

Report To:	Regional Chair and Members of Regional Council
From:	Bob Gray, Commissioner, Legislative and Planning Services and Corporate Counsel Cyndy Winslow, Commissioner, Finance and Regional Treasurer
Date:	November 9, 2022
Report No:	LPS72-22/FN-34-22
Re:	Proposed Changes to the Provincial Planning Framework – Bill 23 and More Homes, Built Faster: Ontario’s Housing Supply Action Plan

RECOMMENDATION

1. THAT Report No. LPS72-22 / FN-34-22 and the detailed comments in Attachment #5 be endorsed as a basis for Regional submissions on the matters posted to the Environmental Registry of Ontario and Ontario’s Regulatory Registry related to ‘More Homes, Built Faster: Ontario’s Housing Supply Action Plan 2022-2023’ and Bill 23, *More Homes Built Faster Act, 2022*.
2. THAT the Regional Clerk forward a copy of Report No. LPS72-22 / FN-34-22 to the Premier of Ontario, the Minister of Municipal Affairs and Housing, the Halton Members of Provincial Parliament (MPPs), the Association of Municipalities of Ontario, the City of Burlington, the Town of Halton Hills, the Town of Milton, the Town of Oakville, for their information.

REPORT

Executive Summary

- On October 25, 2022, the Province introduced ‘More Homes, Built Faster: Ontario’s Housing Supply Action Plan 2022-2023’ (the “Action Plan”). The Action Plan is the latest in a series of Provincial initiatives related to the supply of housing in Ontario. To support the Provincial commitment to getting 1.5 million homes built over the next 10 years, it proposes sweeping and substantive changes to a range of legislation through Bill 23, *More Homes Built Faster Act, 2022* (“Bill 23”) as well as through updates to regulations and consultations on various Provincial plans and policies.
- The Province is to be commended for advancing initiatives in support of our shared goal of addressing housing supply and affordability. While there are some positive aspects of Bill 23, many of the proposed changes would run counter to this goal and

result in negative consequences, ultimately limiting the ability to advance housing supply. For example the changes would:

- significantly alter roles and responsibilities within the land use planning system causing unnecessary confusion, ultimately delaying increases to the supply of housing;
 - introduce significant uncertainty in planning and building infrastructure and services required to support significant growth in Halton's housing supply;
 - reduce development charge funding and other development financing necessary to pay for the infrastructure required to support this significant growth of new housing;
 - eliminate the ability to collect development charges to support the delivery of critical assisted housing for vulnerable populations; and
 - advance changes to planning policies and processes that do not have a clear or direct connection to increasing the supply of housing.
- Importantly, the changes proposed as part of the Action Plan and Bill 23 would:
 - remove Regional Council's role in land use planning, including by eliminating: the Regional Official Plan and the responsibility for integrating land use, infrastructure and financial planning; the ability to act as an approval authority for planning decisions; the ability to defend Regional interests at the Ontario Land Tribunal; the ability to plan for matters such as the Regional Natural Heritage System, Agricultural System, and mineral aggregate extraction, to name a few; and,
 - result in significant impacts to Halton Region's ability to fully recover the costs of growth-related infrastructure and services through development charges.
 - An overview of the changes proposed by the Province is provided in this report together with Regional staff's assessment of the likely implications for Halton. The key changes are addressed in the report, with more detailed commentary provided in Attachment #5 to this report.
 - The proposed changes are posted to the Environmental Registry of Ontario (ERO) and Ontario's Regulatory Registry for consultation. There are over 20 proposals posted with commenting periods of 30 days (ending November 24, 2022), 45 days (ending December 9, 2022), and 66 days (ending December 30, 2022). A list of the postings and their commenting deadlines is provided as Attachment #3 to this report.
 - Pending the approval of this report, submissions will be prepared and provided to the Province consistent with the comments provided in this report.

Background

Since 2018, the Provincial government has advanced a number of initiatives and legislative changes related to the supply of housing in Ontario. These include:

- consultation on ‘Increasing Housing Supply in Ontario’ (November 2018);
- introduction of a ‘Housing Supply Action Plan’ (May 2019);
- enactment of Bill 108, ‘*More Homes, More Choice Act*’ (June 2019);
- enactment of Bill 197, ‘*COVID-19 Economic Recovery Act*’ (July 2020);
- announcement of a Housing Affordability Task Force (December 2021);
- an Ontario-Municipal Housing Summit (January 2022);
- a report from the Ontario Housing Affordability Task Force (February 2022); and,
- enactment of Bill 109, ‘*More Homes for Everyone Act*’ (April 2022).

