



Ontario
Home Builders'
Association

#homebeliever

ONTARIO BUDGET SUBMISSION: FALL 2020

2020 | OCTOBER



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ABOUT OHBA

“*In the last year our members have built nearly seventy-thousand homes in different communities across Ontario.*”

The Ontario Home Builders' Association is the voice of home building, land development and professional renovation industry in Ontario. OHBA represents over 4,000 member companies, organized into a network of 27 local associations across the province. Our membership is made up of all disciplines involved in land development and residential construction including: builders, developers, professional renovators, trade contractors, manufacturers, and consultants and suppliers. The residential construction industry employs over 532,000 and has contributed over \$66.6 billion to the province's economy in 2018.



27 LOCAL ASSOCIATIONS

BILD - GTA
Brantford
Chatham-Kent
Cornwall
Greater Dufferin
Durham Region
Grey-Bruce
Guelph & District
Haldimand-Norfolk
Haliburton County
Kingston
Lanark-Leeds
London
Niagara
North Bay & District
Greater Ottawa
Peterborough & the Kawartha
Quinte
Sarnia-Lambton
Simcoe County
St. Thomas-Elgin
Stratford & Area
Sudbury & District
Thunder Bay
Waterloo Region
West End
Windsor-Essex



Ontario Home Builders' Association
101-20 Upjohn Road, North York, ON M3B 2V9

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October 23rd, 2020

Dear Minister Phillips,

On behalf of our entire association, we hope you and your families are doing well and staying healthy during these challenging times. The Ontario Home Builders' Association (OHBA) is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into a network of 27 local associations across the province. OHBA members are supportive of Premier Ford's strong commitment to a post-pandemic economic and jobs recovery plan and for the opportunity to provide input on the province's Fall 2020 budget.

Our members recognize that the provincial government continues to take a cautious, and methodical approach to re-opening the economy across the province with direction from Public Health Ontario. OHBA commends the government on the steps taken so far to ensure worker safety during this challenging time with new Ministry of Labour guidelines and increased jobsite inspections. OHBA members know this is "not business as usual" and will continue to enhance health, safety and sanitation COVID-19 protocols on job sites to protect workers, contractors, clients, and their families. We all want safe jobsites.

OHBA is supportive of the government's approach of navigating a second wave of COVID-19 informed by the very best public health input and with the prime consideration being the safety and well-being of Ontarians. It is also important to recognize that as we bolster the economy, we will need to continue delivering housing supply, jobs and economic activity to Ontarians.

Following the 2007-2008 economic recession, the residential construction sector in played a key role in helping our province rebound economically by delivering housing and renovations, spurring economic activity and creating jobs across Ontario. Our sector is ready and able to help Ontario rebound from the economic disruption caused by COVID-19, as we did back in 2008.



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The submission attached to this letter includes a number of our proposals originally shared with Ontario's Job and Recovery Committee, which will help to kickstart housing supply and provide jobs, economic opportunity and home buying supports for Ontario families. We hope you will give these proposals due consideration as they aim to not only support the home and renovation sector but also provide attainable housing options for Ontario **#homebelievers** at all stages of life.

Minister, we wish to thank you, Premier Ford, and all of government for your focus and commitment to Ontario's economic recovery. We know that a collaborative approach between the construction sector and government is essential to keeping job sites safe and healthy, delivering needed housing supply, spurring economic growth, and creating good jobs in our province, because that is the **#OntarioSpirit**.

Sincerely,

Joe Vaccaro

A handwritten signature in black ink, appearing to be 'JV' or 'Joe Vaccaro'.

Chief Executive Officer

Ontario Home Builders' Association



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ONTARIO RESIDENTIAL CONSTRUCTION INDUSTRY



532,000 Jobs



**\$66.6B Economic
Impact**



\$32.5B in Wages



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1. Modern Surety Bonds as Financial Security for Municipalities

When approving a development proposal, such as subdivision or site plan, municipalities seek assurance that the necessary site improvements will be made in a timely manner as required by the developer. Throughout the 1950's, 60's and 70's it was common practice that Ontario municipalities accepted surety bonds as financial security for subdivision agreements and site plans. These bonds provided the required security while not tying up capital that could be used for investment in additional development projects. Since the 1980's, municipalities have moved away from accepting surety bonds as a form of financial security and today almost exclusively require Letters of Credit (LOC) from a chartered bank.

