



**30 JULY 2023**

**Ministry of Municipal Affairs & Housing**

Provincial Land Use Plans Branch

777 Bay Street, 13<sup>th</sup> floor

Toronto, ON M7A 2J3

[VIA Electronic Submission](#)

**RE: ERO: 019-6813: Feedback on proposed policies adapted from *A Place to Grow* and *Provincial Policy Statement* to form a new provincial planning policy instrument.**

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The Waterloo Region Home Builders Association (WRHBA) is over 160 members strong! We are the recognized leaders and the voice of the new residential home construction, land development, and professional renovation industries in the Waterloo Region. We are an association of knowledgeable, trusted, resourceful, and local professionals, and together we create vibrant, thriving, and sustainable communities across our three municipalities and four townships. WRHBA member companies construct over 90% of all new residential construction, making it one of the most significant economic engines driving the Region's economy, creating over 22,000 jobs, 1.5 billion in wages, and 3 billion in investment value.

As an Association, we are invested in bringing insight to public policy decision-makers at all levels of government on matters that affect the residential development and construction industry in addressing housing affordability and choice for consumers. The WRHBA is coordinating its public policy response with regards to the proposed new provincial planning policy instrument with the Ontario Home Builders' Association and other Ontario chapters.

As we know, Ontario needs 1.5 million new homes over the next decade to restore housing attainability. We need the right mix of housing types, formats and locations to ensure that Ontarians at all stages of life can find a place they can call home. The current provincial planning ecosystem places some limits on how fast our province can achieve the social and economic imperative of dramatically increasing new housing supply and variety. That is why we are encouraged by the proposals that have been put forth to update how Ontario plans for growth.

We support the policy direction of the new Provincial Planning Statement (PPS) and the rescinding of A Growth Plan for the Greater Golden Horseshoe (Growth Plan). The duplication of policy from the former PPS and Growth Plan led to excessive delay and study requirements of municipalities, builders and developers in the Greater Golden Horseshoe. While some of the policies of the Growth Plan were helpful in promoting transit supportive densities in strategic areas, many of the policies of this plan unnecessarily restricted the supply of housing and land available for development and construction that was required to meet its growth targets.

It is important to note from the outset that the proposed PPS structure of requiring large/fast-growing municipalities to be subject to growth-management related policies is appropriate and needed. Establishing a policy specifically for such municipalities is effective by enabling one Planning Statement that can be applied province-wide without placing unnecessary or onerous requirements on smaller or slower growing municipalities.

### **Building the Needed Volume and Variety of Housing Options**

The new PPS will be effective in generating new housing supply in high growth municipalities and surrounding rural areas. The proposed policies will be effective in creating appropriate housing opportunities in these settings. In particular, the policies that require minimum densities in major transit station areas and other strategic growth areas will ensure that opportunities for higher-density housing forms can be realized in areas that benefit from existing or planned transit.

In addition, the permission of additional housing in rural areas can release a significant supply of housing in regions peripheral to urban areas that complement the more compact and urban forms of housing that will be based in urban centres.

To ensure that large/faster growing municipalities plan for their share of growth, we strongly believe that the province should continue to prepare forecasted minimum population and housing targets for these municipalities (similar to those required in the Growth Plan, and subsequently in the province's minimum housing targets to 2031) and require that these municipalities demonstrate in their official plans how these targets will be met with the timeframes of the PPS.

The PPS should also clarify how minimum intensification targets apply across the entire municipality, and that intensification is encouraged throughout the settlement area boundary. This is essential to provide policy support for gentle-density forms of intensification in existing areas which would otherwise be prevented by anti-growth special interests.

Lastly, it is important to provide clarity as to what constitutes affordable and attainable housing – changes to the *Development Charges Act* should be reflected in the new PPS in this regard. In addition, the PPS should clarify that additional residential units are encouraged in all single, semi-detached and townhomes (similar to the permissions under the *Planning Act*) and that these units can provide a supply of purpose-built attainable rental housing.

### **Making More Land Available for Homes & Employment**

We strongly support the broadening of opportunities to make areas available for new home construction, particularly the new tools and options provided to municipalities to accommodate growth. We also welcome the change requiring municipalities to plan to a minimum 25-year horizon given that most new communities will take 25 years to be substantially built. This timeline is an appropriate planning horizon.

Furthermore, we are encouraged by the requirement to maintain a 15-year residential land supply and maintain land with servicing capacity for a 3-year supply of residential units. We believe this policy would be more effective if it clarified that the supply of land and units is to be maintained for a market-based supply of units and be specific to unit type. It is as equally important to forecast for, and provide the right composition of housing, as well as an overall quantity of housing.

