
To: Mayor and Council

From: Brent Spagnol, Director of Planning Services

Date: November 23, 2022

Subject: Provincial Bill 23 (*More Homes Built Faster Act, 2022*) – Springwater Comments

Report Highlights

- The purpose of this report is:
 - to provide information with respect to Provincial Bill 23 which has been released for comment;
 - to present cursory staff comments regarding extensive legislative changes to a variety of Provincial Acts/Policy documents and advise of potential impacts.
- The Province released Bill 23 termed as the *More Homes Built Faster Act, 2022* and commenting timeframes range from November 24 to December 30, 2022.
- The Province is proposing extensive changes to various Acts and Policy documents with an overall objective to increase the supply of housing by 1.5 million homes over the next 10 years.
- Due to the extensive changes and compressed commenting period, staff have focused comments on changes to the legislation that will have a direct impact on the Township.
- Bill 23 represents a significant shift from the existing planning approvals framework in Ontario and consists of sweeping changes to planning, financial and environmental policies/regulations that are expected to have a considerable impact on municipalities.
- Proposed changes to the Planning Act and Development Charges Act (DCA) are expected to result in a reduction in Township revenues needed to support growth.
- Without development charges, the Township will be forced to either borrow funds and rely on the existing taxpayer to fund growth related capital expenditures for such as things as municipal water and sanitary services, roads, facilities, etc.
- Staff are recommending that comments contained within this report and Appendix A be submitted to the Province for consideration.
- Further staff comments are to be prepared for Council's consideration as Bill 23 moves through the process.

Recommendation

That the report from the Director of Planning Services, regarding Provincial Bill 23 (*More Homes Built Faster Act, 2022*) -Springwater Comments, dated November 23, 2022, be received; and,

That staff be authorized to submit Township comments as generally outlined in the report and Appendix A as per the commenting deadlines outlined within the Environmental Registry of Ontario (ERO).

Background

The Provincial Government released Bill 23 known as the *More Homes Built Faster Act, 2022* on October 25, 2022. The Province is proposing extensive changes to various Acts and Policy documents with an overall objective to increase the supply of housing by 1.5 million homes over the next 10 years.

Bill 23 is currently open for comment and it is important that the Township provide input as there will be a considerable impact on Springwater and municipalities across the Province. The purpose of the report is to inform Council of proposed changes, potential impacts and identify key issues with the Bill to inform Township comments to the Province.

This report is a collaboration of comments/information received from multiple Springwater departments including: Office of the CAO, Finance, Infrastructure & Operational Services, Building, and Planning.

Due to the extensive changes and compressed commenting period, staff have focused comments on changes to legislation that will have a direct impact on the Township. Further communications will be forthcoming as Bill 23 moves through the process and more information is made available.

Proposed Legislative Changes and Deadlines for Comment

There are a total of sixteen (16) different pieces of legislation that are affected by Bill 23 and commenting periods range from 30 to 45 and 66 days for each Environmental Registry of Ontario (ERO) posting.

Regulations associated with proposed changes are not available at this juncture. Due to the extensive nature of the Bill and the timing of its' release shortly after the municipal election staff have conducted a cursory review. Additional comments will be forthcoming as staff become more familiar with the documentation and the applicable regulations are provided.

ERO #	Legislation	Commenting Deadline
019-6172	Proposed Planning Act and Development Charges Act Changes: Providing Greater Cost Certainty for Municipal Development-related Charges	November 24, 2022 (30 days)
019-6197	Proposed Changes to Ontario Regulation 299/19: Additional Residential Units	December 9, 2022 (45 days)
019-6173	Proposed Amendment to O. Reg 232/18: Inclusionary Zoning	December 9, 2022 (45 days)
019-6162	Consultations on More Homes Built Faster: Ontario's Housing Supply Action Plan 2022-2023	Bulletin (no commenting period)
019-6177	Review of A Place to Grow and Provincial Policy Statement	December 30, 2022 (66 days)
019-6141	Legislative and regulatory proposals affecting conservation authorities to support the Housing Supply Action Plan 3.0	November 24, 2022 (30 days)
019-2927	Proposed updates to the regulation of development for the protection of people and property from natural hazards in Ontario	December 30, 2022 (66 days)
019-6160	Proposed updates to the Ontario Wetland Evaluation System	November 24, 2022 (30 days)
019-6196	Proposed changes to the Ontario Heritage Act and its regulations	November 24, 2022 (30 days)
019-6161	Conserving Ontario's Natural Heritage	December 30, 2022 (66 days)
019-6192	Supporting Growth and Housing in York and Durham Regions Act, 2022	November 24, 2022 (30 days)
019-6163	Proposed Planning Act and City of Toronto Act Changes	November 24, 2022 (30 days)
019-6171	2031 Municipal Housing Targets	Bulletin (no commenting period)
019-6167	Proposed Revocation of the Parkway Belt West Plan	December 30, 2022 (66 days)
019-6211	Proposed Changes to Sewage Systems and Energy for the Next Edition of Ontario's Building Code	December 9, 2022 (45 days)
019-6174	Proposed Revocation of the Central Pickering Development Plan	November 24, 2022 (30 days)