In many cases developers are required to collateralize LOC, dollar for dollar against the value of the municipal works. Every LOC directly reduces the financing capacity the developer has available to finance potential projects. An LOC on one project that occupies all the financial capacity of a developer means that other projects in the developer's portfolio are delayed until the LOC is cleared or new financing is secured. Put bluntly, many developers can only afford to finance one or two housing projects at a time because of the LOC requirements.

Modern Surety Bonds (MSB) can be designed to provide municipalities with the financial security tool they need to move infrastructure forward, including timely compensation if required, while permitting the financing capacity of the developer to fund additional projects. MSB gives the municipality the protection they need, without undercutting the financing capacity of the developer to bring additional projects and housing supply forward at the same time.

OHBA proposes that the Provincial Government require municipalities to accept MSB as an acceptable alternative financial tool to secure the obligations in municipal agreements. This change would continue to provide the municipality with the financial security they require to guarantee the installation, performance, and warranty period of municipal services. MSB will unlock millions of dollars of financing liquidity that can fund infrastructure and create thousands of new housing units across Ontario.



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1. Modern Surety Bonds as Financial Security for Municipalities

These investments will produce additional employment opportunities for the trades and suppliers in the home building industry which in turn will provide positive economic stimulus for the Ontario economy through the COVID-19 pandemic. With 444 municipalities in Ontario and only a select few accepting surety bonds as financial security, it creates an uneven footing for developers and depending on which municipality they are building in, it places most at a disadvantage with capital unnecessarily tied up securing a LOC.

Modern surety bonds are proven to provide the same benefits and security as a letter of credit. Municipalities get all the features of a LOC while enjoying the added benefit of professional underwriting, carried out by licensed bonding companies, ensuring that the developer is qualified to fulfill its obligations under the municipal agreement. Finally, MSB are a safe and reliable form of financial security which are professionally supported through the Surety Association of Canada and regulated by the Office of the Superintendent of Financial Institutions.

Requiring municipalities in Ontario to accept MSB would have no impact on provincial or municipal revenues or expenditures. It is a policy option which has no impact on the treasury. For municipalities, MSB function as liquid financial instruments that can provide the funds immediately on demand without the requirement for the municipality to prove default, essentially they function just like a LOC. The municipal acceptance of MSB provides a clear signal to development industry that they are open to modern and innovative financial opportunities which help them achieve provincial growth targets, create additional housing supply, as well as provide local employment opportunities.

This proposed change would unlock billions of dollars of private sector financial liquidity for investment in new infrastructure and housing projects, provide for more units per development and accelerate the delivery of housing of all types to deliver on the government's More Homes, More Choice: Ontario's Housing Supply Action Plan and the province's Jobs and Economic Recovery Plan. An Amendment to the *Planning Act* that would permit the use of performance bonds in all development applications in Ontario, at the option of the owner of the land.



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2. Home Renovation Tax Credit

An essential element of moving Ontario's economy into the economic recovery stage is to support renovation investment through a consumer-focused rebate. Immediately following the 2008/09 financial crisis, the Home Renovation Tax Credit (HRTC) was a key component of Prime Minister Stephen Harper's federal Economic Action Plan. The HRTC proved to be very successful with over 3 million Canadians participating in the one-year HRTC. In fact, a Canada Revenue Agency (CRA) press release in 2011, stated that the Harper Government's one-year HRTC: "pumped an additional \$4.3 billion in renovation investment into the economy, at a time when the recession would have reduced investment in the sector". The CRA economic summary clearly shows that [#homebelievers](#) needing renovation services are very receptive, to action by government to reduce the tax burden on home renovations.

The federal HRTC also provided another important benefit. By requiring homeowners to have receipts to back up their HRTC claims, the federal government dealt a major setback to underground "cash" operators. Consumers intending to take advantage of the HRTC required proper documentation when they hired a renovator, placing cash operators at a significant disadvantage. This also resulted in increased government revenues as legitimate tax-paying contractors gained business that would otherwise have been lost to tax-evaders. Ultimately, the HRTC provides a powerful and effective tool for combating the underground "cash" economy and protecting the integrity of Ontario's tax system.

