



DEVELOPMENT SERVICES *Staff Report*

REPORT NO: DS-2022-027

TO: Council

SUBMITTED BY: Harold O’Krafka MCIP RPP PLE, Director of Development Services
Patrick Kelly CPA, CMA, Director of Corporate Services / Treasurer

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REVIEWED BY: Sharon Chambers, CAO

DATE: December 5, 2022

SUBJECT: Bill 23 – More Homes Built Faster Act, 2022

RECOMMENDATION:

THAT Report DS 2022-027 be forwarded to the Minister of Municipal Affairs and Housing as Wilmot’s comment on Bill 23; and,

THAT applicable components of Report DS 2022-027 be posted to the Environmental Registry of Ontario (ERO) in response to ERO postings 019-6163 (Planning Act), and 019-6172 (Development Charges Act), and 019-6196 (Heritage Act).

SUMMARY:

This report provides an overview of Bill 23 – the “More Homes Built Faster Act, 2022” and the potential impacts to the Township from a development, planning and fiscal perspective. The report seeks support from Council to submit comments to the Ministry of Municipal Affairs and Housing (MMAH) and post comments to the Environmental Registry of Ontario (ERO).

The Township has been advised of similar submissions on behalf of municipalities throughout the Region of Waterloo and across Ontario, in support of the merits of the legislation, while being in opposition to its perceived effectiveness in creating more housing in Ontario.

BACKGROUND:

Bill 23 – the “More Homes Built Faster Act, 2022” was introduced on October 25, 2022 and proposes significant changes to a number of Acts including the Planning Act, the Development Charges Act, the Conservation Authorities Act, the Ontario Land Tribunal Act and the Ontario Heritage Act.

Together with the introduction of the Bill the associated implementing legislation was posted to the Environmental Registry of Ontario (ERO) for comment until November 24, 2022, which was problematic for many municipalities due to the post election transition to new Councils.

On November 23, 2022, the deadline for comments was extended until December 9, 2022 thus enabling the Township of Wilmot Council to consider, formulate and submit comments on the proposed legislation. Bill 23 builds upon changes introduced by Bill 109 earlier this year with a goal to streamlining and expediting the construction of 1.5 million homes in Ontario over the next 10 years.

The legislation targets the forced elimination of duplication within the approvals process, a transition of public input from the implementation stages of development to the policy development stages, and a general strategy of forced reduction in expenses for the development industry.

Reduction in fees paid by the development industry through development charges is purported to reduce the costs of new homes but it is unlikely to be successful in this regard. Rather, it will force municipalities to develop alternative means of financing for infrastructure required to accommodate growth. Simplistically, the initial expectation is an increase in taxes and user fees (water/sanitary) on existing residents to pay the costs of growth not covered by development charges.

This shift in financing is commonly referred to as the elimination of the expectation that “growth pay for growth”. While often referred to as being the current state, it would appear though that development has never really paid for itself as evidenced by Asset Management Plans across the province.

The reality of course is that as the infrastructure deficits and funding gaps have become more clearly identified through asset management exercises, municipalities, including Wilmot, have sought to utilize the full power of Development Charges legislation to ensure that development indeed does pay for as much of the cost of development as reasonable and possible.

The dramatic rise in development charges in recent years has in turn been blamed for the rapid escalation of housing prices. While input costs are certainly a factor in the ultimate price of a home, they are far from the only factor affecting affordability.

This report is intended to summarize the proposed changes within Bill 23 and identify the opportunities and the challenges they provide to the Township of Wilmot.

REPORT:

Bill 23 – More Homes Built Faster Act, 2022 is an omnibus bill which makes multiple amendments to multiple pieces of legislation including the Development Charges Act, the Planning Act, the Conservation Authorities Act, the Ontario Land Tribunal Act and the Ontario Heritage Act. The Bill was introduced for first reading on October 25, 2022, and brought forward for second reading on October 31, 2022.

Following 2nd Reading it was referred to the Standing Committee on Heritage, Infrastructure and Cultural Policy for review. That Committee held a number of days of public hearings and subject to further discussion made a number of amendments to the original bill which were debated by the Legislature prior to third reading which was given on November 28, 2022.

