is made available.
  - Existing residents and businesses will likely provide less support (or more dissension to) new development if taxpayers feel their taxes have increased due to the development, or if taxpayers feel the impact of growth on existing infrastructure will be too high.
  - The marketing strategies employed by the development industry include advertising complete communities with a list of City amenities (parks, transit, community centres), yet significant reduction in DCs would result in a significant reduction in the increased provision of these amenities.
3. How can area rating be used to increase housing supply?
  - Area ratings have no impact on housing supply.
  - Area rates do not change the **total** amount to be collected from DCs and subsequently used for growth infrastructure, but simply reallocates costs between different parts of the City. There will be “winners” and “losers” when compared to a municipal-wide approach.
  - The *DC Act*, as amended in 2015 (effective January 1, 2016), requires municipalities to examine area rating. Mississauga Council considered a report on the use of an area rating in preparing the 2019 DC Background Study at a General Committee Meeting on June 27, 2018. Many services (such as roads and transit) in urban centres are part of integrated networks that do not lend themselves to the use of an area-specific charge and are better calculated using a City-Wide approach. Council endorsed this position (GC-0423-2018) on July 6, 2018.

4. How can the Development Charges Act, 1997 incentivize the development of the kind of housing people want, and can afford (e.g. purpose-built rental housing and housing appropriate for families) in the right places with the right supports (e.g., schools, transit and other amenities)?
  - The *DC Act* is not the tool to use for incentivizing housing supply.
  - Mississauga already uses a range of tools to encourage, or incentivize, different types of development. For example, the City has developed a Community Improvement Plan to promote office space in the downtown area.
  - Mississauga Council has approved on a case-by-case basis the provision of a grant-in-lieu-of-DCs for subsidized affordable housing, in the absence of an affordable housing policy;
  - Housing affordability needs are different in each municipality and it is more beneficial to separate DC policy from Housing Supply and Affordable Housing policy tools.

## Municipal DC process

Ontario's *DC Act* is a highly prescriptive framework that requires the creation of a Background Study, formal notice requirements and a public meeting be held before the by-law is passed. The by-law is then in force for a maximum 5-year period. Anyone can formally appeal the by-law within 40 days following the passage of the by-law. Furthermore, any person required to pay a DC can launch a formal complaint to Council regarding the application of the DCs at any time. These stringent processes and requirements do not exist in other Provinces.

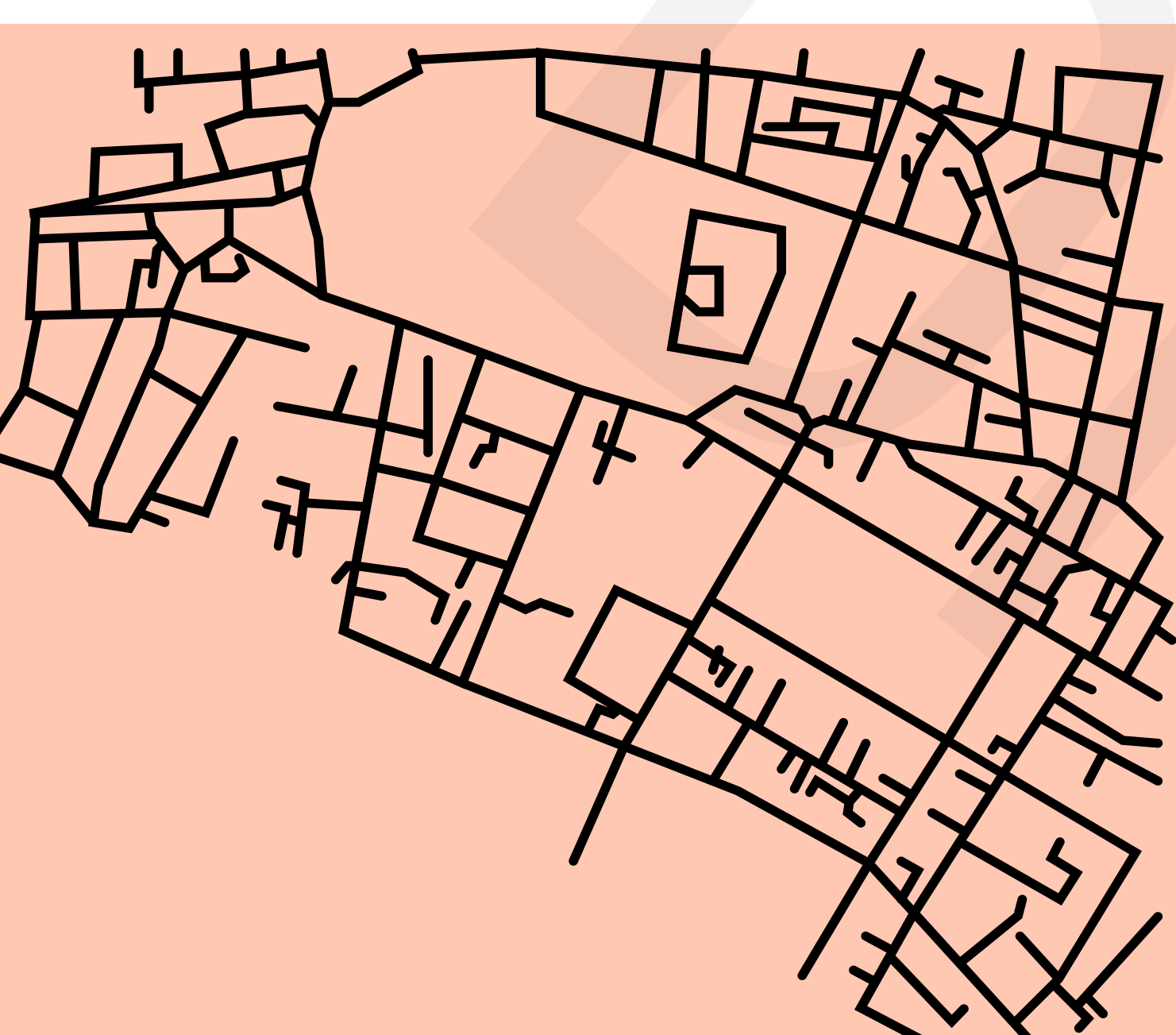
1. How can municipalities better inform interested stakeholders of the timing for introducing new DC rates? Are there ways to provide additional transparency and clarity?
  - Municipalities agree there should be an open and transparent process to ensure the infrastructure capital program is well defined and aligns with the needs of development. A high level of transparency already exists.
  - The *DC Act* and regulations (recently amended in 2015) prescribes a fulsome stakeholder engagement process. It provides for sufficient time between the release of the DC Background Study and Draft DC by-law to the public and the requirement for a public meeting of Council and subsequently to the time for approving the DC by-law by Council.
  - Mississauga takes additional steps to engage stakeholders in the consultation process well beyond the minimum requirements of the *DC Act* but this does not mean that further regulation is necessary.
2. Does the process of passing a development charge by-law following preparation of the background study require more formalized feedback from the development industry? Are there any other stakeholders that should provide formalized feedback?
  - The *DC Act*, as amended in 2015 (effective January 1, 2016), now requires the DC background study to be made available to the public at least 60 days prior to the passage of the by-law. This period provides ample opportunity for stakeholders to provide any formal feedback.
  - Many municipalities employ a comprehensive stakeholder consultation plan, meaning that the technical inputs and calculation methodologies are often already presented to stakeholders prior to the formal release of the DC Background Study.