Attachment #1 to this report provides a summary of these Provincial initiatives, as well as references to the previous reports provided to Regional Council in relation to them.

‘More Homes, Built Faster’

On October 25, 2022, the Provincial government introduced its latest housing initiative: ‘More Homes, Built Faster: Ontario’s Housing Supply Action Plan 2022-2023’. The Action Plan is intended to advance the government’s commitment to getting 1.5 million homes built across Ontario over the next 10 years. It proposes a series of changes intended to support the Provincial objectives of: building more homes, reducing construction costs and fees, streamlining development approvals, and helping homebuyers. Some of the key changes associated with each of these objectives are identified in the table below.

Objective	Proposed Change
Building More Homes	<ul style="list-style-type: none"> • encourage the creation of more housing units by: <ul style="list-style-type: none"> ○ promoting ‘gentle density’ by allowing up to three residential units on a lot; ○ requiring municipalities to update zoning by-laws within one year of development policies for these areas coming into effect; and ○ identifying new 10-year housing unit targets for 29 of Ontario’s fastest-growing municipalities, including Burlington, Milton, and Oakville
	<ul style="list-style-type: none"> • update inclusionary zoning (IZ) regulations to: <ul style="list-style-type: none"> ○ establish an upper limit on the number of units required to be set aside as affordable, set at 5% of the total number of units; ○ establish a maximum 25-year period for units to remain affordable; and, ○ prescribe the lowest price/rent that can be required for units, set at 80% of average resale purchase price / 80% of average market rent.
	<ul style="list-style-type: none"> • identify more land for housing by: <ul style="list-style-type: none"> ○ expediting housing construction on underused provincial lands; and,

Objective	Proposed Change
	<ul style="list-style-type: none"> ○ requiring Conservation Authorities to identify in their land inventories any lands that could support housing development.
<p>Reducing Costs & Fees</p>	<ul style="list-style-type: none"> ● review Provincial plans and policies to: <ul style="list-style-type: none"> ○ combine and simplify the Growth Plan & Provincial Policy Statement; and, ○ consider revoking the Parkway Belt West Plan.
<p>Streamlining Development Approvals</p>	<ul style="list-style-type: none"> ● reduce development charges (DCs) by: <ul style="list-style-type: none"> ○ removing housing services from the list of DC eligible services and removing certain studies, including the DC Background Studies, as a DC capital expense that is chargeable; ○ removing land as a chargeable cost for certain services as prescribed; ○ phasing in new DC rates over a 5-year period; ○ exempting affordable, attainable, and non-profit housing, and inclusionary zoning units from DCs and reducing DCs for purpose-built rental; ○ extending DC by-law review timelines from 5 to 10 years and ○ increasing average service level calculation from 10 to 15 years; ○ capping maximum interest rates (e.g. for installment payments and DC determination date); and ○ requiring 60% of DC reserves to be used or allocated each year. ● reduce other costs and fees by: <ul style="list-style-type: none"> ○ exempting affordable housing, non-profit housing, inclusionary zoning units, and ‘gentle density’ units from parkland requirements and community benefit charges; ○ reducing parkland requirements for higher density residential developments by 50% and capping them at 15% of the value of the land; and, ○ freezing Conservation Authority fees for programs and services. ● consider other supportive tax measures by: <ul style="list-style-type: none"> ○ consulting on ways to reduce the tax burden on apartments; ○ exploring refinements to the assessment of affordable rental housing; and, ○ calling on the federal government to provide GST/HST incentives.
	<ul style="list-style-type: none"> ● clarify planning responsibilities in two-tier municipalities by: <ul style="list-style-type: none"> ○ identifying certain upper-tier municipalities – including Halton Region – as “upper-tier municipalities without planning responsibilities”; ○ deeming the official plans of these upper-tier municipalities to form an official plan of the relevant lower-tier municipalities, and, allowing the lower-tier municipalities to revoke it, amend it, or provide otherwise (effectively removing Halton’s Regional Official Plan);