The residential renovation sector accounts for some \$34.4 billion in investment activity in Ontario and supports some 312,000 jobs across the province. Perhaps most importantly, these jobs are not concentrated in a just few jurisdictions, but rather are spread right across the province from Ottawa to Windsor and Niagara to Thunder Bay. An economic stimulus initiative aimed at the renovation sector would have the added benefit of being spread across diverse communities.



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2. Home Renovation Tax Credit

OHBA believes the HRTC should be a key component of the provincial recovery strategy as it would address a number of issues:

It has a proven track record of success as economic stimulus (Harper Government's HRTC as part of the Economic Action Plan);

- Combats underground economy to better level playing field between legitimate business and underground cash operators;
- Provides tax credit for consumers to use legitimate business;
- Reduces tax leakage to the underground economy through required consumer paper;
- Improves older homes' energy efficiency reducing hydro bills;
- Addresses climate change by improving energy efficiency & reducing GHG emissions from Ontario's existing housing stock;
- Improves health & safety for construction works as those employed in "underground" renovation projects may not be properly equipped to complete their tasks, nor have proper training or WSIB;
- Improves opportunities for apprentices to find meaningful employment with legitimate employers offering professional development and education to close the skills gap;
- Reduces homeowner liability risk by utilizing legitimate businesses with appropriate credentials, certifications and permits;
- Ensures renovations have appropriate permits, inspections and are built to the Ontario Building Code;
- Provides homeowners the opportunity to create secondary suites. Encouraging secondary suites are a key component of the Housing Supply Action Plan;
- OHBA believes the COVID-19 pandemic situation has demonstrated the need for more alternatives to Long Term Care facilities. Going forward many families may choose to build secondary suites in their homes to care for aging relatives at home;
- Encourages homeowners to renovate their homes to age in place;
- With many organizations looking at implementing permanent or semi-permanent work from home policies in response to COVID-19, those who work from home will need to create productive space. An HRTC would respond to this immediate need to create home office work space.



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2. Home Renovation Tax Credit

OHBA notes that there are two key program design components to consider:

1. Consumers should be required to save receipts from legitimate businesses to apply for the tax credit and submit them to the CRA (creating a paper trail), which cross references that data against other databases such as the WSIB, to weed-out businesses that are tax-cheats;
2. The percentage rebate on the renovation should be set to encourage maximum impact to stimulate the economy, create jobs and combat the underground economy.

OHBA strongly recommends that an HRTC be a central component of the provincial economic recovery strategy. The HRTC has a strong policy precedent and was successfully implemented by the Federal Government.

Ultimately an HRTC should not be a significant burden on the provincial treasury as it would prevent hundreds of millions of dollars in annual revenue leakage to the underground economy. The HRTC could be implemented very quickly to provide an immediate fiscal injection into the provincial economy.



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3. Modernizing the HST Threshold for New Housing

Following the financial crisis of 2008/09, the housing sector led both Ontario and Canada out of the recession. Investment in new housing construction contributes hundreds of thousands of new jobs, not just in a few specific urban centres, but in communities right across Ontario, in professions as diverse as the skilled trades, engineering, finance, planning and architecture. As part of the COVID-19 economic recovery, the provincial government should reduce the tax burden on new housing in an effort to immediately make housing more affordable for Ontarians and stimulate additional investment in new housing that will generate private sector jobs in construction, and in supply chains contributing to the residential construction industry.

Ontario's HST came into effect on July 1, 2010 resulting in a significant net new tax increase on new housing. At the time, a fixed rebate of 6 percentage points of the 8% provincial portion of the tax was provided for new homes up to a threshold value of \$400,000 (providing a rebate up to \$24k per home). This threshold has remained at \$400,000 for the last decade despite significant increases in housing prices. As part of the economic recovery plan the provincial government should immediately increase the HST Threshold for new housing to \$600,000, which would increase the new housing rebate by \$12k to \$36k per home for any new home sold at \$600,000 or more.

