

Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Anna Lisa Barbon, Deputy City Manager, Finance Supports
Barry Card, Deputy City Manager, Legal Services
Scott Mathers, Deputy City Manager, Planning and Economic
Development

Subject: Bill 23, *More Homes Built Faster Act, 2022*, Information Report

Date: November 22, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, Deputy City Manager, Legal Services and Deputy City Manager, Planning and Economic Development, the following actions be taken with respect to Bill 23, the More Homes Built Faster Act, 2022:

- (a) This report, entitled “Bill 23, More Homes Built Faster Act, 2022 Information Report” **BE RECEIVED** for information.
- (b) That Council **ENDORSE** the position of calling on the Province to refer the proposed legislation to the Ontario Housing Supply Action Plan Implementation Team (HSAPIT) to allow the necessary time for a fulsome review to mitigate the potential of unintended consequences and to find solutions to improving housing affordability across the province that meet local needs; and
- (c) This report **BE FORWARDED**, with a cover letter, to the Minister of Municipal Affairs and Housing, Minister of Finance, Premier of Ontario and local MPs and MPPs.

IT BEING NOTED that as of November 18, 2022, Bill 23 had passed Second Reading and was being considered by the applicable Standing Committee and **IT BEING FURTHER NOTED** that Staff will report back to Council with any further information on legislative changes arising from this Bill.

Executive Summary

On October 25, 2022, the Government of Ontario introduced Bill 23, the *More Homes Built Faster Act, 2022* which proposes changes to the *Development Charges Act*, *Planning Act*, *Ontario Heritage Act*, *Municipal Act*, *Conservation Authorities Act* and other statutes. The Government of Ontario has indicated that the intent of these changes is to support their Housing Supply Action Plan to increase housing supply.

The proposed legislation includes a significant number of legislative and regulatory changes related to planning, piped services, recreation, public engagement, built and natural heritage conservation and municipal finance. This report provides an overview of the proposed changes to the various Acts and identifies preliminary operational and financial implications for the City of London resulting from this legislation.

Analysis

1.0 Background Information

Following up on several legislative changes since 2019, Bill 23 represents the latest and most sweeping proposal to date in support of the Provincial Government’s initiative to increase housing supply. In addition to the proposed legislative changes, several related proposals have been posted to the Environmental Registry of Ontario (ERO). The commenting period on the legislative changes is from October 25, 2022, to November 24, 2022.

Given the timing and inability to fully engage Council on a position in time to submit comments to the regulatory registries, Administration has been working with the Ontario's Big City Mayors Caucus (OBCM) and the Association of Municipalities Ontario (AMO) to develop a unified municipal response. Both have provided submissions to the Standing Committee on Heritage, Infrastructure and Cultural Policy that is currently considering the Bill. The AMO submissions is attached as Appendix A. The OBCM summary identified as Appendix B will be circulated under separate cover.

Overall, it is recognized that municipalities are supportive of the goal to increase housing supply and are supportive of many of the changes in Bill 23, however there are concerns that the Bill in its current form would result in unintended consequences that do not address the dependencies between land use policy, infrastructure planning, construction phasing and financing.

2.0 Bill 23 Amendments

The following provides a summary of the legislative changes proposed through Bill 23 as they relate to London.

2.1 Changes to Development Charges

Development Charges (DC) are a critical source of funding used to finance growth infrastructure and are the main instrument used to ensure that "growth pays for growth", a long-standing policy of the City of London and articulated in The London Plan. The *Development Charges Act, 1997* (DCA), governs the collection of DCs. The intent of DCs is to ensure that infrastructure costs arising from increasing population and employment are funded by new development that benefits from the introduction of the new services (user-pays approach). DCs have been established to ensure that these costs are not borne by existing residents and businesses through property taxes or water/sewer rates.