Objective	Proposed Change
	<ul style="list-style-type: none"> ○ removing the approval authority for lower-tier official plans from these upper-tier municipalities, and assigning this authority to the Province; ○ removing appeal rights and party status rights at hearings for these upper-tier municipalities; and, ○ enabling these upper-tier municipalities to provide advice and assistance on planning matters generally to lower-tier municipalities. <hr/> <ul style="list-style-type: none"> ● revise the role of Conservation Authorities by: <ul style="list-style-type: none"> ○ focusing approvals under the Conservation Authorities Act on the risk of natural hazards, including flooding; ○ scoping Conservation Authorities' review and commenting role on development applications to matters within their core mandate; and, ○ limiting the appeal rights of Conservation Authorities. <hr/> <ul style="list-style-type: none"> ● revise frameworks for protecting and managing natural heritage by: <ul style="list-style-type: none"> ○ changing the policies in the Ontario Wetland Evaluation System; and, ○ revising policies to allow for a program to 'offset' environmental impacts. <hr/> <ul style="list-style-type: none"> ● speed up decision making by the Ontario Land Tribunal by: <ul style="list-style-type: none"> ○ limiting third-party appeals (such as residents' groups) of official plan amendments, zoning by-law amendments, minor variances and consents; ○ making administrative changes to prioritize cases that create the most housing, establish service standards, and invest additional resources; and ○ allowing the OLT to dismiss matters where there is undue delay and award costs to the successful party. <hr/> <ul style="list-style-type: none"> ● make other changes to the planning process to: <ul style="list-style-type: none"> ○ remove site plan control for developments with fewer than 10 units and remove 'exterior design' as a matter subject to site plan control; ○ remove the requirement for a public meeting for subdivision applications; ○ remove the two-year freeze on amendments to official plans and zoning by-laws for aggregate applications and allow the Province to make certain decisions on aggregate applications; and, ○ revise the framework for protecting Ontario's heritage.
Helping Homebuyers	<ul style="list-style-type: none"> ● support would-be homebuyers by increasing the non-resident speculation tax from 20% to 25%, strengthening protections for purchasers of new homes, releasing a framework for local vacant home taxes, and exploring different home financing models, such as rent-to-own.

The changes identified in the Action Plan would be implemented through:

- updates to legislation through Bill 23, *More Homes Built Faster Act, 2022*, including changes to the *Planning Act*, *Development Charges Act*, *Conservation Authorities Act*, *Ontario Land Tribunal Act*, and *Ontario Heritage Act*, among others;
- revisions to regulations on inclusionary zoning and additional residential units and the introduction of a new single regulation under the *Conservation Authorities Act* to streamline the regulatory responsibilities of Conservation Authorities; and,
- consultation on potential changes to Provincial land use plans and policies, including revising the Ontario Wetland Evaluation System; reviewing policies related to conserving Ontario's natural heritage; streamlining A Place to Grow and the Provincial Policy Statement; and revoking the Parkway Belt West Plan.

The Minister of Municipal Affairs and Housing's message on the Action Plan and the Ministry's overview of the proposed changes is provided as Attachment #2 to this report.

An additional summary of the contents of Bill 23 and the key impacts to Halton Region is provided as Attachment #3 to this report.

Consultation on the Action Plan and Bill 23

The Province has made several postings to the Environmental Registry of Ontario (ERO) to facilitate consultation on the proposed changes. There are over 15 proposals on the ERO with various commenting periods with a full list of the ERO postings and details provided in Attachment #4.

In addition to the ERO postings, a number of proposed initiatives have also been posted to Ontario's Regulatory Registry. This includes consultations on measure to support rent-to-own programs, municipal rental replacement by-laws, the changes to the *Ontario Land Tribunal Act*, and other regulatory changes related to the *Ontario Building Code*, the *New Home Construction Licensing Act*, among other things. These Regulatory Registry postings are also identified in Attachment #4 to this report.

Regional staff have also worked to assess the proposed changes in close collaboration with a number of organizations. This includes the Regional Planning Commissioners of Ontario, the Regional Public Works Commissioners of Ontario, the Ontario Regional and Single Tier Treasurers, the Regional/Single-Tier Chief Administrative Officers, and the Mayors and Regional Chairs of Ontario (MARCO). In addition, staff have reviewed the proposed changes with Halton Area Planning Directors, Area Treasurers and Area CAOs.