The provision for a simplified settlement area boundary expansion process is a very positive policy change that should allow municipalities to both create new settlement areas and extend existing ones to meet housing supply objectives.

We strongly support the definition of employment areas in the PPS (which reflect that contained in the *Helping Homebuyers, Protecting Tenants Act*) and the focus on these areas for a concentration of more intensive industrial and manufacturing type uses. Clarification should be provided that other uses (including commercial, institutional, and residential uses) may be permitted on employment lands and lands designated for employment that do not meet the PPS definition of "Employment Area", subject to

appropriate separation required for sensitive uses. The province should prepare an update to the D-series guidelines to update the separation requirements for sensitive uses in keeping with the updated definition from the PPS. Overall, this is a significantly positive change that will help ensure that Ontario strikes the right balance between housing, employment areas and municipal flexibility.

We propose further changes with the PPS to permit municipal infrastructure outside of settlement areas to support smart growth planning. Currently, some municipalities continue to preclude any urban infrastructure being placed outside of settlement areas. This requires storm water ponds and municipal pipes being placed in urban designated lands, which results in a loss of net developable land, a reduction in land supply adjacent to town centers and the inefficient use of existing infrastructure. We also recommend that direction be provided through the PPS to permit urban infrastructure being placed in non-urban designated areas if the lands are owned by the same property owner. This will support making more land available for homes and allow a more efficient use of settlement area lands.

### **Providing Infrastructure to Support New Housing**

Floodplain mapping and associated modelling in urban areas should be prepared to account for proposed growth, including stormwater management facilities and flood mitigation work in these areas. It is not appropriate to assume a no-mitigation approach to flood plain modelling in an urbanizing area. This approach should be incorporated into the policies of the new PPS and in related guidance material from the province.

Policies supporting the location of trails and other passive recreation activities within hydro and gas corridors should be added to the PPS. Moreover, when trails and/or recreational opportunities can be provided in these corridors, such areas should be eligible for parkland contribution under the *Planning Act*.

Additionally, the policies of the PPS should provide direction to utility providers to integrate their planning with the growth planning of municipalities, and to account for these plans in their future service planning. Moreover, utilities should be strongly encouraged to ensure that sufficient service is available in accordance with planning to support designated growth and the delivery of housing. Where required, the province should consider legislative and policy changes to ensure that both utilities and regulators provide sufficient services for both existing and future housing to achieve municipal growth plans.

We strongly support the policy direction to require school boards to integrate planning for schools and growth – the policies should specifically speak to reducing the size of school sites when co-located with parks and should encourage the provision of schools in mixed use formats, including within multi-storey residential buildings.

We further support the use of alternative servicing solutions to enable development in areas where typical full municipal servicing solutions are not viable. The province should prepare guidance material regarding the minimum densities and size of developments appropriate for alternative servicing solutions.

### **Balancing Housing with Natural Resources**

To minimize potential conflicts with agricultural uses and existing or new residential areas, municipalities should appropriately designate and zone rural lands that abut residential areas and settlement area boundaries.

The proposed environmental protection policies should be provided in the context of a *Housing First* policy goal and objectives which should be added to the PPS in settlement area boundaries. An urban lens should be provided for environmental protection in settlement areas, generally directing that preservation of features should have the object of maintaining green infrastructure in urban areas to preserve natural functions and the protection of provincially significant features. Such policies would support the provision of housing through the efficient use of land is essential and a priority over other competing policy objectives.

In all areas, the policies related to the natural environment, and environmental protection should allow a net benefit approach through the development process. Such policies should facilitate logical settlement patterns by allowing feature removal or relocation with off-setting opportunities for on- and off-site compensation on a 1:1 basis.

The environmental policies could encourage the preservation of non-provincially significant features if it is clarified that such features should be treated as social elements that offer passive recreational opportunities to residents and that they would form part of the parkland dedication requirements under the *Planning Act*.

### **Natural Heritage Policies**

The implementation of the natural heritage policies has created ongoing challenges both in terms of the timely delivery of communities and homes, and in the ability to create more positive and sustainable outcomes for nature.

Given the diverse municipal interpretations of the provincial natural heritage policies, the conservation of the most important natural heritage features and functions has often become caught in polarized, lengthy, and expensive arguments about the ecological importance (or lack thereof) of the smallest and most isolated patches of nature. In many cases, for example, natural heritage protections are being applied by municipalities to features that are small, disturbed, young on the landscape, and sometimes human created. The created features that have been defined as significant, for instance, include:

- young plantations;
- hedgerows;
- wetland areas in ditches;
- backed up drainage systems;
- naturalizing golf course ponds;
- closed aggregate extraction ponds; and
- naturalized farm ponds.