Royal Assent was given on November 29th, which ultimately made Bill 23 law and triggers the implementation of the various provisions of the Bill in accordance with the proclamations therein.

Attached to this report as “Attachment A” is the ‘as amended’ version of Bill 23 considered for third reading by the Legislature.

To understand the basis of Bill 23 it is important to briefly revisit the Report of the Ontario Housing Affordability Task Force (February 8, 2022) and Bill 109 – More Homes for Everyone Act, 2022 (April 14, 2022) the first stage of implementing the recommendations of the Ontario Housing Affordability Task Force.

The Ontario Housing Affordability Task Force Report

The task force report is attached as “Attachment B” to this report for reference purposes.

The conclusions and fifty-five (55) recommendations of the Task Force advanced as solutions to the housing affordability crisis were summarized around five themes (5) including increasing density, ending exclusionary zoning, depoliticizing the housing approvals process, preventing abuse of the appeals process and providing financial support to municipalities who build more housing. They further proposed an ambitious target of building 1.5 million homes in the next ten (10) years in Ontario.

In the words of the Task Force “the balance has swung too far in favour of lengthy consultations, bureaucratic red tape, and costly appeals. It is too easy to oppose new housing and too costly to build. We are in a housing crisis and the demands immediate and sweeping reforms.”

Bill 109 – More Homes for Everyone Act, 2022

In response to the report of the Housing Affordability Task Force, the Province implemented Bill 109 in April 2022 which targeted perceived bureaucratic red tape in processing development applications. It was the first step of incentivizing municipalities to adhere to Planning Act

timelines through mandatory monetary penalties for those municipalities who fail to achieve timely service delivery.

Many of the components of Bill 109 take effect January 1, 2023, and those changes and the Township's response to implementing those changes were outlined within Report DS-2022-26.

Bill 23 and its proposed legislative changes are, therefore, the second step in implementing the Housing Affordability Task Force recommendations. Bill 23 is not designed to tweak the process – it is designed and intended to overhaul the development approvals process. Business as usual has not resulted in addressing housing supply issues, and so the province is making significant changes in the approvals and financing of new growth to spur development and supply.

Township staff are supportive of the province's intent and welcome changes to streamline and support local decision making and autonomy. The proposed changes will certainly allow for faster approvals and will certainly, in theory, give the Township more control over the design and implementation of appropriate growth in Wilmot Township. At the same time, some significant gaps in the legislation appear to retain a mix of control in respect of servicing responsibilities that could defeat the intent of shifting planning responsibilities from the upper tier to the lower tier.

In addition, the fiscal impacts of the significant changes to the Development Charges Act will require a re-envisioning of the benefits of growth and how best to finance that growth to maintain the fiscal stability that residents have come to expect from Wilmot Township.

Regional Planning and the Delegation of Planning Authority

Bill 23 proposes significant changes to how we plan regionally and locally with the Region of Waterloo, and others, being classified as an upper-tier municipality without planning responsibilities.

The Regional Official Plan (ROP) would effectively, in time, cease to exist. In the interim, the Regional Plan would become part of the Township Official Plan until such time as any conformity issues are addressed and incorporated into our document and the Regional Plan as it applies to Wilmot subsequently rescinded.

While on the surface this transition may seem relatively straightforward to the casual observer, and not entirely unexpected in the scope of eliminating duplication of effort, the legislation leaves many questions unanswered.

While in some respects it may afford the Township a significant ability to make decisions it deems in the best interests of the Township it could be confusing in so much as Bill 23 does not appear to remove the regional responsibility for sewage treatment or clean water supply - critical servicing infrastructure that ultimately determines which lower tiers grow and at what pace in Waterloo Region.

This is a significant change that leaves many questions on how future growth would be planned collectively. The Township has a long history of working collaboratively with the Region of Waterloo and all municipalities and the value of maintaining the role of the Region in broad based and strategic long-range planning should not be eliminated without due consideration to ensuring that an effective and efficient system replaces it. The changes would occur effective on a date to be named by proclamation and, in that respect, it is hoped that the date named by proclamation would be sufficient to provide for an orderly and logical transition of responsibilities.

