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January 8, 2014

John Ballantine, Manager
Ministry of Municipal Affairs and Housing
Local Government and Planning Policy Division
Municipal Finance Policy Branch
777 Bay Street, Floor 13
Toronto, ON M5G 2E5

Dear Mr. Ballantine,

**RE: Environmental Bill of Rights (EBR) Registry Number 012-0281
Development Charges Act, 1997 Consultation**

We commend the Ministry of Municipal Affairs and Housing for opening dialogue and leading consultation on Ontario's Development Charges Act, 1997, proactively seeking input from municipalities and community stakeholders. Thank you for the opportunity to engage with this consultation process and share the Ontario Farmland Trust's (OFT) recommendations related to the use of development charges throughout the province. Several of OFT's recommendations are supportive of positions being put forward by the Canadian Environmental Law Association and Ontario's major farm organizations as part of this consultation. OFT brings a unique perspective to land use planning and related policy discussions, as the only province-wide organization specifically dedicated to supporting and advancing the protection of Ontario's rich farmland resources. Our Board of Directors includes stakeholders from the land conservation and agricultural sectors, as well as planners and academics.

OFT's primary concern is the ongoing and permanent loss of tens of thousands of acres of farmland every year to urban sprawl and other non-agricultural developments across the province. With over 2.8 million acres lost since 1976, and an additional 350 acres leaving production each day, this trend is highly unsustainable. It must be reversed for Ontario's foundational \$34 billion food and farming sector to remain strong, vibrant, profitable and productive as a key driver of the provincial economy.

The Development Charges Act influences the patterns and types of development we see in Ontario, and can have significant impact on the extent of greenfield development and efficiency of land use in communities across the province. By restructuring elements of the Act, municipalities can be given the opportunity to develop new incentives and mechanisms to direct growth and development in a way that:

- Accounts for the full cost of required new municipal services;
- Encourages compact development in existing settlement areas; and,
- Emphasizes the use and improvement of existing infrastructure.

As a result, municipalities can be empowered to limit new greenfield development and better protect working farmlands – a priority for many communities and a core provincial interest.

Environmental Defence's 2013 development charges study, *The High Cost of Sprawl*, shows that the application of development charges in most Ontario municipalities is encouraging urban sprawl and inefficient land development, and increasing the costs of municipal servicing at the expense of existing taxpayers. The result is unnecessary or premature urban development on productive farmland and a waste of land resources. It is also contrary to provincial land use plans and policies like the Places to Grow Act and Provincial Policy Statement that emphasize compact, higher density forms of development and preservation of agricultural lands.

The study also finds that 39 percent of the cost of new infrastructure and services required for new developments in Greater Golden Horseshoe municipalities falls to existing taxpayers, resulting in higher property taxes and/or fewer municipal services. The current Development Charges Act does not allow municipalities to collect enough money from development charges to offset all new servicing costs.

Some types of land development are more costly for a municipality to service than others, yet development charges may not adequately incentivize land use efficiency. Building in existing urbanized areas usually requires fewer municipal resources, assuming capacity of the existing network is sufficient, as much of the infrastructure and servicing is already in place. Greenfield development requires all services to be installed from scratch. Unfortunately, development charges are usually averaged across all building units, regardless of whether it costs more to provide services to some locations. This approach means higher density units built in locations that are easier to service end up subsidizing units that use land less efficiently and are located on sites that are expensive to service. For example, developers building large houses on large lots often don't pay the full costs of installing the services these homes need. In contrast developers and purchasers of smaller houses built on modest lots may overpay in development charges and inadvertently subsidize sprawl developers and homebuyers.

Recommendation 1: The Development Charges Act should require municipalities to differentiate between development on greenfields and development in urbanized areas, and provide incentives for the types of development that make more efficient use of land. Municipalities should use development charge systems to incentivize and encourage growth in areas where services already exist and are underused, rather than incentivizing greenfield development. Greenfield development, which is more costly to build, service and maintain, should face higher development charges. Infill and high-density development should be subject to development charge discounting.