This overly cautious approach has created inefficiencies in the development of “complete communities”, which may take different shapes and forms appropriate to their contexts to meet the diverse needs of their populations (PPS definition). Our recommended changes to the natural heritage policies will introduce much-needed flexibility, that will also generate more nature positive outcomes, more quickly. We understand that viable and functioning natural heritage systems are important to the integrity of the environment, and to the well-being of citizens who live near and interact with them.

In addition, we will continue to work with the province and municipalities to achieve natural heritage outcomes that are practical, viable, and sustainable, whether they occur in settlement areas, rural areas, or agricultural areas. We will continue to offer ideas and solutions that will lead to increased and appropriately targeted investments in our natural heritage systems.

In the following, we propose minor, but important modifications to the natural heritage policies to enable our industry to create healthier communities more efficiently and effectively. At the same time, our industry will continue to accelerate the establishment or protection of natural heritage systems that will thrive in areas where communities are developing. We will continue to work with our municipal partners to create communities that enable citizens to interact with nature in respectful and sustainable ways.

To achieve these ambitious and positive outcomes, Ontario needs a degree of smart flexibility in the natural heritage policies and their implementation. Smart flexibility will best be achieved through the two following distinct, but related changes:

- 1) Shift from the no negative impact test to a no **net** negative impact test for natural heritage features and associated functions; and
- 2) Formally adopt an ecological **offsetting** approach to allow for the selective removal of generally smaller and degraded natural heritage areas with limited functions. The removed features would be replaced, achieving a net ecological gain (i.e., nature positive outcomes).

The following additional comments are provided regarding these two proposed changes. Specific suggested wording changes are then proposed for the PPS natural heritage policies and for a few associated definitions. Some final thoughts are also offered, regarding key next steps to ensure that background materials and guidelines are updated and can support the policy changes.

### **Net Negative Impact Test**

The current test under the PPS related to natural heritage features and functions (excluding fish habitat) is the no negative impact test. That test specifies, that a "... negative impact is: degradation that threatens the health and integrity of the natural features or ecological functions". Health and integrity are not defined terms, in the PPS.

Requirements to achieve no negative impact on any aspect of natural heritage features or functions have proven to be challenging and impractical. It is likely that any development or site alteration activity will have some, often minor or immeasurable impact on one or more aspects of natural heritage features or functions.

The definition of "functions" further complicates the use of the no negative impact test. The PPS defines ecological function as follows "... means the natural processes, products or services that living and non-living environments provide or perform within or between species, ecosystems and landscapes. These may include biological, physical, and socio-economic interactions." The complexity of the term ecological function includes undefined biological, physical, and socio-economic interactions.

The implementation of a slightly modified test, a no **net** negative impact test, will allow for minor adjustments to natural heritage features and associated functions. This approach would encourage, not discourage, more innovative forms of mitigation, with simpler impact assessment considerations and with net positive outcomes for nature.

Where a development or site alteration could impact larger and more overtly important natural heritage features and associated functions, the no **net** negative impact test would involve a special form of compensatory mitigation, commonly referred to as offsetting.

### Ecological & Biodiversity Offsetting

The province’s release of the Discussion Paper, *Conserving Ontario’s Natural Heritage*, presents an important, forward-looking approach that could significantly improve the use of, and outcomes associated with, natural heritage policies in Ontario.

Ecological biodiversity (also known as biodiversity offsetting) is an impact assessment tool used globally in over 100 countries. These offset programs allow for the compensation of impacts to the natural environment in ways that restore or improve the quality and/or quantity of the impacted natural heritage features. Unlike a no **net** negative impact test, which minimizes and neutralizes impacts, offsetting programs require achieving net positive or nature positive outcomes. This approach could be used when predicted impacts surpass what might be considered to be the most minor immeasurable predicted impacts addressed above.

### Proposed Natural Heritage Policy Modifications

The following are a few specific wording changes to the natural heritage policies and the definitions, that will support our suggested no **net** negative impact test and the recommended offsetting approach. The numbering system used in this section follows the numbering of sections in the June 16, 2023, version of the proposed PPS.