The provincial government has made increasing housing supply and choice a priority since the 2018 election through the Housing Supply Action Plan and the *More Homes, More Choice Act, 2019*. An immediate increase to the New Housing HST Threshold established a decade ago will make housing more affordable for the vast majority of **#homebelievers** across Ontario.

Prior to the implementation of the HST, home buyers in Ontario were only charged the GST on new home purchases. However, an effective provincial tax rate of an estimated 2% was also embedded in these purchases, due to the taxation of building materials. According to a report ("Ontario's HST New Housing Rebate: A Review and Analysis of the Rebate Threshold") published by the Altus Group in November 2017, if the HST had not been implemented, and the prior PST regime was still in place, the tax burden on homeowners would have been \$3.4 billion lower between 2010 and 2016.



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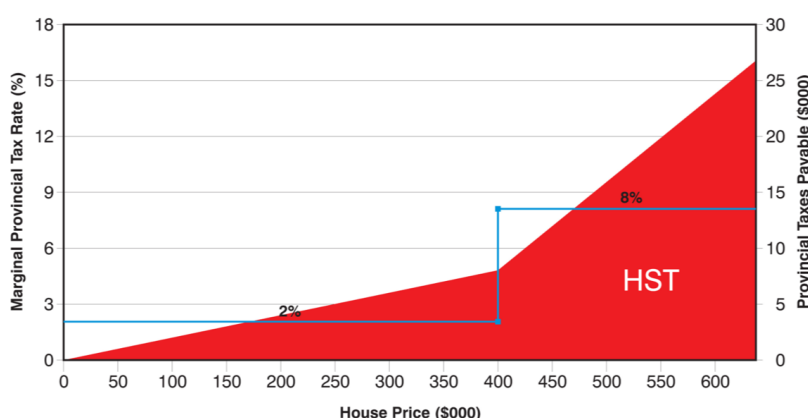
3. Modernizing the HST Threshold for New Housing

In the November 2017 report by the Altus Group, they examined the fiscal impact of an increase in the HST Threshold to \$500,000. This alternative threshold yields a maximum rebate value of \$30,000, based on Ontario's calculation method (i.e. 75% of the provincial portion of the new HST), up from the current maximum rebate of \$24,000. If the Ontario Government had set the rebate at \$500,000, then lower tax revenues would be collected on each transaction for homes priced at \$400,001 and above. The Altus Group estimated that in 2016, had the HST threshold been set at \$500,000 instead of \$400,000, consumers would have saved \$158.2 million in provincial taxes.

OHBA strongly recommends that as part of the economic recovery plan for COVID-19, that the provincial government increase the HST Threshold from \$400,000 to \$600,000. The HST Threshold should also be indexed to reflect annual average increases in the price of housing. As a short-term post pandemic stimulus measure the provincial government should also consider temporarily removing the provincial share of the HST on new housing.

Increasing the HST Threshold on new housing would immediately improve housing affordability and access to new housing for individuals and families across Ontario. Increasing the HST Threshold would reduce the tax burden on both new ownership and purpose-built rental housing while making new housing more competitive with resale (which is not subject to HST). Lastly, permanently increasing and indexing the HST Threshold would be a major initiative to support the province's Housing Supply Action Plan.

Current HST Threshold for New Housing



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4. Infrastructure Stimulus

As part of a sustainable economic recovery plan, the province should accelerate major infrastructure projects. OHBA supports coordinated infrastructure investment towards strategic projects based on clearly defined priorities. These targeted stimulus investments should support other provincial objectives such as the efficient movement of goods and people. OHBA believes the expansion of “core” infrastructure (roads, transit, water and wastewater) in support of delivering much-needed housing supply to a growing [#homebeliever](#) population should be a key priority for the government.

The provincial government should advance shovel ready and “shovel worthy” core infrastructure projects to be jointly funded with the federal government such as the Upper York Sewage Solutions project in North York, the Highbury Ave Reconstruction Project in London, the South Niagara Falls Wastewater Solutions Project, and future stages of the Ottawa LRT. These are just a couple of examples of significant infrastructure projects that would set in motion private sector investment in housing. Equally important is long-term asset management planning through the ongoing maintenance of Ontario’s existing infrastructure.