The proposed changes introduced in Bill 23 would result in significant changes to the DCA. Additional DC exemptions have been articulated for affordable and other forms of housing, certain costs and services have been deemed ineligible for DC recovery, and the phase-in of DC rates have been proposed. The full scope of changes includes the following:

Full Exemptions

- Affordable housing units in a development subject to inclusionary zoning.
- Non-profit housing developments.
- Affordable housing (not non-profit or inclusionary zoning) that meet certain conditions:
 - Ownership: no greater than 80 per cent of the average resale purchase price; and
 - Rental: 80% of the average market rent.
- Attainable housing (definitions and parameters to be prescribed at a later date).

Partial Exemptions (Discounts)

- DCs for rental housing development is reduced based on the number of bedrooms:
 - 3+ bedrooms has a 25% reduction, 2 bedrooms has a 20% reduction, and 1 bedroom has a 15% reduction.
- For existing rental residential buildings with four or more residential units, the greater of one unit or 1% of the existing residential units will be exempt from development charges.
- Exemption for residential units in existing and new houses:

- A second unit in a detached, semi-detached, or rowhouse if all buildings and ancillary structures cumulatively contain no more than one residential unit;
- A third unit in a detached, semi-detached, or rowhouse if no buildings or ancillary structures contain any residential units; and
- One residential unit in a building or structure ancillary to a detached, semi-detached, or rowhouse on a parcel of urban land, if the detached, semi-detached, or rowhouse contains no more than two residential units and no other buildings or ancillary structures contain any residential units.

Changes to Revenue and Interest Rates

- 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%)
- Setting a maximum interest rate during the period that DCs are frozen and/or deferred to a maximum of Canadian Banks prime rate plus 1.0% per annum.

Changes to Eligible Capital Costs

- Removing housing services as an eligible service that can be included in DCs.
- Removing studies as an eligible cost that can be included in DCs.
- Prescribe specific services for which the cost of land would not be an eligible capital cost that could be recovered through DCs.

Other Changes

- Update a DC By-law at least once every 10 years compared to the current requirement to update every 5 years.
- Use a historical service level of 15 years compared to the current 10 years to calculate capital costs that are eligible to be recovered through DCs.
- Municipalities must spend or allocate 60% of reserve fund balances for water, wastewater, and road DCs at the start of each year (other DC services may be prescribed).

Implications

The proposed changes included in Bill 23 would result in significant financial pressures for municipalities. The most financially impactful change is the DC rate phase-in. With this change, full recovery of DCs for a new approved by-law is not achieved until year five. This would impact the City's ability to fund the necessary growth-related infrastructure to support new development and maintain the timing of projects as approved in the capital plan.

A significant number of exemptions for DCs have been created through the proposed legislation for affordable and other forms of housing. The proposed legislation will also impact the City's ability to recover for capital costs that are no longer deemed eligible. Housing Services has been removed from the list of DC eligible services, which is used to recover for and construct affordable housing. While this does not impact the City's current DC By-law, Administration has been exploring the inclusion of this service for the upcoming 2025 DC Study. Should this change receive Royal Assent, municipalities would no longer be able to utilize DCs as a tool for funding affordable housing developments. Additionally, costs of studies, including the preparation of the DC Background Study, and land or an interest in land that will be prescribed for certain services, will no longer be deemed eligible capital costs. This places municipalities in a position where other funding sources would need to be identified in order to cover the shortfall (i.e. property tax, water / sewer rates).

The proposed changes included in Bill 23 that impact the DCA will require difficult choices between funding necessary growth-related infrastructure to support new development, replacing growth infrastructure funds with alternative funding sources

such as property taxes, and/or delaying the construction of critical growth-related infrastructure. This would create affordability concerns and may result in the loss of progress made to resolve lifecycle infrastructure deficits in the event that funding was required to be diverted from renewing assets to pay for growth needs.