The remainder of this report identifies the key changes proposed as part of 'More Homes, Built Faster' that are of most interest to Halton Region. The comments in this report will, pending Regional Council's direction, provide the basis for responses to the Provincial consultations listed in Attachment #4.

Discussion

The need for strong actions related to housing supply and affordability in Ontario is a recognized shared objective with the Province. The Province should be commended for the overall goal of the initiative and many of the changes contained in Bill 23. The Provincial commitment to addressing the issues of housing supply and affordability is welcome. There are many opportunities to continue to support and improve on how housing gets built in Halton and to contribute to the goal of building 1.5 million new homes.

Taken together, the changes proposed through the Action Plan and Bill 23 are significant and sweeping. If enacted, they would have broad impacts on Ontario's land use planning system, municipal infrastructure planning and delivery, and related financial impact. These changes would significantly alter Halton's long-standing and successful integrated approach to planning for growth.

There are a number of overarching concerns with the proposed changes. In Regional staff's view, many of the proposed changes would impair the Province and municipalities from achieving the shared goal of increasing housing supply and addressing housing affordability. The most prominent of these concerns relate to the significant negative consequences that would result from changes related to:

- land use planning roles and responsibilities;
- planning for and delivering infrastructure to support growth;
- funding infrastructure and services to support growth;
- funding and delivering assisted housing; and,
- other changes to land use planning policies and processes.

Each of these areas are discussed in detail in the sections below. This includes information on the changes proposed related to these subject areas, alongside an assessment of the implications for Halton Region and negative consequences for the overall shared goal of increasing the supply of housing and housing affordability. Where applicable, specific comments to the Province are identified.

Given the broad and sweeping scope of the proposed changes, there are aspects of the Action Plan and Bill 23 that are not specifically addressed in the body of this report. A compendium of more detailed comments is provided in Attachment #5 to this report. There are also aspects of the Action Plan and Bill 23 that are not addressed at all as part of this report – this includes changes that are more directly related to local municipal planning, such as changes to the *Ontario Heritage Act*, matters that can be addressed as part of the site plan control process, and changes to parkland dedication requirements and community benefit charges, to name a few.

A. Land Use Planning Roles & Responsibilities

Through Regional Council's leadership, Halton Region has a strong legacy of coordinated, integrated, broad-based land use planning implemented through partnerships and collaboration with the local municipalities. This includes the Region's role as a commenting agency on the vast majority of local planning processes and its role as approval authority in limited circumstances where specified exemption criteria do not apply. This approach has supported significant growth and development across Halton Region for decades and has had a positive impact on other issues that transcend local municipal boundaries like agriculture, natural heritage, water resources, aggregates, sustainable growth, and climate response.

One of the most significant changes proposed in Bill 23 is the identification of Halton Region as an "upper-tier municipality without planning responsibilities" under the *Planning Act*. This change will impact how planning happens in Halton. It would eliminate the Regional Official Plan, reposition the Region solely as a commenting agency without any approval authority, remove responsibility for integrating land use, infrastructure and financial planning, take away the ability to defend Regional interests as an appellant or party at the Ontario Land Tribunal, and exclude Regional Council from continuing its practice of planning for regional systems related to agriculture, natural heritage, water resources, and mineral extraction, among other things.

The identification of Halton Region as an "upper-tier municipality without planning responsibilities" would significantly alter the longstanding and effective planning system in place in Halton Region. This includes both the vision and planning authority vested in Regional Council as well as the administrative frameworks that are in place to support a coordinated approach to land use planning across Halton.

This significant change to the planning system would introduce uncertainty, instability, and disruption at a time when coordination is essential to achieving the goal to facilitate new housing. The changes to these roles and responsibilities have not been well articulated or defined. Municipalities will be required to spend time and resources dealing with these new uncertainties, whether it is re-establishing longstanding planning frameworks or determining how matters previously addressed at the regional-scale can now be considered on an individual municipal basis.