Proposed Changes & Potential Impacts of Bill 23

Bill 23 represents a significant shift from the existing planning approvals framework in Ontario and consists of sweeping changes to planning, financial and environmental policies/regulations that are expected to have a considerable impact on municipalities.

Development Pays for Development vs. Public Pays for Development

Proposed changes to the Planning Act and Development Charges Act are expected to result in a reduction in Township revenues needed to support growth related

expenditures. The proposed changes would exempt the payment of development charges for certain projects (attainable housing, additional residential units), parkland dedication fees, Community Benefit Charges and phase development charges for commercial, industrial and institutional projects.

The concept of development pays for development (growth pays for growth) is entrenched within existing planning policy to ensure that services/infrastructure required to support growth is collected through development charges to maintain historical service levels even with the introduction of new development.

Bill 23 proposes Development Charge Exemptions for the following:

- Attainable/Affordable Housing Units
- Additional Residential Dwelling Units
- Inclusionary Zoning Residential projects
- Non-profit housing
- Growth Oriented Background Studies (DC Background Study, Master Servicing Plans etc.)

Exemptions from fees/development charges associated with attainable/affordable/non-profit housing projects will result in a reduction in Township revenues for the provision of growth-related services that will inadvertently be absorbed by the taxpayer.

Furthermore, due to the mandatory five-year phase in of the collection of development charges, municipal projects (infrastructure, facilities etc.) that are currently funded through development charges will be subject to a shortfall in revenues and the gap in funding may need to be recovered through alternative funding streams (issuance of debt, grants and/or subsidies from upper levels of government, increase in property taxes on existing residents, etc.).

Studies such as Master Servicing Plans, Development Charge Background Studies, Growth Management Studies that are needed to facilitate growth/development would need to be absorbed by the tax base as these studies are proposed to be exempt from development charges moving forward, which is not consistent with the concept of development pays for development.

Examples of significant Township of Springwater projects needed to support growth include the proposed Craig Road connection or the highly anticipated Multi-purpose Complex, which rely entirely or partially on development charges (Craig Road-100% development charge funded, Multi-purpose Complex-61% development charge funded).

Should Bill 23 receive Royal Assent in its current form, the Township could face a potential loss in Development Charge Revenues of \$8.3 million (land costs, studies, non-profit housing and mandatory phase-in gapping for Development Charge funded projects) needed for the growth-related projects such as the Craig Road extension and the multi-purpose complex. To put this into context, the Township would require a tax increase of 10% each year over the next 5 years to recoup reduced revenues received from developers.

This is in addition to any other funding that may be required to look after the Township's existing infrastructure, which currently has a replacement value of over \$985M. Should the additional property tax increase not be supported over the next five years then the timing of when projects move forward will need to be reconsidered and in some cases be deferred.

Core Infrastructure Upgrades/Provision of Parkland

In order to increase the housing supply the Province is proposing additional permissions for additional residential units and further development charge exemptions as follows:

- Up to three (3) residential units on a lot with municipal services (3 units in primary building or 2 units in primary building and 1 unit in an ancillary building);
- Exemptions from development charges, parkland dedication/cash in-lieu;
- 1 parking space for each unit is required.

Staff agree that alternative options are needed to provide for a variety of housing types and that Additional Residential Units are useful to provide for a more affordable housing option.

The ability for municipalities to provide and pay for infrastructure improvements, parks/recreation and maintain infrastructure to support growth, needs to be considered prior to the enactment of wide-spread policy changes.

Core Infrastructure Upgrades

The Township of Springwater currently owns and operates nine (9) water plants and four (4) municipal sanitary sewer systems, with one (1) additional water and sanitary sewer system to be added in the near future. Each system has set capacity limits arrived at through various approval processes regarding the number of households that can be serviced. Staff expect that expansions/enhancements will be required to core infrastructure to support additional population growth.

Exemptions to development charges for additional residential units are expected to create a further funding gap to pay for required enhancements to core infrastructure. Upgrades to existing infrastructure to support growth will have a significant financial impact on the municipality. The Township utilizes approximately \$118,000 worth of road, water, wastewater, bridges, and stormwater assets per existing home to provide services to each household. The net result of Bill 23 would shift the investment burden from the exempt development (Additional Residential Units) to the existing residents and the other non-exempt new development.

