

Tuesday, July 7, 2020

The Honourable Steve Clark
Minister of Municipal Affairs and Housing
College Park 17th Flr, 777 Bay St
Toronto, Ontario M7A 2J3

Dear Minister Clark,

RE: Misuse of Development Charge Deferral Eligibility in Market Rental Developments

The City of Guelph welcomes the Government of Ontario's interest in increasing the supply of affordable housing in local communities. As a fast growing urban centre with low vacancy rates, encouraging affordable housing developments and other developments across the housing continuum are a priority for Guelph and for our residents.

A mechanism put in place by the province to increase affordable housing supply is the ability to defer the payment of development charges (DC) for new housing developed by non-profits for up to 20 years. The City remains concerned about the cumulative negative fiscal and administrative impacts that this and other changes to development charges and the new community benefit charge framework may have for local governments. Development charges are critical in funding key municipal services that residents depend on every day. For this reason, eligibility for any supports meant to facilitate affordable housing projects should be exclusively designed for affordable housing.

One of the unintended consequences of the province's DC deferral eligibility policy is that it enables non-profit organizations to defer DC payments on market housing developments. The City of Guelph recommends that market housing projects, including market rental developments, be ineligible to qualify for the 20 year deferral window, even if the proponent is a non-profit organization. Similar care should be taken to ensure that market rental housing developments are ineligible for any supports meant to increase affordable housing supply under the province's CBC framework.

Solution: Amend Section 26.1 (2) of the *Development Charges Act* to clarify that DC deferrals for non-profit housing developments do not include market rental developments proposed by non-profit organizations.

Regulations under the yet to be proclaimed Section 37(4) of the *Planning Act* should also prevent market-rental developments from being eligible for CBC deferrals regardless of the organization type.

I hope that you will consider this input from the City of Guelph as you move forward implementing Ontario's Housing Supply Action Plan.

If you have any questions or comments, I encourage you to contact Leslie Muñoz, Manager, Policy and Intergovernmental Relations, for the City of Guelph at leslie.munoz@guelph.ca.

Sincerely,



Scott Stewart, Chief Administrative Officer
City of Guelph

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CC Mayor Jamie McGarvey, Town of Parry Sound, AMO President;
Trevor Lee, Deputy Chief Administrative Officer, Corporate Services, City of Guelph; and
Jodie Sales, General Manager, Strategy, Innovation and Intergovernmental Services, City of Guelph.