The process through which these significant changes to the planning system would occur and how these uncertainties would be addressed is also unclear. While most of the changes in Bill 23 would come into force the day the *More Homes Built Faster Act, 2022* receives Royal Assent, the changes related to upper-tier planning responsibilities would come into force on a day to be named by proclamation of the Lieutenant Governor.

The goal of seeing 1.5 million homes built over the next ten years is ambitious and challenging in its own right. Working to achieve this goal in the context of the significant, and in many respects unnecessary, disruption these changes will cause to the planning system will make it even more difficult.

Regional staff have the following specific comment related to this aspect of Bill 23:

1. The Province should not advance any changes through Bill 23 that would introduce unnecessary instability, uncertainty and disruption to the land use planning system, as this will result in the diversion of scarce resources towards administrative considerations when they should be focussed on identifying ways to increase the supply of housing faster. It is recommended that a forum be established to discuss and explore options and implications collaboratively that will help achieve our shared goal in advancing housing supply.

B. Planning For & Delivering Infrastructure to Support Growth

One of the most significant uncertainties introduced through the identification of Halton Region as an “upper-tier municipality without planning responsibilities” is the impact to the Region’s longstanding approach to integrated planning. Halton has a long-standing and successful integrated approach to planning for growth that ensures land use, infrastructure, and financial planning are integrated and coordinated across the Region. The absence of this coordinating role – both in terms of Regional planning and development review – has the potential to undermine the shared goal of increasing the supply of housing faster and to result in negative long-term impacts.

The long-term planning and delivery of critical water, wastewater, and transportation infrastructure requires extensive coordination between the Region and the local municipalities. The Bill 23 approach hinders the Region’s role in coordinating infrastructure together with growth and financing.

The removal of the Region’s role in coordinating and integrating land use, infrastructure, and financial planning, could result in:

- fragmentation to the extensive system of coordination between Halton Region and the local municipalities required to advance long-term planning and delivery of infrastructure to support growth;
- lack of clarity around how to resolve conflicts between local growth plans and regional infrastructure plans and capital investment programs; and
- impacts to the ability to assess the impacts of growth on Regional infrastructure or protect for infrastructure improvements through the development process.

There are also a number of implementation issues that would arise with Bill 23 if enacted as proposed as it relates to infrastructure planning. As one example, proposed changes to the *Planning Act* would mean that there would no longer be a mechanism for Halton Region, as “an upper-tier municipality without planning responsibilities” to require the conveyance of land for road widenings necessary to support the Regional road network. There are many other such impacts to current practices and procedures that would need to be understood and addressed.

Introducing significant uncertainty to the process for planning and building Region-wide infrastructure and services would complicate and delay the delivery of the infrastructure required to support significant growth in Halton's housing supply.

Regional staff have the following recommendations related to this aspect of Bill 23:

1. The Province should not advance any changes through Bill 23 that would impede or diminish the value of coordinated, integrated planning that ensures land use, infrastructure, and financial considerations are aligned in order to support growth. It is recommended that a forum be established to discuss and explore options and implications collaboratively that will help achieve our shared goal in advancing housing supply.

C. Funding Infrastructure and Services to Support Growth

Bill 23 has proposed considerable changes to the *Development Charges Act, 1997* (DCA) that will have drastic impacts to municipal finances, particularly in growing municipalities such as Halton Region.

Development charges (DCs) are an essential cost recovery tool, which are used to pay for the cost of infrastructure required to service new growth. The Region's \$5.7 billion 10-year capital infrastructure budget is 58% growth related and ultimately funded by DCs. Municipalities have very limited alternative sources of revenue to fund growth related infrastructure. Restrictions in DC collections in the existing DC Act already result in a significant burden to existing taxpayers estimated at \$15 million per year. The proposed changes to the DC Act would further significantly restrict DC collections and would be unaffordable for existing taxpayers to fund. These further restrictions on DC collections could likely therefore result in the timing of key infrastructure will be delayed and the delivery of new housing thereby delayed as well.

The following itemizes changes proposed under Bill 23 and their potential impacts based on calculations from the current Regional 2022 DC Bylaw in 2022 dollars. Impacts will only increase as capital costs inflate.

Services Chargeable under the DCA

- Studies, including the DC background study have been removed as specific items listed for items chargeable for capital. This cost will be removed upon the approval of a future DC by-law (**loss of approximately \$9 million over 10 years**).