A number of significant components of regional planning oversight will need to be addressed not the least of which is Source Water Protection, but which also includes public transit, affordable housing, and environmental planning.

It is possible that through other measures introduced by the province, including Bill 39 Better Municipal Governance Act, 2022 and the merger of the Growth Plan for the Greater Golden Horseshoe and the Provincial Policy Statement these higher altitude strategic planning matters may be addressed. In the absence of the outcomes of those processes many questions will remain on ‘who does what?’ in implementing Bill 23.

At its core, the changes in planning authority under Bill 23 addresses the long-debated delegation of development planning authority in Waterloo Region with finality but this could be achieved without the complete elimination of a Regional role in land use planning. Focusing the Regional responsibility to collective long-range planning while focusing local efforts on implementation would have the same desired effect. The matter has been discussed and debated for many decades with limited success, and the province is now acting decisively to, at a minimum, streamline development approvals and provide a greater level of local self determination.

It is the opinion of Township staff that the province should ensure proper and appropriate timelines are provided for the transition to ensure current development approvals are not unintentionally slowed and to ensure that lower tier municipalities can appropriately staff and assume the additional responsibilities.

“Gentle Density” on Demand

Gentle Density is generally used to create a visually pleasing expectation of intensity gain without impact within established neighbourhoods. Bill 23 expands on previous legislation that permitted three (3) dwelling units as a right on any property with two (2) dwellings within the primary dwelling and one (1) within an ancillary structure. The legislation retains the three (3) units as of right but adds an additional option in which all three (3) units may be located within the primary building. Bylaw changes necessary to implement these requirements will be unappealable.

The Township has already implemented previous provisions for gentle densification, which permits up to three (3) units on residential properties. As a result, the impact of the expanded provision will be limited to only creating an allowance that the three (3) units may be all within the primary building.

Restricting 3rd Party Appeals

Third party appeals (for the most part resident appeals) were initially to be prohibited under Bill 23 for official plans, official plan amendments, zoning bylaws, zoning bylaw amendments, consents and minor variances in similar fashion to the elimination previously of appeal rights for subdivisions.

This is a fundamental issue in the timing and delivery of development approval process that weighs the value of public opposition versus the decision-making powers of elected Councils, and leans towards the decision-making power of Council.

Under the initial Bill 23 only specified persons may appeal which would include the applicants, the province and public bodies like First Nations, and various utility providers.

This would have significant implications for ratepayer and environmental groups on traditional highly contentious applications by eliminating their rights to appeal Council decisions.

Through the review of the legislation at the committee stage the appeal rights have been modified to reinstate the rights of 3rd parties to appeal Official Plan Amendments and Zoning Bylaw Amendments which seems counterproductive to the efforts to streamline development approvals. Third party appeals of consents and variances remain prohibited under the amendments, but realistically have very little impact on the provision of housing.

While staff are not advocating for the elimination of public involvement in the development approvals process, we do believe that if the province is serious in its desire to expedite approvals, the unamended provision respecting 3rd party appeals should be reinstated. Relying on duly elected Councils to make decisions for the electorate, rather than subjecting every decision of Council to further debate under appeal, will undoubtedly streamline the process and enhance local self governance in respect of the provision of housing.

Ontario Land Tribunal (OLT) Changes

Changes to the Ontario Land Tribunal (OLT) originally aligned with the elimination of 3rd Party Appeals and the expedited timelines of Bill 109 by further emphasizing the powers of the OLT to require that unsuccessful parties pay the costs of successful parties.

While these changes to the OLT have not been altered, the reintroduction of 3rd party appeals has, to a certain extent, softened the effect of changes.

The risk of significant financial penalty may be perceived by some to remain an attack on 3rd party appeals, but in essence is really an enhanced effort to ensure that appeals to OLT are never made simply for the purposes of delay and that appellants file appeals only when they have a high degree of confidence in their position and chances for success.