Without development charges, the Township would be forced to either borrow funds and rely on the taxpayer to fund expansions to municipal water and sanitary services needed to support additional growth.

Provision of Parkland

Bill 23 proposes the following changes as it relates to the provision of Park Land:

- 5% conveyance rate only applies to portion of development that does not include affordable and attainable residential units;
- Waive parkland conveyance requirements for affordable and attainable housing;
- Alternative rate of 1 hectare per 300 dwelling units to 1 hectare per 600 dwelling units;
- Landowners provided right to appeal parkland conveyance process and municipal decisions.

The proposed Bill may result in park space that is not sufficient to service higher densities as the need for open space areas tend to increase within areas that consist of higher densities.

In addition, delays in house construction may be expected if appeal rights regarding parkland dedication By-laws are expanded as Ontario Land Tribunal (OLT) proceedings could delay approvals.

The following chart provides a summary of staff’s comments with respect to changes with Bill 23 that are expected to have a direct impact to the Township of Springwater. Appendix A provides a summary of proposed changes and staff comments.

Bill 23 –Summary of Staff Comments–Appendix A (Bill 23-Township Staff Comments)

BILL 23 – SUMMARY OF TOWNSHIP STAFF COMMENTS	
BILL 23 CONSIDERATION	STAFF COMMENTS

<p>Planning Approvals removed from Upper Tiers</p>	<p>The Township would be required to fully process applications for Official Plan Amendments.</p> <p>It is unclear how this change will streamline/expedite approvals as reviews of Official Plan Amendments will still be required?</p> <p>Staff provide the following questions:</p> <p>Is the Ministry equipped with the resources necessary to process Official Plan Amendments in a timely manner?</p> <p>Will the proposed change to remove the approval authority from the County expedite approvals or will it represent delays as Official Plan Amendments from across the Province will require Ministry review?</p> <p>Clarification regarding the extent of the approval authority being delegated to municipalities is required.</p>
<p>Site Plan Approval</p>	<p>Exempting developments of 10 residential units or less would remove the ability to properly design residential development from an engineering perspective and remove the ability to require securities to ensure that infrastructure is constructed to Township standards.</p> <p>Site Plan considerations such as servicing capacity, traffic, landscaping, amenity space are all important considerations that are needed to ensure that development is well-planned.</p>
<p>Park Land Dedication</p>	<p>Provision for parkland may not be proportionate to higher densities as the need for open space areas tends to increase within areas that consist of smaller lots and increased residential densities.</p> <p>The proposed change requires a Parks Plan prior to the passing of parkland dedication by-law, which will have a financial impact on the Township to fund the required study.</p> <p>Additional appeal rights for parkland dedication By-laws may represent an obstacle to the Province's objective to expedite the construction of homes as appeals to the Ontario Land Tribunal (OLT) have the potential of</p>

	<p>delaying approvals for development and ultimately slow down house construction.</p> <p>Staff are concerned that the impact of the proposed changes would result in the need for additional public funding to be spent to resolve park related appeals/disputes at the OLT potentially resulting in underserved communities from a parks and recreation perspective.</p>
<p>Draft Plan of Subdivision (Public Meeting Requirement)</p>	<p>Public meetings for plan of subdivision applications would not be required and would be at the discretion of Council.</p> <p>This change could place pressure on Council by the development community to waive the need for a public meeting; conversely residents would request public meetings for plan of subdivision applications.</p> <p>The proposed change is not consistent with the approach taken for Planning Act applications such as Official Plan Amendments, Zoning By-law Amendments, consents/minor variances and would essentially remove public participation from the subdivision process, which is not conducive to identifying community/neighbourhood considerations.</p>
<p>Development Charges</p>	<p>Exemptions from fees/development charges associated with attainable/affordable/non-profit housing projects will result in a reduction in Township revenues for the provision of services that will inadvertently/directly be absorbed by the taxpayer.</p> <p>Projects and studies that are funded through development charges would be subject to a shortfall in revenues and the gap in funding would need to be recovered through alternative funding streams.</p> <p>Foregone development charge revenue will hinder the Township's ability to fund and deliver growth-related projects (infrastructure). Municipalities do not have other sources or tools available to make-up for lost development charge revenue; therefore, forcing municipalities to transfer the burden onto taxpayers by increasing property taxes and water/wastewater rates. This will deteriorate the affordability of existing homes as well as new home development.</p>

