

May 30, 2019

Mr. John Ballantine, Manager
Municipal Finance Policy Branch
Municipal Affairs and Housing
13th Floor, 777 Bay Street
Toronto, ON M5G 2E5

Delivered via email: john.ballantine@ontario.ca

Dear Mr. Ballantine:

RE: Environmental Registry of Ontario Posting #019-0017 (Bill 108 - (Schedule 3) – the proposed More Homes, More Choice Act: Amendments to the *Development Charges Act, 1997*)

The Ontario Federation of Agriculture (OFA) is Canada's largest voluntary general farm organization, representing more than 38,000 farm family businesses across Ontario. These farm businesses form the backbone of a robust food system and rural communities with the potential to drive the Ontario economy forward.

As part of the government's Housing Supply Action Plan, Bill 108, the proposed More Homes, More Choice Act would, if passed, make changes to existing legislation, including the *Development Charges Act, 1997*.

The proposed changes to the *Development Charges Act, 1997* should help to boost the supply and mix of housing options. These proposed changes are also intended to make housing more attainable by reducing costs to build certain types of homes.

OFA fully supports efforts that enhance intensification and higher urban densities. Exempting second units in newly built homes or ancillary structures, and in ancillary structures to existing homes, and the conversion of communal areas to residential units in rental buildings from development charges will make housing more attainable and will have a positive impact on urban densities.

Municipal government budget impacts must also be considered. Property tax rates are impacted when the costs for infrastructure required to service new growth exceeds the development charges collected. However, intensification and higher urban densities will lower the per capita costs of certain municipal services, such as public transit.

Achieving higher urban densities through incentivizing infill development within existing urban municipal boundaries helps protect Ontario farmland. Ontario's Provincial Policy Statement appropriately acknowledges the need to protect agricultural land. Only 5% of Ontario's land base

is suitable for agriculture. And since we have no way to make more soil, we need to hold on to all the productive land and soil we have. And if the supply of available, productive agricultural land continues to dwindle, everyone will suffer. Every day, prime agricultural land is lost to non-agricultural uses like housing and commercial developments and aggregate extraction. Statistics Canada reports illustrate this very clearly. In the five-year period between 2006 and 2016, nearly 390,000 hectares of farmland was lost. Ontario cannot sustain this level of farmland loss and continue producing enough food, fiber and fuel.

Development charges are a financial tool that can be adjusted to provide incentives to help keep farmland in production. Imposing development charges on building new farm structures creates a disincentive for farmers to reinvest in their farm operation, which undermines the financial viability of Ontario family farms and leads to the loss of agricultural land.

To create the financial incentives necessary to support the protection of agricultural land, farm buildings/structures should be exempt from development charges. Exempting farm structures from development charges, and maintaining them for all other types of development, will increase the relative cost for developing agricultural land for other uses, creating a financial incentive to keep agricultural land in production.

In addition, exempting farm structures from development charges is consistent with the purpose of development charges, i.e., “to pay for increased capital costs required because of increased needs for services arising from development”. New farm residences should be treated the same as other new residences with regards to development charges. The construction of new farm buildings/structures, however, does not generate growth-related capital costs. Therefore, development charges should not apply to farm buildings/structures. If they do, farmers are bearing more than their share of the municipality's additional capital expenditures.

Most municipalities in agricultural areas have chosen to exempt farm buildings from development charges. However, subsequent by-laws may inadvertently omit the existing exemptions for farm buildings/structures unless farmers and municipal counselors are vigilant.

Standardizing the application of development charges to agriculture through a province-wide exemption would prevent farmers from facing inequitable treatment in a minority of municipalities that have inadvertently not provided an exemption.

Therefore, OFA requests that the *Development Charges Act* be amended to provide a statutory exemption to farm buildings/structures from all development charges.

Sincerely,



Keith Currie
President

cc: OFA Board of Directors