2.2 Changes to Planning and Heritage

Various *Planning Act* and *Ontario Heritage Act* changes have been proposed by Bill 23. Revisions to the subdivision and site plan approval processes are proposed including significant changes to how and where site plan control can be applied. Substantial changes are also proposed to the City's authority to require parkland dedication at the time of development; several exemptions have been proposed and alternative dedication maximums are proposed to be reduced by half. Also proposed are major changes to the *Ontario Heritage Act* that includes revisions to the register of cultural heritage resources, and revisions for individual heritage properties and heritage conservation districts designated under the Act.

A summary of the proposed changes to the *Planning Act* and *Ontario Heritage Act* are provided below:

Zoning By-law Changes:

- The City's Zoning By-law permits up to two additional units in association with any single detached, semi-detached, or street townhouse dwelling. The new legislation will remove the minimum unit sizes and allow both additional units to be permitted within the main building.
- New Zoning must be approved as soon as possible to include minimum heights and densities for London's Protected Major Transit Station Areas.
- Regulations for Inclusionary Zoning are changed to include specific requirements for affordable units and exempting units from Development Charges. This will necessitate a new analysis of the feasibility of Inclusionary Zoning given London's housing market conditions.

Reducing The City's Site Plan Control Powers:

- Site Plan control will not apply to any residential development with 10 or fewer units.
- Where site plan approval is required, it may not include requirements for the exterior design elements of buildings or landscape design aesthetics.

Reduction In Parkland That Can Be Created Through the Development Process:

- Exemption from parkland dedication for affordable, attainable, non-profit and additional housing units.
- Maximum alternative parkland dedication conveyance has been amended from 1 ha per 300 units to 1 ha per 600 units, and parkland dedication cash-in-lieu has been amended from 1 ha per 500 units to 1 ha per 1000 units.
- Parkland dedication rates frozen at time of zoning/site plan.
- Municipalities must spend or allocate 60% of parkland dedication funds (in special accounts) per year.

New Heritage Act Timelines and Expiry Dates Added:

- Changes to the Ontario Heritage Act will require Council to take a proactive approach in designating the over 2,200 properties listed on London's Cultural Heritage Resources Register; otherwise, they will be automatically removed after 2 years from when the legislation takes effect.
- Once a Planning Act application is triggered, Municipalities will not be permitted to issue a notice of intention to designate a property under the Ontario Heritage Act unless the property is already on the heritage register.

Other Changes:

- Subdivision approval process will not include a statutory public participation meeting.
- Third Party appeals will no longer be permitted to most Council decisions on planning matters.

Implications

The proposed changes to the *Planning Act* to allow for more gentle intensification within neighbourhoods are generally consistent with current approach of The London Plan; however, the new legislation would still require a review of the current policies and zoning to ensure conformity. The proposed changes to Inclusionary Zoning need to be further analyzed but may further erode the viability of this important tool in the London context.

The proposed changes to *Planning Act* and *Ontario Heritage Act* processes would limit our ability to achieve The London Plan's objective of creating interesting places and spaces that each play an important role within the City structure. Fundamental changes to London's long-standing approach to heritage planning and site plan control would be required as a result of the proposed changes, which may require policy and/or process changes to achieve this key planning objective of the London Plan.

Currently, there are 2,233 listed heritage properties on London's Cultural Heritage Register. The Register acts as an important reference tool to flag properties with cultural heritage status in London that require further study and evaluation prior to major change like redevelopment or a demolition. Limiting the length of time a non-designated property may remain on the Register impacts efforts to recognize under-represented and diverse histories. To address inequities and better reflect diverse histories and values, non-designated properties will need to be recognized and protected. Two recent examples of cultural resources protected using the existing process include the Fugitive Slave Chapel (275 Thames Street/430 Grey Street) and Dr. Oronhyatekha's London home at 172 Central Avenue. The proposed legislation will put additional pressure on municipalities to designate as many properties as possible within the next two years – further constraining already limited staffing resources and potentially increasing appeals to the Ontario Land Tribunal.

