

Chair Laurie Scott, MPP
Standing Committee on Heritage, Infrastructure and Cultural Policy
99 Wellesley Street West Room 1405, Whitney Block
Queen's Park
Toronto, Ontario M7A 1A2

November 17, 2022

RE: Bill 23, Building More Homes Faster Act, 2022

Dear Chair Scott:

Thank you Chair for the opportunity to make a submission to the Standing Committee for its study of Bill 23, Building More Homes Faster Act, 2022.

I am writing on behalf of the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO). AMCTO represents excellence in local government management and leadership. With over 2,100 members covering all of Ontario's municipalities, we are Ontario's largest voluntary association of local government professionals and are recognized as an influential voice on key management and legislative issues affecting the sector.

For over 80 years, AMCTO has maintained a productive relationship with government by helping ensure the professional expertise and local understanding of our members is utilized to improve existing and/or new legislation, policy and programs.

This is why we are very concerned about the obvious lack of consideration for the sector within this bill. It is the second such bill in the last few months that ignores that municipalities are responsible and accountable governments which should be treated as partners who can provide keen insight into what is happening on the ground and bring a wider perspective to inform Provincial decision-making. We were further disappointed to see Bill 39 introduced this week again without consultation with the sector.

As we continue to be open to collaboration with the Province, we are raising our concerns regarding Bill 23 in the hopes that this Government will be amenable to amending the proposed bill to ensure that municipalities can continue to provide hard and soft services to their communities without incurring significant financial impact. The bill touches on several important policy areas that effect the municipal sector. While AMCTO is supportive of the stated objective of the bill related to building housing, the bill's narrow focus on local government processes ignores many other factors that affect housing supply in Ontario. This bill proposes to hold municipalities to specific targets, without asking others to do the same. Addressing the critical shortage of affordable and

attainable housing will take participation across the board, from all orders of government and from builders and developers.

AMCTO is aware and supportive of many of the submissions and contributions from across the municipal sector that raise concerns on the range of areas this bill touches on, particularly those that speak to the impacts to municipal finances, infrastructure and soft services.

AMCTO's interests are focussed on the administrative and operational burden and financial impacts these changes may impose on the sector. This submission covers two areas in particular: the impact to municipal financial sustainability, and the impact on municipal processes and administration.

Municipal financial sustainability

The bill proposes a number of changes which could have a significant impact on municipal financial sustainability. While not an exhaustive list, the bill introduces fundamental changes to the *Development Charges Act*, which will fundamentally impact municipalities' ability to ensure growth pays for growth, requires new targets for housing units without any clear indication of what financial supports the Province intends to contribute, proposes a realignment of responsibilities, as is discussed further below, without a plan to support the hiring of additional staff to fulfill these additional roles, and requires municipalities to spend or allocate municipal reserves which have been committed to support planned infrastructure projects and are part of a municipality's overall asset management planning strategy.

Municipalities are extremely limited in the ways that they can collect revenue, relying on transfers from other levels of government to mitigate property tax rate increases, fund critical infrastructure and balance annual budgets.

Municipalities already face an infrastructure funding gap that requires additional financial investments, resources and supports. For instance, planning for increasing secondary units and so-called in-law suits will place more strain on water and wastewater systems which will need to be upgraded to increase capacity. While there is potential for increased assessment value, this will not be enough to cover the loss, and with assessment continuing to be based on 2016 values, municipalities face uncertainty in anticipating what are their available tax revenues. Given increased usage, this will require additional financial resources to manage water and wastewater systems. At the same time, municipalities face increased budgetary pressures because of inflationary costs, increased citizen expectations and the transfer of responsibilities from the Province, a list which now would include additional planning and environmental protection matters because of this bill as we outline below.

Removing or reducing revenue streams for municipalities, while requiring them to fulfill additional roles and meet increased targets, without introducing new opportunities for

revenue puts municipalities in a position where they have no choice but to rely on their existing municipal tax base to fund growth.

Despite indications that the Province would help municipalities recover revenues lost, we have yet to see any firm commitments to do so. We would take this opportunity to reinforce the need to provide predictable, long-term and stable funding. One-off grants will be insufficient to cover what will be ongoing revenue losses.

We would request that the committee consider these facts in their deliberations and make amendments accordingly.

Consideration for municipal processes and administration

This bill was introduced the day after municipal voting day, and written submissions to this Committee are due just two days after the formation of new councils across the Province. Many municipal administrators hold multiple roles and have been busy ensuring that elections are efficient, accessible, and transparent as well as preparing their new councils for leadership.

The municipal sector has indicated to the Province that they are willing partners to solve the housing crisis. However, the timing of the introduction of the bill does not account for the legislated obligations that municipalities have during this time. In order to provide their best advice to council, municipal administrators need time to conduct thoughtful research to inform evidence-based positions.

By introducing the bill at this time, without first conducting comprehensive consultation with the sector, the Province has not indicated a willingness to work with municipalities towards solutions to housing supply issues.

The bill proposes changes to municipal structures and responsibilities. While not an exhaustive list, the bill removes planning responsibilities from several upper-tiers and removes responsibilities from Conservation Authorities.

Changes made to provincially mandated locally-delivered services should be made in partnership with the municipal sector. Administrative burdens created through policy changes meant to streamline service-delivery without a thorough understanding of or consideration for municipal operations established by the other orders of government impose costs on municipalities requiring significant administrative capacity. This means that municipalities may need to hire additional staff to meet increased service demands and to respond to new responsibilities this bill imposes.

Further to this point, there are municipalities who have gone through a multi-year process of analysis, amendments and community engagement on various by-laws and plans including Official Plans spending financial resources and countless hours to do so. AMCTO has long advised that to ensure efficiencies, timelines for Provincial initiatives should consider and where possible align with and respect the work already being done locally. Or at least, in the spirit of transparency, provide enough notice of

upcoming changes that municipal staff can pivot and adjust their project planning so that duplication and the waste of precious staff time and municipal financial resources can be avoided.

Conclusion

In closing, we have expressed concerns about the bill's impact to municipal financial sustainability, and its effect on municipal processes and administration which will cause additional burden on our members and other municipal staff.

While AMCTO is supportive of the government's efforts to address housing supply and measures to improve local and provincial processes, changes as fundamental to municipal organizations as what has been proposed in Bill 23 should not be made without comprehensive consultation with the sector.

Requiring municipalities to do more with less puts them in impossible positions, ultimately shifting the extra burden on their residents through property taxes to pay for hard and soft services, or alternatively, cut services. Sweeping changes with cumulative impacts to municipal budgets and local processes should be made in partnership with municipalities in order to deliver on shared municipal-provincial priorities.

Thank you again for the opportunity to make a submission to the Standing Committee.

Yours truly,



Elana Arthurs, CMO, AOMC
President, AMCTO

CC: Hon. Steve Clark, Minister of Municipal Affairs and Housing
Kate Manson-Smith, Deputy Minister, MMAH
Hon. Peter Bethlenfalvy, Minister of Finance
Hon. Kinga Surma, Minister of Infrastructure
Brian Rosborough, Executive Director, Association of Municipalities of Ontario
Donna Herridge, Executive Director, Municipal Finance Officers Association