OHBA is encouraged by the significant investments in transportation-related infrastructure that the provincial government has already committed. The government should be leaving no stone unturned as to how these priority projects can be accelerated into the construction phase post COVID-19. The provincial government should work with supportive stakeholders (including OHBA) to aggressively advocate for federal infrastructure stimulus support for provincial priorities. These projects should be the transit projects identified in Bill 171, and transit projects beyond the GTA as well as provincial highway infrastructure including the stalled GTA-West Corridor. Now is the opportunity to secure provincial and federal funding and rapidly advance projects that will create jobs immediately and support long-term economic prosperity.

The new housing and land development industry is a key partner to the province in creating transit-oriented communities that will support provincial transportation plans and investments over the long term.

Furthermore, there are opportunities for partnerships and joint investments in mixed-use developments as part of new or upgraded transit stations. OHBA members look forward to seeing shovels in the ground for priority projects as soon as possible.



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5. Temporarily Freeze Development Charges at Current Rates

New housing development requires access to serviced land with critical infrastructure in place. OHBA supports the Housing Supply Action Plan and efforts by the provincial government to find a better balance to financing critical infrastructure through the *More Homes, More Choice Act, 2019* (Bill 108) and the *COVID-19 Economic Recovery Act, 2020* (Bill 197). OHBA recommends that as a temporary measure to stimulate new housing construction and to assist with liquidity that current municipal development charges rates be frozen until January 1, 2022. Such a measure would also recognize that delays in municipal planning through the suspension of planning timelines (Ontario Regulation 149/20) has resulted in project delays where unanticipated development charges increases may have to be absorbed into existing pro-formas due to building permits being pulled several months later than anticipated.

Home builders and land developers are proud to support the financing of infrastructure directly tied to the communities they build. New communities also bring important new property assessment to municipalities across the province and provide an important residential population base to support job growth. The residential construction industry, and our new home buyers, pay the capital costs of growth while also contributing significantly towards upstream capital costs related to growth. Additionally, the home building and land development industry supports the economy directly and indirectly through jobs and the additional tax revenue generated for all three levels of government.

OHBA notes that various taxes, fees and charges on new housing can account for 20 per cent to 25 per cent of the cost of a new home in different Ontario jurisdictions. OHBA's request for a temporary freeze in Development Charges will not reduce the tax burden on new housing, nor alter the principal that "growth should pay for growth". OHBA is simply requesting a temporary measure during the post pandemic recovery period that scheduled municipal indexing of development charges rates be delayed until January 2022 or any new increases through new development charges by-laws have their implementation delayed until January 1, 2022.

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6. Resources for the Local Planning Appeals Tribunal

The Local Planning Appeal Tribunal (LPAT) is an adjudicative tribunal that hears cases in relation to a range of land use matters, heritage conservation and municipal governance. Like other tribunals, during the COVID-19 pandemic the LPAT initially cleared their entire calendar of a few months of scheduled hearings. However in April, the LPAT started to be operational again, on a limited basis, primarily via electronic and tele-conferencing means.

OHBA was pleased that the LPAT was able to exercise discretion and consider, on a case by case basis, lifting the suspension to schedule settlement hearings via teleconference or written submission. Currently, the LPAT is in the process of figuring out the best ways to get more aspects of the Tribunal moving and to be as functional as possible in a virtual manner. The slowdown at the LPAT has been compounded by the suspension of *Planning Act* timelines which resumed on June 22nd. OHBA notes that we were supportive of all of the steps the government took as part of emergency measures to protect the public and to put the health and safety of our workers, municipal employees and LPAT staff first.

As the provincial government looks towards the long-term economic recovery, it should consider that when “the clock re-started” on planning at the municipal level on June 22nd, there will be an increase in appeals as municipalities work through a log jam of applications. Any increase in appeals will compound the fact that the LPAT is going to have their own backlog of appeals as they work to reschedule hearings and navigate new virtual processes.

OHBA therefore recommends that as part of the post pandemic recovery efforts, that the Ministry of the Attorney General increase resources available to the LPAT to increase staff, increase the number of board members and ensure the appropriate technology is available to expediently tackle any backlog of appeals that emerges. It is important that the provincial government ensure the LPAT is adequately resourced to move through the appeals process and get shovels in the ground for projects to create jobs as part of the recovery.