The purpose of DC background studies and other related studies are to support the capital program that is directly attributable to growth and should remain part of the DCA.

- Cost to acquire land for specific services can be exempted as an eligible expense although is still unknown as this exemption will be prescribed (**magnitude**

unknown as this has not been prescribed. For example, if the Province was to prescribe land for roads services to be exempt, the loss of DC would be approximately \$400 million over 10 years based on the 2022 DC Background Study).

Removing DC chargeable items will reduce DC collection ability and the ability to fund capital works. Without alternate sources of funding, these costs would fall to the existing taxpayers. Given the potential significant impacts, it is likely delivery of infrastructure would be delayed.

Adjustments to the DC Collection Amount

- Bill 23 proposes reductions applicable to DC bylaws passed after June 1, 2022. These reductions are based on the newly calculated rate not just the increase from the previous rate. By phasing on the entire DC rate, passing a new DC bylaw could have the effect of lowering the DC rate from bylaw to bylaw. **(There is no current impact as the Region's bylaw was passed prior to June 1, 2022. For illustrative purposes under future DC by-laws the funding gap would be approximately \$131 million over 5 years based on the current DC rate).**
 - Mandatory 5-year phase in of DC rates in by-laws, retroactive to June 1, 2022.
 - Year 1 (80%), Year 2 (85%), Year 3 (90%), Year 4 (95%), Year 5 (100%)
 - Rental housing development are reduced by a percentage based on the number of bedrooms:
 - 3+ bedrooms have a 25% reduction in DCs, 2 bedrooms has a 20% reduction, and everything else (1 bedroom and bachelor) has a 15% reduction

Reductions in DC collections will create a funding gap between DC collection and timing of capital works. A delay/reduction in the collection of DCs will translate into a delay in timing of capital works as the required financing will take longer to materialize. These reductions do not meet the goal of increasing supply as the timing of key infrastructure to proceed with developments will be delayed.

- Bill 23 proposes exemptions from DC charges upon enactment (however there is some material required to enact the changes (i.e. affordable housing bulletins and definition of attainable housing)).
 - Exemption of DCs for affordable housing, attainable residential units, for non-profit housing developments and for inclusionary zoning residential units. **(Impact unknown as data is limited. For illustrative purposes, if 20% of residential development was affordable it would translate to approximately \$480 million over 10 years based on the 2022 budget)**

The Exemption of DC's for affordable housing, attainable residential units, non-profit housing developments and for inclusionary zoning residential units are of great concern for the following reasons:

- i. Affordable housing consists of a rental and an ownership stream.
 - o The rental stream exemption is to be applied where rent is no more than 80% of the average market rent, for a 25-year period. These thresholds are to be defined by a new Bulletin (which appears to be adjusted annually) published by the Ministry of Municipal Affairs and Housing which will be amended from time to time. The legislation does not indicate how often these bulletins will be updated. It is unknown what geographical locations would be used to determine the thresholds (i.e. municipal vs Regional) and the average market rents can vary greatly.
 - o The ownership stream applies where the price of the units is no greater than 80% of the average purchase price. These thresholds will also be defined by a new Bulletin as noted above. Ownership is much more complex as this will impact not only the developer but the subsequent owner(s) who may not understand the financial impact. It is unknown what geographical locations would be used to determine the thresholds and average purchase prices can vary greatly between neighbourhoods within a municipality. There are also other factors that would affect price within specific geographies within a municipality, such as proximity to hydro corridors, industrial areas etc. which are not taken into account. Additionally, it is unknown how the average purchase prices will be defined by building type (e.g. will it be specific to housing size, housing type etc..?) all which have a variation on housing prices. Further the current instability of the market could cause great fluctuations in prices from month to month.
- ii. Attainable residential units
 - o An attainable unit excludes affordable and rental units however it has not been defined in the DCA. Given that the intent of this exemption is unknown there is no way to quantify the impact however it could be significant.
- iii. Non-Profit Housing residential units
 - o The legislation defines non-profit housing however does not provide any requirements to maintain ownership as non-profit once the exemption is granted.
- iv. Inclusionary zoning residential units
 - o Exemptions for Inclusionary zoning is itemized in its own section of the DCA. It appears to provide a similar exemption as affordable residential units and therefore the same concerns apply.

