

Ottawa, Ontario
14 May 2024

Councillor Riley Brockington
River Ward, Ottawa

Subject: 2024 Increase to Development Charges

Dear Councillor,

We, residents of River Ward of various ages (from our 20s to near 70s), of various home tenures (renters and homeowners), of various educational and work backgrounds and income levels, would like to address Council with the facts below. Our goal is for housing to be affordable, our biodiverse environment to be protected, to have a sustainable development model for our ward and city, and to grow opportunities for all residents, current and future.

While we understand the intent and agree that growth should pay for growth, we also understand this to be an extension of the principle that everyone should pay their fair share. However, the way development charges are calculated and applied, it is clear that they do not ensure that everyone pays their fair share. They instead push all capital costs, including some investments desirable even in the absence of growth, onto young and new residents exclusively.

Development Charges vs Affordability

Development charges didn't exist before 1989, yet new infrastructure and homes were built by the plenty. The strongest years on record for housing construction were during the 1970s. Depending on the jurisdiction, city levies and taxes represent 21% to 37% of housing costs and Ottawa is no exception. Development charges are a tax on renters and homebuyers, and they are harming the prosperity of our city through crippling housing unaffordability. It is inconsistent to say we care about housing affordability and continuously increase taxes and charges on homes as if they were undesirable. The only product we know of that is taxed more than housing are cigarettes... and cigarettes kill while housing is a human right.

We need a path that ensures everyone pays their fair share. Nobody disputes that, and the idea that newcomers would contribute to the incremental impact of the development is overall sensible. In practice, however, development charges (DCs) distort building incentives and create significant unintended consequences which harm young and new residents. For example, it raises the floor price of all housing, harming the most vulnerable residents of our city and leads to displacement when they can no longer afford the new prices. Development charges contribute to gentrification by lowering supply and increasing the floor price of housing.

Ottawa's Planning and Development Charges

We are happy to learn that the planned increase was reduced from 28% to 11% last week, but DC increases over the past decade have outpaced inflation by a magnitude that surpasses all measure and reason (over +212-258% increase since 2013 alone depending on housing type, while cumulative inflation since 2013 stands at 30%). If DCs must always increase way beyond inflation (and new legislation now allows municipalities to increase them more frequently too...) maybe there is a problem with how we fund and plan our city. It is not sustainable.

This week, **DCs should not increase any further without a rigorous investigation** into:

- 1) The impact of differential types of growth (infill vs greenfield) and their relative direct infrastructure costs against increase in municipal tax revenue,
- 2) An impact analysis on housing starts (lower DCs for a higher number of infill built dwellings can lead to higher revenues for the City), and
- 3) A GBA+/Environmental analysis of the impact of DCs on the City's long term growth goals to build a more sustainable and connected city.

Development Charges vs Growth

Current 2024 DC documents and past documents shared by the City clearly show that a large portion of planned expenses from DCs are infrastructure upgrades that would need to occur even in the absence of growth or expenses that are dubiously related to growth. For example, redesigning the failed intersection at Riverside Drive and Hunt Club which has been terrible long before any additional housing was planned or the Walkley roundabout which is entirely paid for by DCs -although not from housing built in Hunt Club- meanwhile Hunt Club residents will be primary beneficiaries of this investment.

Inside greenbelt developments in 2008 were not expected to pay for city-wide roads if those dwellings were not forecasted to contribute to traffic, but today, those future homeowners and new renters (45% of projected new dwellings) are expected to pay for the widening of commuting roads such as those for Findlay Creek and Carleton Place. This *Road Services* category represents 42% of infill inside the greenbelt DC charges. We do not understand why future renters at Tudor Hall or new residents in the St. Mary's development should pay higher rents and home prices for the widening of commuting roads from Findlay Creek and Carleton Place. It impoverishes our community and leads to more sprawl (because our homes will be relatively more expensive in order to subsidize suburban homes) creating a vicious cycle that exacerbates the housing crisis and degrades our environment further, not to mention the exponentially high liabilities (maintenance costs) these expanded roads create for the City and all of us as municipal taxpayers.

Similarly, recreation and water services development charges should be aligned with the developments that require those upgrades and new services. Infill developments should benefit from low development charges associated with the low impact of type of growth. If greenfield development is too costly, then we should allow the market to decide whether that is a desirable location for housing. As they stand, these development charges are a gift to wealthy developers who own greenfield land as it forces infill development to subsidize the costs associated with servicing those areas further away from the city. This is not acceptable. Growth pays for growth, but low-cost growth (infill intensification) shouldn't pay for (subsidize) high-cost growth (suburban sprawl). It is unfair to future residents in addition to creating a disincentive for environmentally friendly and fiscally responsible development for which we all pay.

The impacts, in practice, of development charges do not align with their intended goal. A different strategy that meets our goals must be identified. This can be achieved by demanding Staff studies more carefully these impacts (refer to the three investigations identified above).

What do we do now?

Our hope for this upcoming Wednesday's vote -tomorrow, is that Council will vote to **implement a three-year freeze on increasing development charges from April 2, 2024 levels** which is a condition to the \$6-billion Canada Housing Infrastructure Fund (CHIF). Thankfully, for now, receipts from the CHIF could offset (and more) the losses in development charges to the City. This is a win-win we cannot afford to lose out on. It also gives us a unique opportunity to complete the studies mentioned above to figure out how to improve our fiscal position and become a strong and financially resilient city.

To achieve this, we need to be brutally honest and acknowledge that the City is desperate for funds, in dire need of sound financial management, requires a long term plan to reduce its infrastructure liabilities to levels we can afford, and must raise revenues in a matter that promotes the City's strategic objectives, including addressing the housing crisis, the climate crisis, and our liabilities (infrastructure maintenance and costs) crisis. To this end, we ask you to propose that **Council follow in the footsteps of other Ontario municipalities that have sought the expertise of Canadian consultant, Brent Toderian, and the non-profit organization, Strong Towns**. Both have consulted for Guelph to balance their budget with sound expenditures and prioritize development and revenue generating streams in a manner that is fiscally responsible and aligned with the challenges faced by the City. These experts could complete the three studies mentioned above or support Staff in doing so.

Under the status quo, in Ottawa, we continue to do ourselves a disservice by ignoring available experts and the impacts of our current policies, and by trying to tax our way out of this mess at the very direct expense of your own children and new neighbours. We deserve better than this. We deserve a real vision.

Thank you in advance for bringing this important issue and our asks to our City Council this week. This is not a partisan issue. We deserve a financially resilient city where current and future residents all pay their fair share and where no one is financially crushed by development charges or other taxes.

Sincerely,
Residents of River Ward (RW)

Audrey Bélanger
Paul Anka Dr., River Ward

Sabrina Barakat
Archer Square, River Ward

Amaka Jacob
Paul Anka Dr., River Ward

Peter Brimacombe
Plante Drive, River Ward

Susan McCarthy
Uplands Dr., River Ward

Iain Leitch
Erin Crescent, River Ward

Christine Johnson
Erin Crescent, River Ward

Cristian Mincu
Paul Anka Dr., River Ward

Peter Foulger
Hackett St., River Ward

Patrick Morton
Kimberwick Crescent, RW

Melissa MacIsaac
Uplands Dr., River Ward

Barbara Shea
Bartlett Pvt, River Ward

Andrei Grushman
Tattersall Way, RW

Tania Mushka
Quinterra Court, RW

Mary Nduati
Cahill Dr. W., River Ward

Zane Oueja
Archer Square, River Ward

Carl Fannin
Uplands Dr., River Ward

Waciira Muya
Erin Crescent, River Ward