



Greenspace Alliance of Canada's Capital  
Alliance pour les espaces verts dans la capitale du Canada

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To:  
Development Charges Consultation  
Ministry of Municipal Affairs and Housing  
Municipal Finance Policy Branch  
777 Bay Street, 13th Floor,  
Toronto, ON M5G 2E5

By E-mail: [DCAconsultation@ontario.ca](mailto:DCAconsultation@ontario.ca)

Re: Consultation on Development Charges in Ontario

The Greenspace Alliance was founded in 1997 and works to preserve and enhance green spaces in the National Capital area. We believe that urban greenness is essential for a community's quality of life. Places of greenness (including waterways and wetlands) contribute to our personal, social, economic, cultural and spiritual well-being. They also connect us with the natural and cultural history of our region.

Our comments are based on our experience with development in Ottawa. We believe that growth should pay for growth by covering all of the capital costs of growth, and that higher cost areas for growth should cover their higher costs. Our answers are framed with that principle in mind. It is our opinion that while this will probably raise the cost of single family homes in some of the suburbs the market will adjust over time by building smaller homes and more doubles and townhouses as well as through the lower costs for development by allowing homes in lower cost areas to reflect those lower costs.

The Development Charges Process

*1. Does the development charge methodology support the right level of investment in growth-related infrastructure?*

No, because as now legislated it is not possible to have charges which fully pay for growth. Since Costs are to be based on the average of the previous 10 years, no allowance is being made for very recent major changes in technology or to the effects on the average costs of differences in inflation over that period. In the future period over which the capital costs will be incurred this basis, even when adjusted for inflation, may become more and more inadequate.

In addition, since the costs may differ considerably by area, if the charges are not calculated and imposed for areas of high development costs separately then more development may occur in those areas than is desirable.

*2. Should the Development Charges Act, 1997 more clearly define how municipalities determine the growth-related capital costs recoverable from development charges? For example, should the Act explicitly define what is meant by benefit to existing development?*

Yes. Here is where the use of separate areas for calculating and imposing development charges can greatly assist, as the usefulness of a road in one area may be very minimal to residents of a different area. In the central area it is likely that most road development outside it is not a benefit but a dis-benefit to the population in that area by increasing the traffic on the streets. Distinct area charges should be encouraged and thus benefit to existing defined to ensure more accuracy. One might also argue that, since the need for the service is due to the growth in the area concerned, no benefit to existing should be included for any population except that in the immediate area.

*3. Is there enough rigour around the methodology by which municipalities calculate the maximum allowable development charges?*

No, but we believe the methodology should be changed first and then further rigour may be considered. Since the *Development Charges Act* precludes fully paying for growth this question seems to be aimed at decreasing the charges rather than increasing them.

### Eligible Services

*4. The Development Charges Act, 1997 prevents municipalities from collecting development charges for specific services, such as hospitals and tourism facilities. Is the current list of ineligible services appropriate?*

No. In addition to the examples quoted (hospitals, waste management) we would include cultural services. There also could be a provision that leaves it to the municipality's discretion to expand the list of eligible services so that currently unforeseen or situation-specific services may be included.

*5. The Development Charges Act, 1997 allows municipalities to collect 100% of growth-related capital costs for specific services. All other eligible services are subject to a 10% discount. Should the list of services subject to a 10 % discount be re-examined?*

Yes. We see no rationale for such a discount, most importantly not for transit. "Soft services" (parkland, libraries, daycares, recreational facilities) also should not be discounted. In essence, the benefit to existing provides for such a discount already.

*6. Amendments to the Development Charges Act, 1997 provided Toronto and York Region an exemption from the 10-year historical service level average and the 10% discount for growth-related capital costs for the Toronto-York subway extension. Should the targeted amendments enacted for the Toronto-York Subway Extension be applied to all transit projects in Ontario or only high-order (e.g. subways, light rail) transit projects?*

All transit-related capital costs should be covered by such provisions, i.e., exempted from the 10-year historical service level average and the 10% discount. Any encouragement of transit is beneficial to the community at large.