Changes to the DC Calculation

- Requirement for the DC bylaw to be updated every 5 years has been extended to 10 years

DC bylaws can still be updated earlier than 10 years however the phase in policy would then apply in the first 5 years. This change essentially limits the capacity to

update rates for changes in capital infrastructure and plans without impacts to short term collections.

- Average service level calculation for the purposes of services level capital caps has been extended from 10 to 15 years.

The current 10-year service level calculation restricts a municipality to effectively deliver services in a growing community. As a municipality grows and reaches a certain threshold the need for new and expanded services are required to support the growth plan. Extending the average service level to 15 years will potentially cap services at an even lower service level or increase costs to taxpayers. As has been previously advocated, the service level should be forward looking so that growing municipalities can properly plan for new services.

Changes to DC Interest on Collection and Reserve Spending

- A Maximum interest rate has been set for times that interest can be applied to DCs (rental and institutional development annual installment and earlier DC determination date);
- Municipalities must spend or allocate 60% of reserve fund balances for water, wastewater, and road DCs (and other DC services as prescribed).

This currently has little impact to the Region as the interest rate being used under Regional policy is in line with the proposed legislation.

DCs comprise a relatively small percentage of the cost to build a home, which is approximately 5-10% of new single family home prices in the GTA. This has been somewhat constant since the inception of the DCA.

Reductions to DCs would shift the burden of costs from developers (i.e. “growth pays for growth”) to property taxpayers. Higher property taxes in turn would affect housing and business affordability which would be counter-productive to the goal of creating more affordable housing options. In the current inflationary and interest rate climate an increase in property taxes could have significant impacts to those already struggling to make ends meet. Business affordability through increased property taxes could also impact economic competitiveness in Ontario. Additionally, as noted earlier, any reductions in DCs or delays in the timing of collection jeopardizes the Region’s ability to deliver the required infrastructure in a growth municipality.

In addition, there are many other factors that have a greater impact on home prices including demand, development interests, mortgage rules, interest rates, immigration levels, foreign buyers, economic growth, raw land value, inter-generational wealth transfer, location and labour and material costs which need to be considered.

Although, not administered at the Regional level, Bill 23 also proposes changes to the *Planning Act* regarding the Community Benefits Charges that bring exemptions and

reductions in line with changes under the DCA. Parkland dedication in the *Planning Act* has also been revised. In addition, the alternative parkland dedication requirement has been reduced substantially which will greatly impact local municipalities' ability to finance parkland at current service levels.

Given that the proposed changes to the DC Act could significantly impact the timing of delivery of infrastructure required to deliver the Province's 1.5 million new homes target and will have a significant negative impact on existing taxpayers, the following is recommended:

1. DC legislation is not the appropriate mechanism to ensure quick delivery of supply, a reduction of DCs will impact the certainty of municipal financing and will delay the timing of delivery of infrastructure. Therefore, the following changes, which are directly related to growth, will impact timing of infrastructure and will negatively effect taxpayers, should **not** be considered:
 - i. Exemption/reductions of DCs
 - ii. Removal of Growth studies as a capital expense.
 - iii. Removal of land as a prescribed service. The removal of land could potentially have significant impacts on timing of infrastructure.
 - iv. Phasing of DC increases. Phasing of DCs should remain a municipal decision. However, if phasing is mandated it should only be applicable to the incremental increase in the DC that is above the non-residential construction price index.
 - v. The historical average 15-year service level being proposed. The DCA should provide a forward looking average service level instead.
2. Provide grants/incentive/rebate programs as a more effective way to support affordable housing and increased supply. These grants could be provided to developers or homeowners as opposed to a reduction to DCs. Otherwise there should be a guarantee on repayment from the Province to municipalities for the full shortfall in DCs the new legislation would generate.
3. If recommendations are implemented as proposed, the following transition time is requested:
 - i. to implement administrative changes;
 - ii. to consult with municipalities on impacts to finances; and
 - iii. receive commitments from the Province that ensure there are mechanisms to offset the lost funding so that the timing of infrastructure is not delayed.