Recommendation 2: Development charges should be maximized on greenfield sites identified as 'prime agricultural land' or 'prime agricultural areas,' as defined by the Provincial Policy Statement, where the protection of Class 1-3 farmland is to be prioritized. This requirement, coupled with more disincentives for urban sprawl development on greenfields, as suggested in recommendation 1, will help to direct development away from prime agricultural lands and farming areas, and put the focus on maximizing development and land use efficiency in existing, serviced settlement areas.

Recommendation 3: Municipalities should be permitted to allocate funds from higher development charges on prime agricultural land to land securement programs that permanently protect farmland elsewhere in the community. When productive farmland is developed for another use, it is the permanent loss of a unique, limited and non-renewable resource. The new non-farm development replaces the existing agricultural economic activity and ecological function of these working lands. It represents a high cost to society and must be offset with the permanent protection of remaining agricultural lands in the community.

New funds from development charges collected to offset the destruction of prime farmland would boost active municipal greenlands securement programs in places like Halton, Peel and York Regions, or enable new agricultural land securement funds to be set up in municipalities where such programs are underdeveloped. Land securement funds can be used collaboratively by land trusts, municipalities, and other land conservation groups to acquire agricultural conservation easements that provide permanent protection of significant farming areas in the community, and provide programming and support required to effectively keep those lands in active agricultural production.

Recommendation 4: The Development Charges Act should provide a blanket exemption for development charges on the construction of farm buildings required for normal farm operations. Many municipalities have already created such an exemption, and the agricultural community would benefit from this becoming a universal standard that is applied throughout the province. Qualified farm buildings should be exempt because they require very little or no municipal services relative to other types developments. In addition, if development charges are applied to farm building construction, it can become a major burden on farm businesses and could be a real detriment to farm viability.

Recommendation 5: To achieve the goals outlined above, the Development Charges Act should be amended to give municipalities more flexibility in the calculation of development charges to ensure that these charges cover the full cost of growth-related costs and do not burden existing taxpayers. This may include changes to the Act suggested by the Municipal Finance Officers' Association, such as:

- Eliminating 10% mandatory discounts on development charges (Development Charges Act, 1997, section 5(1), paragraph 8);
- Removing the ineligible services list (Development Charges Act, 1997, section 2(4));
- Updating the historic average method of calculating service levels to reflect future service levels (Development Charges Act, 1997, section 5(1), paragraph 4).

Recommendation 6: The Province needs to provide more support to local governments, helping them adopt best practices for calculation and use of development charges. This may include creating new information resources that model best practices. These models would demonstrate the principles behind development charges and the connection with provincial and municipal land use policy objectives. They would also encourage changes to municipal development charges that allow for better recovery of new servicing costs and discourage sprawl onto greenfield sites.

Recommendation 7: The Province should conduct an annual analysis of municipal development charges and produce a publically-available report that compares each municipality's eligible development charge amounts with the amounts they are actually choosing to charge. This would bring more transparency to the way in which development charges are being applied and allow residents and taxpayers the opportunity to engage more with the process and express any concerns. Since Community Improvement Plans for brownfield and downtown revitalization often include development charge exemptions within defined areas, such regular studies by the Province could also properly document the exemptions already provided to encourage redevelopment versus greenfield development.

OFT supports provincial efforts to strengthen the protection of agricultural land through ongoing development and improvement of land use policies and related processes, such as the use of development charges. It is encouraging to see MMAH's leadership in review of the Development Charges Act at the same time as the review of the Provincial Policy Statement and the land use planning and appeals system – it is important to recognize and address the dynamic relationship between these policies and processes, as they may be improved to align and better protect the public interest and provincial planning objectives.

Thank you again for the opportunity to share the Ontario Farmland Trust's concerns and recommendations related to the Development Charges Act. We look forward to working with the province further to improve the protection of Ontario's agricultural land resources and our vibrant farming communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "N. Ragetlie".

Norman Ragetlie
Chair, Board of Directors

A handwritten signature in blue ink, appearing to read "Matt Setzkorn".

Matt Setzkorn
Executive Director