



November 30, 2022

Colin Best
President
Association of Municipalities of Ontario
amopresident@amo.on.ca

Dear Colin Best:

I am writing to you today in the spirit of the long-standing partnership between Ontario and the Association of Municipalities of Ontario.

Since the day our government took office, we have been steadfast in our support and empowerment of our municipal partners. Working together, Ontario has provided tens of billions of dollars in new funding to support municipal services and build critical infrastructure, spurring job creation and creating the conditions for long-term economic growth.

During the COVID-19 pandemic, governments rightly put politics aside to work together as a unified team. That is why our government, in partnership with the federal government, was proud to provide over \$4 billion to Ontario's municipalities through the Safe Restart Agreement to address pandemic-related pressures, including for public transit, shelters and other operating costs. In fact, this funding provided one of the largest investments the province has ever made in the housing and homelessness sector.

I am writing today to address municipal feedback regarding Bill 23, the *More Homes Built Faster Act*. In particular, I would like to address the suggested impact the legislation could have on the ability of municipalities to fund infrastructure and services that enable housing.

The central intention of Bill 23 is to build more homes that are attainable for our growing population by discounting and exempting municipal fees and taxes for affordable, non-profit and purpose-built rental housing, and new homebuyers who otherwise face these significant costs. For example, municipal fees and taxes currently add an average of \$116,900 to the cost of a single-family home in the Greater Toronto Area before a single shovel is in the ground. That's the size of a down payment for many families, and puts the dream of homeownership out of reach for thousands of Ontarians.

I know that you and your membership share our goal of building communities that are welcoming to all residents, including new Canadians – towns and cities where everyone can have a place to call home and the dream of home ownership is kept alive. That is why our decision to rein in unsustainable and out-of-control municipal fees on new homebuyers is the right thing to do, and that is why our position on Bill 23 will not waver.

At the same time, it is critical that municipalities are able to fund and contract road, water, sewer, and other housing enabling infrastructure and services that our growing communities need. There should be no funding shortfall for housing enabling infrastructure as a result of Bill 23, provided municipalities achieve and exceed their housing pledge levels and growth targets. That's why we are taking immediate action to launch a third-party audit of select municipalities to get a factual understanding of their finances, including their reserve funds and development charge administration. Together, we can use this process to get the facts, make improvements, and better serve taxpayers by exploring alternative tools for growth to appropriately pay for growth rather than continuing to raise development fees on new homebuyers.

As we undertake this work together, we are committing to ensuring municipalities are kept whole for any impact to their ability to fund housing enabling infrastructure because of Bill 23.

Furthermore, as good partners and in recognition of most municipalities making best efforts to accelerate the issuance of housing permits and approvals to meet and exceed their pledge targets, the government will introduce legislation that, if passed, would delay the implementation of development application refund requirements set out in Bill 109 by six months, from January 1, 2023 to July 1, 2023.

The federal government shares our objective of building 1.5 million homes in Ontario over the next 10 years, particularly at a time when it has set ambitious new targets for immigration. The majority of these newcomers will be welcomed to Ontario in search of jobs and opportunity. To this end, the province looks forward to working with our municipal partners to ensure we receive a proportional share of the federal government's new \$4 billion national Housing Accelerator Fund. We also expect that all municipalities will make an application to the federal Housing Accelerator Fund for funding that will support housing enabling infrastructure and relieve municipal charges levied on new homebuyers.

Together, we will ensure we can achieve our shared goal of building desperately needed homes. A strong partnership between the Province of Ontario and municipalities is critical if we are to solve our housing supply crisis – and we look forward to continuing our work together.

Sincerely,



Steve Clark
Minister

- c. The Honourable Doug Ford, Premier of Ontario
The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
The Honourable Peter Bethlenfalvy, Minister of Finance
The Honourable Caroline Mulroney, Minister of Transportation
The Honourable Kinga Surma, Minister of Infrastructure
The Honourable Prabmeet Sarkaria, President of the Treasury Board
Brian Rosborough, Executive Director, AMO