### Reserve Funds

*7. Is the requirement to submit a detailed reserve fund statement sufficient to determine how municipalities are spending reserves and whether the funds are being spent on the projects for they were collected?*

Presumably such statements should be made public and if sufficiently detailed will provide information on how municipalities are spending reserves on the projects for which they were collected.

*8. Should the development charge reserve funds statements be more broadly available to the public, for example, requiring mandatory posting on a municipal website?*

Yes.

*9. Should the reporting requirements of the reserve funds be more prescriptive, if so, how?*

Yes. To ensure that there are good records of the reserve funds it may be advisable to prescribe what elements must be included.

### Section 37 (Density Bonusing) and Parkland Dedication Questions

*10. How can Section 37 and parkland dedication processes be made more transparent and accountable?*

As we are not experienced with Section 37 we will answer only for parkland dedication. Ottawa is now allocating much of the funds paid in lieu of parkland dedication on a ward basis. Unfortunately, while this ensures the money goes to the areas under growth pressure, it ignores wider needs such as to preserve ecologically important areas; this could be remedied through legislation. To increase transparency, a project that involves providing funds in lieu of parkland should include such a proposal in the application.

*11. How can these tools be used to support the goals and objectives of the Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe?*

Parkland dedication can assist in preserving provincially significant wetlands and woodlands as required by the PPS.

### Voluntary Payments Questions

*12. What role do voluntary payments outside of the Development Charges Act, 1997 play in developing complete communities?*

Such payments may ensure that services such as those related to transit (e.g. park-and-ride facilities) are in place as the community is built, encouraging transit use; or that parks are provided earlier than the municipality may be able to provide them.

*13. Should municipalities have to identify and report on voluntary payments received from developers?*

Yes.

*14. Should voluntary payments be reported in the annual reserve fund statement, which municipalities are required to submit to the Ministry of Municipal Affairs and Housing?*

Yes.

### Growth and Housing Affordability Questions

*15. How can the impacts of development charges on housing affordability be mitigated in the future?*

The use of area specific development charges will ensure that lower development cost areas will not be paying the development charges of higher development cost areas thus reducing such areas' development charges. Such areas might also be used for municipal housing projects to provide more lower rental housing.

*16. How can development charges better support economic growth and job creation in Ontario?*

Development charges that more clearly pay more of the costs of growth would ensure that municipalities will have more funds to maintain their older infrastructure and replace it as required. Fair development charges would alleviate and perhaps altogether stop the steady increase in property taxes, reducing the tax burden and cost for consumers and businesses and freeing money for spending and investing towards economic growth.

### High Density Growth Objectives

*17. How can the Development Charges Act, 1997 better support enhanced intensification and densities to meet both local and provincial objectives?*

Area determined development charges will ensure that central areas usually will have lower charges thus encouraging intensification in such areas. More encouragement of transit as suggested above in the answer to Question 6 will also encourage increased densities.

*18. How prescriptive should the framework be in mandating tools like area-rating and marginal cost pricing?*

The City of Ottawa is in the position to fairly easily have area pricing for at least the following areas : Inside the Greenbelt; Kanata; Stittsville; Orleans; Barrhaven; Leitrim; Riverside South; rural. The Province should suggest that any areas separated by water bodies be treated as separate for the purpose of development charges and that where feasible a central area be defined for development charges purposes. Other areas which can be relatively easily defined should also be treated separately. Ward boundaries may be used.

Marginal cost pricing is, in general, not advisable as it can easily be abused to leave fixed, common or overhead costs not recoverable.

*19. What is the best way to offset the development charge incentives related to densities?*

This question puzzles us. Perhaps this is because we have quite low development charges inside of the National Capital Greenbelt which has encouraged development (intensification) in that area. Thus we see no need to offset area-based development charges that encourage intensification in lower cost areas.

Submitted on behalf of the Alliance by  
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Co-chair