	<p>The options available to municipalities include borrowing funds to pay for growth supportive projects and/or increase property taxes/user rates to pay for development versus development pay for development. For those municipalities that are unable to transfer the burden onto the taxpayer, any growth-related projects would need to be deferred/delayed until sufficient funding was available. This delay would be counter intuitive and would essentially delay growth as housing construction would be interrupted.</p>
<p>Ontario Land Tribunal Act</p>	<p>Changes to the Ontario Land Tribunal Act appear to be intended to reduce appeals by limiting appeal rights to applicants, the Province, and public bodies. The prospect of the OLT awarding costs to a losing party could also deter legitimate appeals from being filed.</p> <p>Staff are not supportive of these changes as removing rights to appeal do not appear to be based on legitimate planning ideals, but intended to deny property owners from being involved in appeals concerning their interest.</p>
<p>Additional Residential Units</p>	<p>Staff agree that alternative options are needed to provide for a variety of housing types and that Additional Residential Units are useful to provide for a more affordable housing option.</p> <p>However, impacts to servicing, community design, neighbourhood functionality and revenue generation need to be considered prior to providing blanket approvals to increase densities.</p> <p>The ability to plan for required infrastructure (sanitary and water) needs to be examined more closely to reflect existing and planned servicing capacity.</p> <p>The ability to upgrade infrastructure/parks to service higher densities will be hindered by gaps in funding as a blanket exemption from development charges will have a significant financial impact on the municipality.</p> <p>Without development charges, the Township will be forced to either borrow funds and rely on the taxpayer to fund expansions to municipal water and sanitary services needed to support growth.</p>

	<p>Reduced parking requirements will result in increased on-street parking, which creates issues from an operational and by-law enforcement perspective.</p> <p>Loss in Development revenue will require an alternative funding source to provide park land and facilities to support increased densities/population.</p>
Consolidation of Provincial Policy Statement and A Place to Grow	<p>The Province is canvassing municipalities regarding the consolidation of the Provincial Policy Statement and the Growth Plan seeking comments on potential policy changes that may assist in increasing the housing supply.</p> <p>Township planning staff comments will be forthcoming on this matter at a later date (December 7, 2022) as this is an ongoing review being conducted by the Province. The deadline for comments is December 30, 2022.</p>
Conservation Authorities-Planning Applications	<p>The Township and area municipalities will be required to pursue environmental expertise either by recruiting in-house staff or private consulting firms to conduct environmental reviews.</p> <p>While there may be some efficiencies related to this framework, availability of qualified experts to conduct reviews in a timely fashion without conflict of interest will need to be explored.</p> <p>There could be a financial implication depending on the framework that municipalities deploy.</p>
Conservation Authority Act	<p>The proposed change may result in a more efficient process provided that reviews conducted under the Planning Act include hazard lands considerations as part of planning approval.</p>
Wetland Evaluation	<p>The protection of wetland systems is an essential environmental directive to maintain bio-diversity and ecological sustainability regardless of the location (urban vs. Rural).</p> <p>The proposed changes to the evaluation process will have an impact on important ecological systems, specifically wetlands resulting in degradation and loss of habitat.</p>

	<p>It is unclear to staff how the proposed changes are related to increasing housing supply?</p> <p>Wetland features are typically not conducive to development from a site suitability or an affordability perspective.</p>
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Conclusion

Staff are recommending that comments contained within this report and Appendix A be submitted to the Province for consideration.

That the report from the Director of Planning Services, regarding Provincial Bill 23 (*More Homes Built Faster Act, 2022*) -Springwater Comments, dated November 23, 2022, be received; and,

That staff be authorized to submit Township comments as generally outlined in the report and Appendix A as per the commenting deadlines outlined within the Environmental Registry of Ontario (ERO).

Further staff comments are to be prepared for Council's consideration as Bill 23 moves through the process and additional information is made available.

Financial Implications

The full potential financial and resource implications as a result of Bill 23 will require additional time to determine as the Province continues to make information available.

Although some implications have been noted in the report, staff believe the financial impact will ultimately shift the burden of paying for new growth from the development industry to existing taxpayers.

The proposed changes to the Development Charge Act (DCA) will result in less development charge revenue collected by the Township to fund the costs of growth-related infrastructure that supports new housing, commercial and industrial development. The initial estimated impact to the Township of Springwater is a loss of approximately \$8.3M in development charges over the next 5 years.

Pillars of Commitment

The above initiative supports the following Strategic Pillars of Commitment:

- Community Development
- Smart Growth Management
- Infrastructure, Financial Management & Service Delivery

Approvals

Submitted by: Brent Spagnol, Director of Planning Services

Financial Implications Reviewed by: Jas Rattigan, CPA, CGA, Director of Finance

Approved by: Jeff Schmidt, CPA, CGA, Chief Administrative Officer

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