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7.1 Interim Control By-Laws

Interim Control By-Laws (ICBLs) put a temporary freeze on some land uses while the municipality is studying its policies (*Planning Act*, Section 38). The freeze can be imposed for one year, with a maximum extension of another year. OHBA is concerned that there is no ability to appeal an ICBL when it is first passed (an extension to a by-law may be appealed). Previously, under subsection 38 (4) of the *Planning Act*, anyone given notice of an ICBL may appeal the by-law within 60 days after the by-law is passed. However, amendments to the *Planning Act* made through Bill 139 in 2017 allow only the Minister to appeal an ICBL when it is first passed.

OHBA is concerned that a number of municipal councils have utilized this tool for political purposes rather than as it is intended to be used for planning. In some cases, the use of ICBLs has been to halt growth in areas identified for growth in the PPS and the Growth Plan. OHBA recommends amending the *Planning Act* to allow anyone who is given notice of the passing of an ICBL to appeal the by-law within 60 days.

7.2 Planning Act - Sec. 50 - Subdivision Control

The government should streamline Subdivision Control in the *Planning Act* to reduce red tape as well as relieving pressure on the LPAT. OHBA notes that MPP Doug Downey introduced Private Members Bill 88, *Planning Amendment Act, 2019* on March 25th, 2019.

OHBA supported the Private Members Bill, stating: "OHBA supports your private members' legislation, Bill 88. Currently there are certain provisions of section 50 of the *Planning Act* that create unnecessary delays, conditions, expenses and red tape for Ontario businesses and homeowners. This legislation will provide more clarity and consistency around consents and severances."

While some measures of the proposed legislation have been addressed through the *Better for People, Smarter for Business Act* (Bill 213), OHBA recommends that balance of the proposed amendments to the *Planning Act* contained in the Private Members Bill 88 to be adopted into government legislation. OHBA also recommends that any number of lots with frontage on an existing municipal road should be allowed to be created via the severance process, rather than through subdivision control.



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7.3 Streamline Site Plan Control

The rules governing Site Plan Control are set out in Section 41 of the *Planning Act*, which allows municipalities to implement Site Plan Control through Official Plan policies and Site Plan Control by-laws. Site Plan Control is meant to be a technical process that deals with matters such as: building massing and conceptual design; the relationship of the proposed building adjacent to other buildings, streets and exterior areas; building access to building layout; disabled access; and exterior design including building appearance, character and design; grading, landscaping and parking. The intent is to ensure that development is safe, efficient, and aesthetically pleasing.

MMAH should review all aspects of Site Plan Control with the objective of streamlining the process. A review should reduce the emphasis on architectural design in the site plan approval process, as restrictive urban design guidelines slow down the process and make it more difficult to bring affordable housing supply to the market.

7.4 Streamline Archeological Assessments

Sec 2.6.2 of the Provincial Policy Statement (PPS) and the *Ontario Heritage Act* requires that “development and site alteration shall not be permitted on lands containing archaeological resources or areas of archaeological potential unless significant archaeological resources have been conserved”. Since archaeological assessments are expensive, time consuming and provide little value for researchers, Stage One and Stage Two archaeological assessments should be sufficient for non-Indigenous sites.

The government should simplify archeological assessment requirements for non-Indigenous sites (specifically by not requiring either Stage Three or Four assessments); ensure archaeological assessments are not required for sites in “built up areas”; and, accelerate the review of archeological assessments to minimize construction delays. OHBA notes that, under the current policy regime, it can add significant delays to a project where municipalities require the completion of archaeology evaluations as part of the initial application submission. Should timelines not be adhered to, automatic approval should be the result.

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7.5 Fast Track the Made-in Ontario Environment Plan

OHBA members have an important role to play in protecting and preserving our environment. Through environmental stewardship, building energy efficient new housing or upgrading aging homes, creating transit efficient complete communities or cleaning up brownfield sites, our members are important partners to the government in delivering a Made-in-Ontario Environment Plan. As part of Ontario's Jobs and Recovery Strategy, the provincial government should take immediate steps to fast track incomplete elements of the Made-in Ontario Environment Plan.

