

## City Council

### Motion without Notice

MM20.28	ACTION			Ward: 4
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**Authority to execute agreements under section 4.1 of the Development Charges Act relating to statutory exemptions for Affordable Residential Units - by Councillor Gord Perks, seconded by Councillor Shelley Carroll**

*\* This Motion has been deemed urgent by the Chair.*

*\* This Motion is not subject to a vote to waive referral. This Motion has been added to the agenda and is before Council for debate.*

### Recommendations

Councillor Gord Perks, seconded by Councillor Shelley Carroll, recommends that:

1. City Council authorize the Deputy City Manager, Development and Growth Services, in consultation with the Executive Director, Housing Secretariat, the Chief Financial Officer and Treasurer and the City Solicitor, to enter into and execute agreements pursuant to the Development Charges Act to provide residential units intended to be affordable residential units with an exemption from development charges and exclusions from the community benefits charge and parkland dedication requirements as contemplated by the Planning Act, which agreements will include the following terms and conditions, or as otherwise prescribed in accordance with the Development Charges Act:

- a. the landowner must register the agreement on title to land at their cost, in first priority, to the satisfaction of the City Solicitor;
- b. the tenant/purchaser must be at arms length with the landlord/seller;
- c. the tenant/purchaser must be an eligible tenant/purchaser as determined by the Executive Director, Housing Secretariat;
- d. units must meet the definition of an affordable residential unit set out in the Development Charges Act and the Provincial Affordable Residential Units Bulletin, as may be amended from time to time, for at least 25 years from the date the unit is first rented or sold;
- e. the value of the exemption and exclusions be secured in an amount and a form satisfactory to the Chief Financial Officer & Treasurer in consultation with the City Solicitor;
- f. requirements for the landowner to provide documentation and information annually or as otherwise required by and to the satisfaction of the Executive Director, Housing

Secretariat, to demonstrate compliance with the agreement;

g. if an event of default occurs, the value of the development charges attributable to the affordable residential unit(s) shall be due and payable immediately, and will be deemed to be an unpaid amount and will be required to be paid as a late payment, with interest, failing which the City may collect such amounts through the tax roll and the City may take such other actions deemed necessary to recover the value of the development charges exemption and community benefit charges and parkland dedication discounts, with interest; and

h. such other terms and conditions as may be required by the Deputy City Manager, Development and Growth Services, in consultation with the Executive Director, Housing Secretariat, the Chief Financial Officer & Treasurer, all in a form satisfactory to the City Solicitor.

2. City Council authorize the Deputy City Manager, Development and Growth Services, to require and execute any security documents that they consider appropriate, to secure any financial or other obligations under the agreement, which may include but is not limited to section 118 restrictions under the Land Titles Act, in consultation with the Chief Financial Officer and Treasurer and the City Solicitor.

3. City Council authorize the Deputy City Manager, Development and Growth Services, on behalf of the City, to execute any security or financing documents, or any other documents required in connection with the agreement referenced in Part 1 above or the security referenced in Part 2 above, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the agreement, as required by normal business practices, in consultation with the Chief Financial Officer and the Solicitor, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.

## Summary

In October 2022, the Provincial Bill 23, More Homes Built Faster Act, 2022 (Bill 23) introduced several changes to the Development Charges Act (DCA) and Planning Act, including a mandatory exemption from development charges and exclusions from the community benefits charge and parkland dedication for affordable residential units (collectively referred to as “exemptions” for the purposes of this motion).

The definition of “affordable” was updated by the Province in December 2023 through Bill 134, Affordable Homes Good Jobs Act, to include an income-based approach, in addition to a market-based threshold, that is to be used to determine eligibility for an exemption.

As was previously reported to City Council in May 2024 ([Item PH12.7](#)), the statutory exemptions came into force on June 1, 2024 and it applies to both rental and ownership units that meet the definitions set out in the Development Charges Act. The definitions are as follows:

### Affordable Residential Units – Rental

- The rent is no greater than the lesser of:
  - The income of a household that, in the Minister’s opinion, is at the 60th percentile of gross annual incomes for renter households in the applicable local municipality; and,
  - The rent that, in the Minister’s opinion, is equal to 30 per cent of the income of the household.

## Affordable Residential Units – Ownership

- The price of the residential unit is no greater than the lesser of:
  - The income of a household that, in the Minister's opinion, is at the 60th percentile of gross annual incomes for households in the applicable local municipality; and,
  - 90 per cent of the average purchase price that, in the Minister's opinion, would result in annual accommodation costs equal to 30 per cent of the income of the household.

On May 1, 2024, the Province published the Affordable Residential Unit Bulletin that sets out the affordable rents and ownership purchase prices for units that would qualify for the exemption. This bulletin is amended by the Province from time to time.

Under the Development Charges Act, landowners must enter into an agreement with municipalities that requires the unit(s) to be an affordable residential unit(s) for at least 25 years, in order to be eligible for this exemption. The City has previously indicated that while financial incentives for affordable units are supported in principle, the Province should provide direct incentives instead of reductions to municipal growth funding tools which are needed to ensure services necessary to support housing can be provided in a fiscally sustainable way. If incentives remain, that units should remain affordable for a longer duration (50 years), that incentives be required to be repaid with interest should units not remain affordable over the affordability period, and that the Province make the City whole with respect to the impacts ([PH12.7](#)).

The Development Charges Act sets out basic terms and conditions in connection with the exemption and authorizes aforementioned agreements to be registered on title to land and to be binding on all subsequent owners of the land. The Development Charges Act also provides that the Minister of Municipal Affairs and Housing may establish standard forms of agreement that must be used for this purpose, but to date standard forms have not been prescribed.

The City of Toronto is required to comply with the Development Charges Act and therefore must provide DC exemptions to eligible properties. City staff have been working to develop an approach to manage Development Charges Act agreements, including roles and responsibilities, processes, additional legal requirements, technology and resource requirements, and other considerations. Additional time is required to finalize this approach. On an interim basis, this motion is required to ensure appropriate authorities are in place for City officials during the Council recess should a landowner request an exemption under the Development Charges Act, and while a long-term approach is identified including any authorities required. The recommendations provide authority to staff to execute agreements pursuant to Section 4.1 of the Development Charges Act based on the terms and conditions set out in the recommendations.

This motion is urgent to ensure appropriate authorities are in place for City officials prior to the Council summer recess. It will ensure there is no delay in entering into agreements in support of providing affordable residential units, should a landowner be eligible for a statutory exemption of growth-related funding tools.

### **Background Information (City Council)**

Member Motion MM20.28

(<https://www.toronto.ca/legdocs/mmis/2024/mm/bgrd/backgroundfile-247891.pdf>)