Having said that, when combined with the enhanced timelines required by Bill 109 the assessment of costs has the potential to somewhat weaponize the appeals process by pushing

municipalities to make rushed decisions or incomplete decisions to avoid being levied financial penalties at the OLT.

Clarification that costs be awarded only when it is clear there is a genuine attempt to obstruct or delay a matter would be beneficial in the opinion of staff.

Additionally, under Bill 23 the Minister will be able to impose timelines and/or prioritize certain classes of proceedings which have not yet been defined but which, in theory, might include housing and aggregate approvals.

Limiting Conservation Authority Role in Land Use Planning

There are a number of changes to the Conservation Authorities Act including one that would limit the ability of a Conservation Authority to provide a program or service that is related to reviewing and commenting on a proposal, application or other matter made under a 'prescribed Act.' This could have the impact of meaning that the GRCA would not be able to charge area municipalities a fee for reviewing applications and studies and in turn require the use of 3rd party consultants and peer reviews to affect this level of review.

Staff would question why the province would prohibit municipalities from utilizing the expertise and experience of the Conservation Authority staff. We expect that these requirements stem from issues in other areas of the GTA that have unfortunately been dealt with on a "broad brush" basis. Township staff have worked collaboratively and effectively with staff of the GRCA and quite simply would not have the expertise to take on these expanded responsibilities. As such, staff would deem that the value to streamlining development approvals by reducing the Conservation Authority role is questionable.

Other changes in respect of disposition of Conservation Authority assets could have an impact potentially on Wilmot given the significant land area owned by the Authority, specifically within the core area of New Hamburg.

Changes to the Ontario Wetland Evaluation System are also proposed which could have negative impacts across the province. In respect of greenfield growth areas of Wilmot the impact of the changes would be lessened

This change is identified to take effect January 1, 2023.

Elimination of Public Meetings on Subdivision Applications

The Bill proposes eliminating the Public Meeting requirement on subdivision applications. This would in theory remove public input from the design of subdivisions which may be of concern to abutting residents, but which appears to be largely targeted at eliminating NIMBYism as being a consideration within the planning decision making process.

Combined with the previous elimination of 3rd party appeals on subdivisions it is a clear movement by the province towards development approvals becoming technical exercises relying on elected Councillors to be the voice of the public.

Notwithstanding the proposed changes, it would be extremely rare that an application for draft plan approval was not accompanied by an implementing zoning bylaw amendment which still requires a public meeting and which therefore will undoubtedly still bring public commenting into the consideration of subdivision plans.

While staff concur with the approach to streamlining of development approvals by focusing public input towards policy development rather than policy implementation, Bill 23 fails to deliver that result.

Site Plan Control Changes

The Bill proposes several amendments to site plan control for residential development, not the least of which is the exemption of up to ten (10) units from site plan control. This may be of some significance as the need to consider site details such as lot grading, drainage and stormwater management would be of concern. Additional concerns related to buffering through landscaping details have also been noted.

While it may be possible to address these gaps through an update to the Township Building Bylaw, it would be ideal if the province would clarify that sufficient site engineering is to be completed prior to application for a building permit outside of the site plan process. Alternatively, the province could specify the specific aspects of site plan control it is concerned about in the delivery of developments having ten (10) units or fewer, rather than eliminating it in its entirety.

In that respect the Bill would remove the ability for the Township to impose or regulate aesthetic aspects of landscape or exterior design. This would have minimal impacts on the Township as we rarely delve into the subjective aspects of how a project 'looks'. While we recognize that many urban centres spend considerable effort in planning streetscape, Township staff are of the opinion that subjective exercises are largely bureaucratic in nature and offer significant opportunity for process streamlining and enhancement.

As part of this removal, it would appear that the municipality may lose the ability to require green development standards, although through the amendments proposed at the Committee stage it appears some of these opportunities might be preserved with a new exception for environmental exterior features included in the *City of Toronto Act* or the *Municipal Act*, such as green roofs, alternative roof services or other environmental standards in the construction of buildings.