- In addition, DC by-laws are rarely passed on the same evening as the statutory public meeting and therefore written submissions are welcomed and responded to before the by-law is formally passed by Council.
3. Is there enough rigor in how municipalities account for development charges collected?
- a) Are better linkages between the background study and reserves required from municipalities?
- The DC Background Study clearly outlines the application of existing DC reserve funds to the projects required to service development.
  - The *DC Act*, as amended in 2015 (effective January 1, 2016), now includes additional reporting requirements which are addressed through the annual Treasurer's statement. This statement now includes information on the funding of DC eligible and ineligible costs.
- b) Should reporting requirements be more prescriptive? If so, how?
- DC reporting is already quite prescriptive. There is no identified benefit for an increased reporting burden in this area.
  - It should be noted the province is currently consulting on municipal reporting burdens.



# Who Pays For Growth?

With Changes To Development Charges, It Could Be You



If you're a growing municipality, chances are you need new infrastructure to accommodate new people and businesses.

That's because when most hard infrastructure was put in the ground, no one could predict the astronomical rates of growth experienced by some towns and cities.

A pipeline meant for a population of 10K can't handle more without making changes or building new.

**These changes cost money.**

## How is growth-related infrastructure paid for?

### PAST

Provincial government  
Federal government

In the past, the provincial and federal governments paid for infrastructure upgrades, but in the late 1980s the other governments mostly got out of the local infrastructure game.

### PRESENT

Developers  
Existing taxpayers

In the late 1990s, the province changed legislation which transferred **20%** of costs to existing town residents with **80%** coming from developers.\*

\*Watson & Associates' 2010 study, "Long-term Fiscal Impact Assessment of Growth: 2011-2021," for the Town of Milton.

### FUTURE

**With low development charges:**  
YOU as the municipal taxpayer and business owner

Now the province is exploring changes to legislation. If these changes lead to lower development charges, then existing residents and businesses will pay **higher** property taxes and utility rates.

## Reducing development charges does not make housing more affordable. Instead, it would be:

### ONE



#### EXPENSIVE

- Reducing development charges does not decrease the cost of growth-related infrastructure.
- It transfers the cost to existing homeowners, which includes low-income families and seniors. Significant increases in housing costs would be unaffordable for many.

### TWO



#### INEFFICIENT

- House prices are set through market demand.
- No evidence that shows reductions in development charges being passed directly to homebuyers through drops in house prices.

### THREE



#### INEFFECTIVE

- Higher property taxes and utility rates for municipalities with new development.
- Disincentive for residents to support new housing.
- Taxpayers and ratepayers would have to cover funds for infrastructure not recovered by development charges.