The Made-in-Ontario Environment Plan represents an important opportunity to recalibrate public policy to facilitate the construction of more new energy efficient homes, encourage homeowners to upgrade the energy efficiency of existing homes and modernize other environmental regulations to facilitate the cleanup of more brownfield sites, and a number of other positive initiatives. While the Ministry of the Environment, Conservation and Parks (MECP) has made significant progress on a number of elements of the Made-in Ontario Environment Plan, the Ministry should accelerate a variety of other elements of the plan to streamline approvals, support job creation and facilitate a sustainable long-term economic recovery plan.

Key actions by the MECP should include:

- Extensive consultation took place over the winter to clarify the mandate of Conservation Authorities towards core services. The Ministry should take action this fall to streamline the Conservation Authority role in both permitting and planning.
- Appeals to Conservation Authorities permitting decisions are currently heard by the Mining and Lands Commissioner, and not integrated with other *Planning Act* appeals that are heard by the LPAT, thereby causing disjointed and often competing land use decisions. All land use related appeals should be heard by the LPAT, thereby creating more integrated and timely decisions.
- The Ministry should continue to improve the authorization processes and take steps to create the new Species-at-Risk Conservation Trust.
- Under the current Municipal Class Environment Assessment process, rebuilding aging structures or building new infrastructure takes too long. It is imperative that the government adopt and implement the new schedules consulted on during the summer to streamline the process, especially as it focuses on Ontario's recovery.



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7.5 Fast Track the Made-in Ontario Environment Plan

- OHBA supports a risk-based approach to environmental assessments;
- The scope of environmental assessment process should be adjusted to avoid duplication with the concurrent and more robust *Planning Act* processes.
- The MECP should introduce “system-wide ECAs” across all municipalities for storm, sanitary and SWM infrastructure as part of the consolidated linear infrastructure consultation which OHBA supported.
- The Ministry should streamline the Records of Site Condition (RSC) process, improve the functionality of Tier II model, and streamline the Tier III risk assessment process to facilitate Brownfield redevelopment.
- The Ministry should better facilitate Low-Impact Development (LID) through industry-driven innovations with a focus to reduce municipal redundancy and financing of hard infrastructure (e.g. Development Charge credits).
- Municipalities should be prohibited from requiring minimum parking standards (which add to the cost of housing) – let the market decide how much parking is necessary.
- The Ministry should commence a review of the method for mapping and evaluation wetland significance review of the OWES. Furthermore, the MECP and Ministry of Natural Resources and Forestry should develop policy approaches and tools to prevent the loss of wetlands in Ontario through a mitigation hierarchy and wetlands offsetting policies.
- The Ministry should make modifications to the Environmental Activity and Sector Registry requirements and exemptions for low risk short-term water takings.
- The MECP should ensure the efficient delivery of clean and safe drinking water through the consistent application of the *Safe Drinking Water Act, 2002* (SDWA) to new residential developments across Ontario. Discrepancies in the application of the SDWA are causing confusion and delays for condominium projects in some municipalities.



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7.6 Adopt Utilities Model for Water and Wastewater Infrastructure

The single largest component of development charges in most municipalities is for water, and wastewater construction. As part of the post pandemic recovery strategy, the province should consult on the potential adoption of a utilities model used in other jurisdictions for the financing and delivery of critical water and wastewater infrastructure. Such a shift to a utilities model for the financing and delivery of water and wastewater construction could remove the cost of infrastructure built to last generations from development charges on a new home or condo.

A recent CD Howe brief "Hosing Homebuyers: Why cities should not pay for water and wastewater infrastructure with Development Charges" notes that cities would be better to charge for water and wastewater services based on actual use as is common in electricity and natural gas, instead of through up-front fees. OHBA notes that the current model places the cost of infrastructure designed to last upwards of 75-years, into the embedded cost of the amortization of 25-year mortgages of new home buyers. The provincial government should work with municipalities to explore the financial benefits of creating region-wide utilities (similar to Epcor in Alberta) that can take advantage of the scale economies and efficiencies available in the sector.

