



Committee of the Whole
May 14, 2009

AFFORDABLE HOUSING & POSSIBLE REDUCTION IN DEVELOPMENT CHARGES

Recommendation:

The Commissioner of Corporate Services and Finance recommends:

THAT the report of the Commissioner of Corporate Services and Finance regarding Affordable Housing & Possible Reduction in Development Charges be received.

Background/Purpose:

The purpose of this report is to present a suggestion for an amendment to the Development Charges (DC) By-law to provide for a reduction in the DC for affordable housing units.

Analysis/Comment:

At the Committee of the Whole meeting on February 20, 2008, staff was directed to develop a program to reduce the DC cost for affordable housing units. Defining the parameters of such a program has taken significant study, reflection and discussion by staff and the County's legal advisors. A proposed amendment to the DC By-law is attached wherein an "affordable housing unit" means any single detached dwelling with more than two bedrooms for which the purchase price is at least 40% less than the average purchase price for a single detached dwelling in the County of Prince Edward as established from time to time (see section 3.14.1 (1) and (2) on page 3 of the attachment).

Strategic Plan Implications:

Although this initiative could support Key Strategic Issue #6 – Quality of Life, depending on the uptake, it could inhibit Key Strategic Issue #8 – Finances.

Financial Implications:

Any reduction in DCs will eventually impact the tax levy, since the general property taxpayer will end up making up for the reduction in their property taxes. The reduction for one unit

and for a 50 unit development that would occur if the attached amendment was adopted is summarized in the table below:

	Single Detached \$
Total County Wide DC	7,382.00
60% of DC	4,429.20
Reduction to be absorbed per unit	2,952.80
Total reduction on 50 unit development	147,640.00

Policy Implications:

The *Development Charges Act* is one of the few items in the current legislative framework in Ontario that provides revenues from the development industry to municipalities. Adoption of the reduction could contribute to increases in the tax rate at a time when Council has been trying to keep property taxes affordable. Adoption of this initiative may open the door to reductions in other programs that could erode other aspects of the County's fiscal position.

Summary:

A suggested amendment to the Development Charges (DC) By-law to provide for a reduction in the DC for affordable housing units is attached.

Attachments:

1. Letters from Templeman Menninga LLP dated April 24, 2009 and April 15, 2009

Approved by:  , Commissioner of Corporate Services and Finance, May 1, 2009

CAO Approval:  7/May/09


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Via Fax – 613-476-8356

 (from the office of David W. DeMille, BELLEVILLE) e-mail:
dwdc@tmlegal.ca

April 15, 2009

 The Corporation of the County of
 Prince Edward
 332 Main Street
 Picton, Ontario
 K0K 2T0

Attention: Richard Shannon

Dear Sir:

 Re: Discounted Development Charge
 Our File No. 03552

Further to our earlier correspondence, we drafted the proposed Amendment for the Development Charge By-law to provide a discount for those who wish to build "affordable housing". To make the amendment workable, we had to add a definition for "affordable housing".

In Mr. Grunda's memorandum he had adopted the definition of "affordable housing" as set out in the Provincial Policy Statements enacted pursuant to the *Planning Act*. This makes sense to us because the PPS's part of the planning regime for the Province of Ontario.

In my view, it is essential that whatever definition is used in the By-law be easily understood and easy to apply. The Chief Building Official to a large extent, implements the provisions of the Development Charges By-law. In my view, it is essential that these provisions be transparent, logical, understandable and easy to apply.

After I forwarded to you the draft By-law, we tested the definition as set out in the PPS. "Affordable" in the case of ownership housing means the least expensive of:

1. Housing for which the purchase price results in annual accommodation costs which do not exceed 30% of the gross annual household income for low and moderate income households; or

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-2-

2. Housing for which the purchase price is at least 10% below the average purchase price of a re-sale unit in the regional market area.

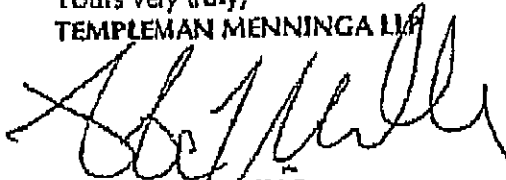
The key to the first branch of the definition is to determine the percent of gross annual household income in low and moderate income households. The first step was to obtain the median income level for Prince Edward County. This required a review of the 2006 census data which provided the median household income for Prince Edward County. The next step was to obtain the income distribution for the County of Prince Edward. This is more difficult to obtain. To get this information for Prince Edward County we had to contact Statistics Canada. We were advised by Statistics Canada that this information is available for a fee. The request for information has to be reviewed first and then within 7 to 10 business days a quote of the fee that will be charged is sent by Statistics Canada. We would then have to send the prescribed fee to Statistics Canada and then wait for receipt of the information. This information would likely change from year to year. It strikes me as cumbersome and unworkable.