### FOUR



#### COUNTERPRODUCTIVE

- Municipalities may not have the funds available to put the infrastructure in place needed for development to occur in a timely way.
- Growth projects would compete with other municipal projects and increase pressure on property taxes.
- Reducing development charges would reduce growth.

If the province wants growth, someone is going to have to pay for it.

**Growth doesn't come for free.**



**VIA EMAIL**

**Subject:** Bill 66 - Restoring Ontario's Competitiveness Act

Good morning.

Please be advised that Town Council for the Town of Georgina considered Bill 66 – Restoring Ontario's Competitiveness Act, 2018, and respectfully request your consideration of the attached resolution indicating Council's position strongly recommending that Schedule 10 of Bill 66 be immediately abandoned or withdrawn by the Ontario Government.

Thank you.



**Carolyn Lance**

Council Services Coordinator  
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# GEORGINA

## Council Resolution January 16, 2019

Moved by Councillor Neeson, Seconded by Councillor Harding

### **RESOLUTION NO. C-2019-0021**

WHEREAS the Provincial Government introduced Bill 66 entitled "Restoring Ontario's Competitiveness Act" on the final day of sitting in the 2018 Ontario Legislature, December 6<sup>th</sup>, 2018 and;

WHEREAS significant concerns have been communicated regarding schedule 10, among other schedules contained therein by residents, community leaders, legal and environmental organizations such as the Canadian Environmental Law Association (CELA), EcoJustice, Environmental Defence Canada, Ontario Nature, South Lake Simcoe Naturalists, The Simcoe County Greenbelt Coalition, The David Suzuki Foundation, AWARE-Simcoe, Lake Simcoe Watch and the North Gwillimbury Forest Alliance that provisions within Bill 66 will weaken environmental protection, undermine democratic processes and potentially endanger public health and;

WHEREAS provisions of Bill 66 allow for an "Open for Business" bylaw, which may be approved without any public consultation of the citizens of the Town of Georgina and;

WHEREAS provisions of Bill 66 allow an "Open for Business Bylaw" which would permit major development in the Town of Georgina which most notably would no longer have to have any legislative regard for certain sections of:

- *The Planning Act*
- *The Provincial Policy Statement*
- *The Clean Water Act*
- *The Great Lakes Protection Act*
- *The Greenbelt Act*
- *The Lake Simcoe Protection Act*
- *The Oak Ridges Moraine Conservation Act and;*

WHEREAS the Town of Georgina remains committed to source water protection, *The Lake Simcoe Protection Act*, the integrity of the Greenbelt and it understands the benefits for protecting these features in support of our local economy and quality of life, and

WHEREAS notwithstanding the potential future adoption of Bill 66, that the Town of Georgina will continue to remain committed to making sound decision regarding resource and environmental preservation that remain consistent with the Clean Water Act, 2006, the Provincial Policy Statement and other legislative tools which provide for good planning, while balancing the need for economic development and providing environmental and public health protection;

NOW THEREFORE BE IT RESOLVED THAT the Town of Georgina strongly recommends that schedule 10 of Bill 66 be immediately abandoned or withdrawn by the Ontario Government and;

BE IT FURTHER RESOLVED THAT The Town of Georgina declares that notwithstanding the potential future adoption of Bill 66, the Town of Georgina's Council will not exercise the powers granted to it in schedule 10 or any successor schedules or sections to pass an "open for business planning bylaw" without a minimum of two (02) public meetings which shall be advertised twenty (20) days in advance in the Georgina Advocate or its successor, and also shall be advertised in any other local media resource that is widely available to the public in the Town of Georgina, by way of bylaw and;

BE IT FURTHER RESOLVED THAT staff be directed to draft such a bylaw for Council's consideration should Bill 66 be given royal assent and be given force and effect and;

BE IT FURTHER RESOLVED THAT the Town of Georgina requests the Province of Ontario to release draft criteria and draft regulations, and to provide a commenting period in advance of consideration by the legislature, and;

BE IT FURTHER RESOLVED THAT a copy of this motion be sent to the Honourable Doug Ford, Premier of Ontario, the Honourable Steve Clark, Minister of Municipal Affairs, Andrea Horwath, MPP and Leader of the Official Opposition and the Ontario NDP Party, MPP John Fraser, Interim Leader of the Ontario Liberal Party, MPP and Leader of the Green Party of Ontario, Mike Schreiner, the Honourable Caroline Mulroney, MPP York-Simcoe, Attorney General and Minister Responsible for Francophone Affairs and;

BE IT FURTHER RESOLVED THAT a copy of this motion be sent to the Association of Municipalities Ontario (AMO), all MPP's in the Province of Ontario and all Municipalities in Ontario for their consideration.

A recorded vote was requested; the Deputy Clerk recorded the vote as follows:

	<u>YEA</u>	<u>NAY</u>
Mayor Quirk	X	
Councillor Waddington		X
Councillor Neeson	X	
Councillor Sebo	X	
Councillor Harding	X	
Regional Councillor Grossi		X
Councillor Fellini	X	

Yea – 5    Nay - 2

**Carried.**