The Township, in concert with ongoing efforts by the cities, has been exploring opportunities to implement green development standards and as such this work may cease to be required with the implementation of the Bill.

In the opinion of Township staff, we see value in the Province introducing across the board green standards into the Ontario Building Code to ensure the fair and equitable implementation of these standards is applied across Ontario rather than on a municipality by municipality basis.

Parkland Dedication Changes

There are several changes to parkland dedication within the Bill.

Higher density development would see parkland requirements reduced with the imposition of a cap at 15 percent of the area or value of land. This would have minimal impacts on Wilmot as we have very limited projects to which this would apply. Parkland fees would be calculated much earlier in the process at site plan or zoning application which would have minimal impacts on Wilmot as well.

Further, affordable and attainable housing units would be exempted from parkland requirements. Again the impact of this on Wilmot would be minimal at best.

New requirements to spend or allocate 60 percent of parkland reserves annually beginning in 2023 could have significant impacts financially. As of the end of fiscal 2021, the Township held \$1.6M in reserves for future parkland development. These reserves are critical to the fiscal sustainability of parkland planning, in accordance with the Council approved Parks, Facilities and Recreation Services Master Plan.

If the desire from the Province is to expedite the distribution and utilization of existing parkland dedication funds currently in reserve at municipalities, a more thorough review of eligible uses should be undertaken to allow funding to be utilized towards a broader spectrum of parks, facilities and recreation purposes.

One more noticeable change that would impact the Township is the apparent ability of a developer to dictate the lands they wish to constitute parkland dedication whereas previously the Township would dictate what was acceptable. Refusal by the Township to accept lower quality lands would be appealable by the developer to the OLT and may result in lower quality or reduced useability of parkland dedications.

Fortunately, the Township of Wilmot has acquired an extensive existing network of publicly owned lands that would facilitate significant recreational opportunities in significant growth areas and as such the opportunity to reduce land acquisitions in favour of cash-in-lieu to build recreational resources may mitigate the impact of Bill 23 in the short and long term.

In all instances it highlights the need for municipalities to work collaboratively with developers to affect the very best developments and communities, but the province should consider requiring some basic requirements on parkland dedications in respect of ensuring the dedications are contiguous or linked to existing parkland networks and that they have public street frontage and visibility.

Ontario Heritage Act Changes

Changes are being made to how a property can be included on the Township's Heritage Registry including requiring that the property meet specified prescribed criteria rather than the Township simply believing a property meets the criteria.

In addition, any property included in the registry on the day the subsection is proclaimed to be in force will be removed from the registry if the property has not been advanced towards designation within two (2) years. Once removed from the registry, a property is not permitted to be re-added to the registry for a period of five (5) years.

The changes would come into effect on the day of Royal Assent with the acknowledgement that other timelines may be included on specific components.

This could have a significant impact on the Townships non-designated registry of over one hundred (100) properties. It would require the Heritage Advisory Committee to prioritize the existing list to ensure that the most significant resources are advanced towards designation within the two (2) year time frame.

It may also suggest that those listed resources which have no reasonable expectation to be advanced to full designation be removed quickly, so as to avoid and/or start the '5 year' time out window as soon as possible.

Financial Implications of Changes to Development Charges

From a local perspective, the Township is heavily reliant upon DC funding to support our long-term infrastructure planning framework. The Township deploys a 10-year Capital Forecast to ensure adequate infrastructure is supplied to support the Township's growth forecasts.

The most recent iteration of the 10-year Capital forecast predicts \$121.6M in capital spending from 2022 to 2031. Nearly 40% of these expenditures are expected to be funded via development charges. DCs are utilized to support growth-related studies, and infrastructure investments in Fire Services, Infrastructure Services (Roads, Water, Sanitary) and Community Services (Parks and Facilities).

The proposed changes under Bill 23 could result in devastating impacts on the Township's ability for fund growth-related infrastructure investments. Put simply, this Bill will put Township Council in the difficult position, whereby the approval of affordable housing developments will directly impact the Township's ability to fund infrastructure critical to supporting said developments.