The second branch of the definition has some attraction in that it initially appears to be more straight forward. However, we contacted the Quinte District Real Estate Board which advised us that statistics are not kept for re-sale units. We were advised that statistics are kept for the sale of all residential units, new and used. As of December, 2008 the average residential purchase price for Prince Edward County was \$238,717.00. The purchase price which is 10% below this price is still well over \$200,000.00 and I question whether this is what is intended by Council in defining "affordable housing".

At this point, we will see if we can develop a better definition for affordable housing. Any suggestions from those who are involved in affordable housing would be appreciated. It may be that we have to simply fix an arbitrary amount such as 50% of the average purchase price for a residential unit in Prince Edward County.

We will see if we can find a better definition of affordable housing in the legislation or Regulations or Policy Statements. If you have any comments or questions, please do not hesitate to contact me.

Yours very truly,
TEMPLEMAN MENNINGA LLP



DAVID W. DEMILLE
DWD:ha

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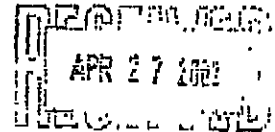
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April 24, 2009

The Corporation of the County of
Prince Edward
332 Main Street
Picton, Ontario
K0K 2T0



Copy to S. Turnbull
G. Davis

Attention: Richard Shannon

Dear Sir:

Re: County of Prince Edward (Affordable Housing)
Our File No. 03552

Further to our earlier telephone conversations and written correspondence, please find enclosed with this letter an amendment to the Development Charges By-law that deals with Affordable Housing. With respect to the definition of "Affordable Housing", I elected to proceed with a fraction (60%) of the average selling price for single detached homes in the County of Prince Edward in a calendar year. Obviously, the higher the fraction the more houses would qualify. The figure of 60% is somewhat arbitrary and you may wish to review this with staff.

I did not wish to get into an income component. In my view, this would require proof of income for those who purchase the house and I would prefer to avoid this if possible.

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-2-

If you have any comments or questions, please do not hesitate to contact me.

Yours very truly,
TEMPLEMAN MENNINGA LLP



DAVID W. DEMILLE
DWD:ha

Enclosure – Wording for Reduction of Development Charges for Affordable Housing

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REDUCTION OF DEVELOPMENT CHARGES FOR AFFORDABLE HOUSING

- 3.14.1 (1) In this section "Affordable Housing Unit" means any single detached dwelling with more than two bedrooms for which the purchase price is at least 40% less than the average purchase price for a single detached dwelling in the County of Prince Edward.
- (2) In determining the average purchase price for a single detached dwelling in the County of Prince Edward for the purposes of subparagraph 1 above, the average purchase price for a single detached dwelling will be calculated for the calendar year next preceding the calendar year in which the completed application for the building permit for the dwelling unit in question is received and shall be determined by the Chief Building Official on the basis of information compiled by the Quinte Real Estate Board or its successor.
- (3) The development charge payable for a single detached dwelling unit with more than two bedrooms that qualifies as an Affordable Housing Unit in accordance with the definition as set out in subparagraph 1 above shall be equal to 60% of the development charge otherwise payable pursuant to this By-law for a single detached dwelling unit that contains more than two bedrooms.
- (4) Despite the provisions of subparagraph 3 above, the development charge required by this By-law for a single detached dwelling unit with more than two bedrooms shall be paid prior to the issuance of the building permit in accordance with the provisions of this By-law.
- (5) The person to whom the building permit was issued may upon completion of the initial sale of a single detached dwelling unit with more than two bedrooms apply to the Chief Building Official for a reduction of the Development Charge payable to the rate set out in Section 3.14.1 (3) above and shall provide such documentary evidence as is satisfactory to the Chief Building Official that the building qualifies as an Affordable Housing Unit as defined in subparagraph 1 above.
- (6) Satisfactory documentary evidence that the building qualifies as an Affordable Housing Unit shall include, but not be limited to:
- (a) a copy of a Land Transfer Tax Affidavit duly executed in accordance with Section 5 (1.2) of the Land Transfer Tax Act; or
 - (b) a statement forming part of the electronic document as required by Section 5 (1.1) of the Land Transfer Tax Act.

- (7) Upon receiving an application for reduction of the Development Charge in accordance with subparagraph 5, and upon being satisfied that the building qualifies as an Affordable Housing Unit as defined in subparagraph 1 above, the Chief Building Official may refund to the person to whom the building permit was originally issued a sum equal to forty percent (40%) of the Development Charge that was originally paid upon the issuance of the building permit.