### Recommended Specific NHS Policy Wording Modifications

| Existing Wording  | Proposed Revised Wording   |
|---|--|
| <b>PPS section 4.1.4</b><br><br><i>Development and site alteration shall not be permitted in: ...<br/>... unless it has been demonstrated that there will be no negative impacts on the natural features or their ecological functions...</i>   | <b>Add the word net (underlined below)</b><br><i>Development and site alteration shall not be permitted in: ...<br/>... unless it has been demonstrated that there will be no <u>net</u> negative impacts on the natural features or their ecological functions...</i>   |
| <b>PPS section 8</b><br><br><i>Development and site alteration shall not be permitted on adjacent lands to the natural heritage features and areas identified in policies 4.1.4, 4.1.5, and 4.1.6 unless the ecological function of the adjacent lands has been evaluated and it has been demonstrated that there will be no negative impacts on the natural features or on their ecological functions.</i> | <b>Add the word net (underlined below)</b><br><i>Development and site alteration shall not be permitted on adjacent lands to the natural heritage features and areas identified in policies 4.1.4, 4.1.5, and 4.1.6 unless the ecological function of the adjacent lands has been evaluated and it has been demonstrated that there will be no <u>net</u> negative impacts on the natural features or on their ecological functions.</i> |

### Recommended Definition Modifications

The following are suggested changes that will match with other recommendations contained within this material.

- a) Areas of Natural and Scientific Interest (ANSIs)

One general comment we offer, is related to the ongoing inclusion of Areas of Natural and Scientific Interest (ANSIs) within the natural heritage policies. We understand that this program was important at the time (e.g., 1980s), to determine local, regional, and provincial levels of importance for earth and life science ANSIs. The definition of ANSI refers to “... natural landscapes or features that have been



identified as having life science or earth science values related to protection, scientific study or education”. We suggest the relevance of defining significance of ANSIs related to protection, scientific study, or education, be carefully reviewed. Whether these aspects are appropriate for the definition of natural heritage significance is an important question the province should consider. Furthermore, whether the program is current and if the information is updated and reviewed on an ongoing basis. This may be a moment when the identification, ranking, and conservation of some or all of these features, needs a more discerning review for relevance. We also understand that in many cases, ANSIs will be located within and overlap with other natural heritage features.

#### b) Ecological Function

This definition of ecological function is broad, and it is not clear what is being referred to as, “... biological, physical and socio-economic interactions...”. We recognize that the 2010 Natural Heritage Reference Manual (created to support the 2005 PPS), will require substantial revisions. One area where additional information and guidance could be improved is related to the definition and measurement of ecological functions.

#### c) Natural Heritage System

In the definition of natural heritage system, reference is made to, “...The Province has a recommended approach for identifying *natural heritage systems*, but municipal approaches that achieve or exceed the same objective may also be used.” Industry experience has demonstrated that some municipalities have moved thresholds for the determination of significance to a very low level, attaching significance to small, disturbance origin, and non-native plant dominated communities. This appears to move well past municipalities treating provincial policies as minimum standards. Broad municipal approaches that are not rooted in an understanding of the different landscape characteristics across municipalities, can lead to inappropriate designations of significance. Any guidance to municipal approaches needs to ensure that:

- Thresholds for significance are appropriate, based on science, and are adjusted to match varying landscapes and sensitivity; and
- Municipal policies and mapping comply with PPS section 4.1 3, that states, “*Natural heritage systems* shall be identified in Ecoregions 6E & 7E1, recognizing that natural heritage systems will vary in size and form in settlement areas, rural areas, and prime agricultural areas.”

#### d) Negative Impacts

The negative impacts definition needs to be adjusted to reflect any changes required, should the province choose to adopt the proposed change to a no net negative impact test for some or all natural heritage features and functions. A definition would also need to be incorporated for net negative impacts.

### **On Supporting Materials**

The primary reference related to the natural heritage policies is the Natural Heritage Reference Manual (2010), which is now dated, and was specific to the 2005 PPS. Since its publication 13 years ago, much has been learned about natural heritage in southern Ontario. New and important technical information, references, and scientific literature have been produced since 2010. The manual requires updating that would better explain the determination of significance, current landscape ecological practices, and the most current best practices related to Impact Assessment including the use of offsetting. Substantial updates to the appendices of the manual are strongly recommended.

Other manuals and references that would benefit from a critical review and updates include:

- Significant Wildlife Technical Guide (MNR 2000)
- References for Regionally and Locally Significant Plant Species (e.g., Cuddy, 1991; Riley, 1989; Varga et al, 2000; Oldham, 1993).

We encourage all provincial Ministries to work collaboratively on updating these critical documents to help best protect and preserve our province's natural spaces in a smart and thoughtful manner.

### **Conclusion**

We thank the Ministry of Municipal Affairs & Housing for the opportunity to comment on these proposals. We look forward to continuing discussions with the Ministry in order to ensure these proposals are aligned with the goals of improving housing attainability for current and future Ontarians.

Sincerely,

**WATERLOO REGION HOME BUILDERS' ASSOCIATION**



Marie Schroeder,  
Executive Officer

cc: WRHBA Board of Directors  
WRHBA Municipal Liaison Chairs  
WRHBA Member Companies