"Municipalities are responsible for the infrastructure needed to allow new housing to be built, and provide the essential services expected by the community. The proposed changes to development charges, parkland dedication fees and community benefits charges will limit the ability of municipalities to fund the capital costs of such infrastructure and services."

The total cost of home ownership will be higher as a result of further property tax and user rate increases. There is no demonstrable evidence that a reduction in development charges, community benefit charges or parkland dedication rates will translate into lower housing prices.” - Ontario Regional and Single Tier Treasurers (ORSTT)

Further to recent commentary at the Provincial legislature, staff wanted to provide Council a more accurate picture of the financial status of Wilmot’s development charges reserve fund.

The first thing to clarify is that to date the Province, has been in isolation making reference to the amount of development charges that is available within DC reserve funds across the Region as of the end of fiscal year 2021. Relying on that information alone, MPP’s have attempted to paint a political picture that Wilmot and other municipalities are sitting on significant, unallocated financial resources within DC Reserve Funds. This information is not only inaccurate, but also misleading to the public.

To understand the true financial picture and provide complete and accurate financial analysis, the Province should have more thoroughly examined the existing debt issued within the development charges reserve fund, and the subsequent funding already committed to growth-related initiatives within our 10-year capital forecast.

A more fulsome analysis would have demonstrated that Wilmot’s DC reserve funds as of December 31, 2021 were in a deficit position of \$3.7M.

In order to meet cash flow obligations for continued growth-related infrastructure investments, Wilmot issued DC-funded debentures in the fall of 2022. The existing deficit balance is largely the result of funding allocated within the capital program to service growth-related infrastructure for trunk sewer installations and underground infrastructure at the Employment Lands site along Highway 7/8.

The Employment Lands development specifically underscores the challenge with the fast pace of growth in our municipality, whereby critical infrastructure is being studied, designed and installed ahead of construction of housing and commercial/industrial facilities. This results in the Township up fronting and carrying the costs of growth-funded infrastructure until such time as DC’s are collected at the time of permit issuances.

For many years, Wilmot had relatively low Development Charge rates; as such over the past two (2) iterations of the DC Background Study (2014 and 2019) DC rates have increased substantially, to ensure we collect sufficient funds from new growth to service debt obligations and fund future infrastructure needs. Similar to municipal peers across the Province, this methodology of increased DC rates is our only avenue to ensure that “growth pays for growth”. The proposed changes within Bill 23 will impair our ability to meet these requirements within the existing DC framework, and would likely require adjustments to the tax levy and user-fees to offset the gap created in growth-related infrastructure funding.

From staff's perspective, the Province should strongly consider incentivizing those municipalities who respond to the call for more housing and process efficiency by providing funding to bring revenue neutrality to the development charges lost, thereby minimizing the financial impact of growth on existing residents in growth communities. Further, the Province needs to explore and identify mechanisms that ensure the financial savings to the development industry, resulting from reduced fees, are passed by developers onto purchasers.

"Bill 23 proposes numerous changes to the Development Charges Act and Planning Act that, if passed, will significantly impact how municipal governments recover the costs associated with growth." - Association of Municipalities of Ontario (AMO)

There is little benefit to affordability and attainability if the savings simply enhance the profits of the development industry. Indeed, the transfer of costs through increased taxes and user-fees (water/sanitary) to offset lost development charges would have the effect of actually increasing housing costs even higher than they are today if the fee reductions do not flow through to the purchasers.

Overall, the Township is aligned with all area municipalities and the Region in strong opposition to Bill 23's proposed changes to the Development Charges and Parkland Dedication framework. The fallout from the proposed changes will undoubtedly impact future tax levy and user fee (water/sanitary) requirements across the entire municipality.

Other Pending Matters

Proposed Regional Official Plan Amendment 6

Based on the approval of a variety of Regional amendments implementing Municipal Comprehensive Reviews (MCR's) in communities including Ottawa, Hamilton and Halton, as well as the swapping of lands within the Greenbelt, there exists a high probability that the limited greenfield growth plan of Waterloo Region will be treated in similar fashion with Provincially imposed enhancements.

