FONTRA
FEDERATION OF NORTH TORONTO RESIDENTS' ASSOCIATIONS

July 11, 2022

Toronto City Hall
100 Queen Street West
Toronto, ON M5H 2N2
Attention: Julie Amoroso
email: exc@toronto.ca

RE: EX34.2 Growth Funding Tools - Community Benefits Charge

Dear Mayor John Tory, Chair and Members of Executive Committee,

Thank you for this comprehensive report on the second plank of the Growth Funding Tools triad. And like the others the city is the unlucky recipient of arbitrary and short-sighted provincial decision-making.

“The Community Benefits Charge (CBC) is set out in the new Section 37 provisions of the Planning Act replacing the current authority to permit increased height and/or density in return for the provision of a benefit or cash contribution ('Density Bonusing'), which expires on September 18, 2022. The new Section 37 authorizes a municipality to collect CBCs against land to pay for the capital costs of facilities and services required as a result of development or redevelopment. The City is required to enact a CBC bylaw, supported by a CBC strategy, before it can collect CBCs.

The CBC applies a maximum standard rate to developments that have at least 5 storeys and 10 or more residential units, provided they are not exempt by statute or bylaw, the latter of which may be determined by Council. Previously, Section 37 Density Bonusing was determined on a site by site negotiation, guided by Official Plan policies and Council adopted guidelines. The new Section 37 Community Benefits Charge is based on the appraised value of the land and restricted so that the charge cannot exceed four percent of land value at the time a building permit is issued.
Based on an assessment of applications in the City’s development approval pipeline and projected land values, it is anticipated that the changes to Section 37 will result inthe City collecting significantly less revenues than the current Section 37 Density

Bonusing approach, notwithstanding that the CBC may apply to a wider range of developments. While the intention of GFTs is that growth should pay for growth, the four percent cap for the CBC is not sufficient to fully offset CBC eligible growth-related capital costs. Based on the growth forecast, the City anticipates it will recover an average annual amount of $70 million each year over the next 10 years through CBCs, before the proposed exemptions and transition discussed in the report. However, the CBC Strategy estimates the City will require upwards of $2.3 billion in CBC eligible net costs over the same 10 year timeframe as a result of eligible development. This leaves the City with a remaining funding gap of almost $1.6 billion".

The CBC approach recommended by staff also provides additional incentives for affordable housing programs by exempting in the CBC Bylaw both Housing Now developments, including market units and Affordable Housing units secured through a municipal housing facility agreement from a CBC payment. In addition, complete applications for residential development in the City's development pipeline that are less than 10,000 square metres will not be subject to the CBC. The above policies that advance City priorities and protect development projects in the pipeline are estimated to further reduce anticipated CBC revenues initially by about $36 million annually.

The new use of 4% cap on land value does not recognise differences in the size of the development. In comparing the Community Benefits Charge (CBC) to the previous Section 37 Density Bonusing, an analysis of the City's historic development applications demonstrates that had the four percent cap on land value been in effect over the past five years, the benefits secured as a result of Section 37 of the Planning Act would have been reduced by $50 to $70 million, or 40% annually.

FoNTRA's comments are as follows:

Basis of the charge

- We regret the elimination of the "Density Bonus" basis of the Section 37 charge. The Section 37 Density Bonus was perhaps a token, but tangible recompense to the City related to development that exceeded what was allowable under the Official Plan and zoning bylaw. This change appears to increase even further the incentive for developers to seek developments that exceed the City's Official Plan policies and zoning bylaws – now only the Ontario Land Tribunal provides a (mostly delay) obstacle!

How the change was enacted

- We object to the lack of effective consultation employed by the Province in making these changes – we objected (in writing) both as FoNTRA and as a member of the Federation of Urban Neighborhoods - to no avail.

CBC 4% Cap

- We are very concerned about the reduced revenue resulting from the change and its implications – which are unknown! We recommend:
  - **That Council request the Province to increase the 4% cap tied to the size of the project.** (Perhaps through the City of Toronto Act as the funding shortfall appears to be more of an issue in Toronto than elsewhere)

Continue to Address Local impacts

- We believe that despite the basis of the calculation lacking a relationship to the development (being based on assessed value), Section 37 CBC should continue to address local impacts of development.
- Growth areas like Davisville or Yonge/Egllinton require capital investment in additional parks and local services to make life livable for the current and future residents of those communities.
- While development charges pay for infrastructure improvements required by growth (like water purification and distribution, sewers, and transit) that by their nature are not purely local, CBC levies should be allocated to local improvements that benefit the developments that pay those levies. We recommend
  - **That Executive Committee recommend to City Council that CBC continue to be allocated to capital investments in local areas affected by development projects, and that staff report back in 2023 regarding implementation details.**

Existing Section 37 Funds

- The former Section 37 (Density Bonusing) faced criticism for being non transparent both in the negotiations to reach the amount and its allocation, and in the record keeping. As these accounts will continue for several years, (plus the new CBC funds) the issue still needs to be addressed. We recommend:
  - **That Executive Committee request the City Manager to report back to Executive Committee in the first quarter of 2023 regarding the status of the existing Section 37 (density bonus) accounts, by Ward, and how public transparency can be increased regarding the status of the accounts, and the purposes for which they will be allocated.**

Exemptions

- The staff recommended strategy does include exemptions. While the proposed exemptions for housing with municipal funding agreements and transition- development pipeline seem reasonable we would be very concerned about additional exemptions, such as for small private projects.

Respectfully submitted,

Yours truly,

Geoff Kettel
Co-Chair, FoNTRA

Cathie Macdonald
Co-Chair, FoNTRA

Cc: Gregg Lintern, Chief Planner and Executive Director, City Planning Division
Heather Taylor, Chief Financial Officer and Treasurer
Andrew Flynn, Controller, Office of the Controller
Kerri Voumvakis, Director, Strategic Initiatives, Policy & Analysis, City Planning Division

The Federation of North Toronto Residents' Associations (FoNTRA) is a non-profit, volunteer organization comprised of over 30 member organizations. Its members, all residents' associations, include at least 170,000 Toronto residents within their boundaries. The residents' associations that make up FoNTRA believe that Ontario and Toronto can and should achieve better development. Its central issue is not *whether* Toronto will grow, but *how*. FoNTRA believes that sustainable urban regions are characterized by environmental balance, fiscal viability, infrastructure investment and social renewal.