Further to the recommendations, it is important that before any legislation is enacted, the prescribed/additional information and areas for clarity is provided and addressed before any changes are made. It is difficult to comment without knowing the intent or impact.

D. Impact on Providing New Assisted Housing Opportunities

Bill 23 has also proposed considerable changes to the *Development Charges Act* (DCA) that have significant impacts to the Region's ability to provide housing services.

Services Chargeable under the DCA

- Housing Services are removed from the list of eligible DC services. This service will be removed upon passing of legislation (**loss of approximately \$50 million over 10 years**).

The DC's collected for housing services are a key funding component for new assisted and affordable housing initiatives in Halton to support vulnerable populations. The Regional DC for housing services (\$985.82 per single detached unit) is negligible within the overall housing price and will not make housing more affordable. However, since Halton is a fast growing Region, this DC generates substantial capital revenue (\$50 million over 10 years) that supports the housing capital program. These DC's together with contributions from the Region, the Province and Federal Governments fund critical housing opportunities for the most vulnerable residents. As the Region grows, DCs are an important contribution to the capital required to address housing needs in the Region.

Given that the proposed changes to housing services in the DC Act could significantly impact the most vulnerable population the following is recommended:

1. Housing Services should not be removed as an eligible DC service as this service supports the most vulnerable population and will have an impact on existing taxpayers. The most effective way to provide affordable housing relief for providers that ensures timely delivery of infrastructure and does not impact municipal financing, is to offer Provincial/Federal grants that can be used to offset the developments financial impacts. Therefore, the following is recommended:
 - i. Maintain Housing Services as an eligible DC service
 - ii. A working group is formed with municipalities, the Federal and Provincial governments to discuss the expansion of existing grant programs available to assisted housing providers

E. Changes to Land Use Planning Policies & Processes

There are a number of other changes proposed as part of the Action Plan and Bill 23 related to the land use planning process or to changes to Provincial plans and/or policy documents. This includes: new policies to support gentle density and density around transit; new municipal housing targets; changes to how wetlands are evaluated and how natural heritage features are protected; changes to the role of Conservation Authorities; changes to who can participate in the appeal of planning decisions; and proposed future changes to Provincial planning documents such as the Growth Plan, the Provincial Policy Statement, and the Parkway Belt West Plan.

There are a number of positive aspects to the changes described here that have a real potential to advance the shared goal of increasing housing supply – this includes changes that increase permissions for additional residential units in existing neighbourhoods as well as changes that support planning for growth around transit.

However, there are many other changes where the connection to shared objective of increasing housing supply is not clear, or, where achieving that shared objective would come at the cost of other equally important land use planning and community building goals such as the protection of the natural environment, addressing climate change, or enabling public participation. Further commentary on these aspects of the Action Plan and Bill 23 are provided in greater detail in Attachment #5 to this report.

Next Steps

As described in this report, the Province is proposing a set of substantial and sweeping changes that will have significant impacts for Halton Region. Many of the changes are likely to hinder the ability to achieve the Province's intended goal of addressing housing supply and increasing housing affordability, including the significant risks associated with the loss of integrated land use and infrastructure planning and the ability to fund and deliver critical infrastructure necessary to support growth.

Regional staff will continue to monitor Provincial actions related to these proposed changes, including the progression of Bill 23 through the legislature, and will report back to Regional Council as required.

Pending Regional Council's direction, Regional staff will prepare submissions in response to the postings to the Environmental Registry of Ontario and Ontario's Regulatory Registry related to the More Homes Built Faster Action Plan and Bill 23. The submissions will be prepared in a manner consistent with the comments provided in this report.

FINANCIAL/PROGRAM IMPLICATIONS

There are no immediate financial implications associated with the recommendations contained in this report. However, if the changes as proposed in Bill 23 are passed with no alternate funding sources, there will be significant financial impacts.

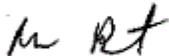
Respectfully submitted,



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Approved by



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If you have any questions on the content of this report,
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Attachments: Attachment #1 – Summary of Previous Provincial Housing Supply Initiatives
Attachment #2 – Provincial Summary of More Homes, Built Faster
Attachment #3 – Bill 23 Summary & Key Implications for Halton Region
Attachment #4 – List of ERO and Regulatory Registry Postings
Attachment #5 – Detailed Comments on More Homes, Built Faster