While widely panned in Waterloo Region as the Countryside Line being under attack, it is far less likely to have much impact in respect of the Countryside Line, but likely will introduce additional greenfield growth opportunities Regionally.

The Township of Wilmot alone has over 300 acres inside the Countryside Line, but with a current servicing capacity limitation of 10,600 additional people (2022). The practical limitations of servicing capacity will ensure the integrity of the Countryside Line for quite some time in Wilmot Township.

Having said that, as the proposed Regional amendment failed to plan for the full utilization of this capacity, it is possible that it may result in additional lands inside the Countryside Line being targeted for greenfield development in Wilmot to 2051.

Changes to Provincial Plans

The Province has also identified a proposal to integrate the PPS and A Place to Grow into a new province-wide planning policy instrument that:

- Leverages the housing-supportive policies of both policy documents;
- Removes or streamlines policies that result in duplication, delays or burden in the development of housing;
- Ensures key growth management and planning tools are available where needed across the province to increase housing supply and support a range and mix of housing options;
- Continues to protect the environment, cultural heritage and public health and safety; and
- Ensures that growth is supported with the appropriate amount and type of community infrastructure.

The intended outcome of this review is to determine the best approach that would enable municipalities to accelerate the development of housing and increase housing supply (including rural housing), through a more streamlined, province-wide land use planning policy framework.

While specific changes to policies have not been released it certainly is expected that significant changes to this new document should ensure sufficient opportunity for informed municipal comment.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

Commenting on Provincial legislation promotes an engaged community.

FINANCIAL CONSIDERATIONS:

Bill 23 has the potential for significant fiscal impacts on the Township of Wilmot.

In respect of delegated approvals, the Bill will require additional staff resources to properly implement new responsibilities.

In respect of development financing the Bill will require new approaches to financing the infrastructure required to support and service growth.

Township staff engaged with our consultants at Waston and Associates Economists Ltd to calculate the potential financial impacts of this legislative update.

Through this analysis staff can provide the following information:

- Based on the 2021 DC Amendment and underlying anticipated development, the anticipated DC revenues over the period totaled \$52.5 million (with indexing assumptions).
- The proposed phase-in under Bill 23 for the first four (4) years would result in a loss of \$2.36 million in DC revenue.
- This equates to approximately 4.5% of total anticipated DC revenues.
- Housing is not a service area covered within the DC Calculations for Wilmot. As such the estimated \$ value impact of DC Housing costs for Wilmot over the 10-year horizon is zero (\$0)
- The DC Funding for Growth Related Studies within our 10-year Capital Forecast (2022-2031) is \$454,200.
- The collection of this funding would no longer be eligible under the updated Development Charges Act (DCA), and would need to be sourced through alternative avenues (i.e. Property Taxes and User Fees)
- The Township is anticipating land purchases over the 10-year Forecast to accommodate Fire Station 3 – New Hamburg, potential additional space for Public Works Operations and potential additional space for Parks & Facilities Operations.
- Conservatively assuming that 10% of the Capital outlay for Design/Build of these three (3) facilities would be for Land; the Township would be looking at approximately \$1.3M in land purchases over the 10-year horizon, which would no longer be eligible for DC funding
- As of December 31, 2021 Wilmot has not issued debt, and the \$3.7M deficit within the DC reserve fund was being internally financed through Wilmot's discretionary reserve funds.
- In the fall of 2022 the Township issued \$6.3M in debt to be funded by future DC's
- The ability to service this debt through DC collections will be impaired by the proposed legislative changes
- The 2022-2031 10-year Capital Forecast is anticipating capital funding of \$48.1M to be derived from Development Charges

In summary, the impact of Bill 23 on the ability of Wilmot to fund significant growth-related infrastructure investments, and service existing debt obligations will be severe. The shift of growth-related infrastructure funding to the entire Township tax base will be extremely challenging to justify locally.

ATTACHMENTS:

Attachment A: Bill 23 More Homes Built Faster Act, 2022 as amended by Committee

Attachment B: Report of the Ontario Housing Affordability Task Force