Ontario Federation of Agriculture

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Ministry of Municipal Affairs and Housing
777 Bay St.
Toronto, ON
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Submitted online and sent via email to MFPB@ontario.ca

Dear MMAH officials,

RE: ERO # 019-8371 and RRO # 24-MMAH006: Proposed changes to the *Development Charges Act, 1997* to Enhance Municipalities' Ability to Invest in Housing-Enabling Infrastructure

The Ontario Federation of Agriculture (OFA) proudly represents more than 38,000 farm family members across the province, supporting our members and the agri-food industry on issues, legislation and regulations administered by all levels of government. OFA is passionate and dedicated to ensuring that the agri-food sector and rural communities are considered and consulted with for any new or changing legislation that would impact the sustainability and growth of our farm businesses.

Summary of OFA recommendations

1. OFA supports the repeal of the mandatory five-year phase in for development charge rates.
2. OFA supports reinstating background studies as an eligible capital cost for development charges.
3. OFA supports the proposals to streamline the process for extending development charge by-laws.
4. OFA strongly encourages the province to amend the *Development Charges Act* to provide a statutory exemption for farm buildings from development charges.

OFA appreciates this opportunity to provide input with respect to the Environmental Registry posting # 019-8371 and the Regulatory Registry of Ontario posting # 24-MMAH006, which proposes changes to the *Development Charges Act*.

OFA firmly believes that growth must pay for growth. The capital infrastructure costs required to service new development should be paid for by developers and not the current base of property taxpayers. OFA supports the proposed changes to the *Development Charges Act* which will allow municipalities to collect more revenue, faster from Development Charges (DCs) to ensure the cost of growth-related capital costs are not shifted onto existing taxpayers.

OFA supports repealing the five-year phase in for DC rates which will allow municipalities to more quickly recover the necessary costs to invest in the infrastructure required by new residential and commercial development.

OFA welcomes the reinstatement of the cost of DC background studies as an eligible capital cost. This change is in alignment with our view that developers should bear the full cost of growth-related capital expenditure which includes the cost and planning required to deliver those capital costs. This proposal is especially helpful for small and rural municipalities who have a smaller tax base and could less afford to pay for these studies using funds from the general tax levy.

The extension of DC by-laws using a streamlined process is a sensible approach to minimize red-tape and have more DC revenue used for its intended purpose of paying for infrastructure rather than additional fees for redundant background studies.

OFA has long advocated for a statutory exemption for farm buildings from DCs since farm structures like barns do not contribute to growth related capital expenditures in the same way as other development.

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.

Exempting farm structures from DCs 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 to creating financial incentives to preserve agricultural land, exempting farm structures from paying DCs makes sense given the purpose of DCs are "to pay for increased capital costs required because of increased needs for services arising from development".

New farm residences, with an MPAC unit classification of RU (residential unit) or FRU (farm residential unit) should be treated the same as other new residences with regards to DCs. Growth-related capital needs can be attributed to all new residences.

The construction of new farm buildings/structures, however, does not generate growth-related capital costs. Therefore, DCs should not apply to farm buildings/structures. If they do, farmers are bearing more than their share of the municipality's additional capital expenditures.
The majority of municipalities acknowledge that applying DCs to farm buildings is inappropriate. 74% of all municipalities with a Development Charge by-law already provide some form of exemption for agricultural buildings. However, the DCs applied to farm buildings in the minority of municipalities creates regional imbalances and disincentives farmers from reinvesting back into their business.

Standardizing the application of DCs 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.

To support the ministry's policy objective of protecting prime agricultural areas for the long-term use for agriculture and to ensure DCs are focused on development that will generate growth-related capital costs, the *Development Charges Act* should be amended to provide a statutory exemption to farm buildings/structures.

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Thank you for considering our views. We remain committed to working collaboratively with the Ministry and other stakeholders to ensure that legislative changes support the sustainability and growth of Ontario's agri-food sector and rural communities.

Sincerely,

Drew Spoelstra

Drew Spoelstra
President

cc: The Hon. Paul Calandra, Minister of Municipal Affairs and Housing
The Hon. Lisa Thompson, Minister of Agriculture, Food and Rural Affairs
OFA Board of Directors