The ability to acquire parkland as dedication of land or cash-in-lieu under sections of the *Planning Act* is a critical tool to enable the City to achieve public parkland objectives in accordance with City policies including The London Plan and the Parks and Recreation Master Plan. The proposed exemptions and reductions to alternative rate maximums will result in less land and funds being collected, thus fewer and smaller future parks with fewer amenities being created within the context of increased densities. This will directly impact the equity of access to parks and community spaces for new and existing Londoners. Finally, the proposed changes in Bill 23 will place increased financial pressures on the municipality to maintain levels of service, for existing park renewal, the timing of installation of new parks and the quality of amenities provided to residents.

Once the final legislation is enacted, staff will report back to Council with more specific actions required to conform with the new requirements and how they may impact the policy objectives of The London Plan.

2.3 Changes to the Conservation Authorities Act

Also included in Bill 23 are proposed changes to the *Conservation Authorities Act* that would significantly impact the role of the City's three conservation authorities: Upper Thames River Conservation Authority, Lower Thames River Conservation Authority, and the Kettle Creek Conservation Authority. A summary of details is provided below:

- Consolidate the 26 conservation authority regulations into one provincial regulation.
- Limit what Conservation Authorities are permitted to comment on as part of planning applications to keep their focus on natural hazards and flooding.
- Allow the Province by regulation to exempt development authorized under the *Planning Act* from conservation authority permits.
- No longer have authority to withhold a permit on the basis that an activity is likely to affect pollution or the conservation of land.

- Temporarily freeze Conservation Authority fees for development permits.

Implications

While the scope of Conservation Authorities' role in the development process would narrow, this should have a minimal impact on London's planning processes. Following direction from Council in June of 2021, the City and Upper Thames Region Conservation Authority have been working on a Development Memorandum of Understanding (DMOU). The document is intended to align the review between the two organizations on ecological, natural heritage and flooding matters, and would be consistent with the proposed legislation. City and Authority staff are continuing to meet regularly to work through aligning definitions, legislative and/or regulation changes and resourcing challenges.

The proposed changes could result in the City needing to take on a larger role with respect to Conservation Authority regulations for planning matters. The degree of impact remains unclear as the Act proposes to leave it to future regulations to detail the specifics. On October 25th, 2022, the Ministry of Natural Resources and Forestry posted a permitting consultation guide to the Environmental Registry of Ontario (ERO). This notes that an exemption regulation has not been proposed, but the Ministry is requesting initial feedback on how the exemption tool may be used in the future including any requirements or conditions that a municipality should be subject to.

The AMO submission to the Standing Committee on November 16, 2022, attached as Appendix A, identifies concerns related to risks to the environment and human health of the proposed legislation.

Staff will continue to monitor the proposals related to Conservation Authorities and report back to Council with any impacts to the City once these are better understood.

3.0 Financial Implications

The proposed changes contained in Bill 23 would negatively impact a municipalities financial sustainability, with the most significant changes occurring to the *Development Charges Act*. One of the primary objectives of London's DC Studies have been to ensure that 'growth pays for growth', which is a long-standing London Plan policy. The proposed changes would compromise this objective by shifting the burden for growth related infrastructure investments to existing taxpayers. To date, the Province has not indicated that grant funding will be made available to municipalities in order to off-set revenue losses and to enable timely delivery of infrastructure needed to meet Provincial housing targets.

While the full scope and magnitude of the proposed changes are still being evaluated and determined, it is estimated that the overall impact to the City of London will be \$97 million + over a 5 period. The proposed changes with the greatest financial impact to the City that are quantifiable at this time are as follows:

1. The mandatory 5 year phase-in of DC rates would result in approximately a 10% or \$40M - \$38M reduction in DC revenues over a 5 year period. Of this amount, approximately \$29M - \$27M represents lost revenue associated with residential development. This reflects 40% of the total estimated impact for the 5 year period.
2. Growth related studies that would be deemed ineligible under Bill 23 and would no longer be funded from DCs is approximately \$7M - \$8M (gross costs) over a 10 year period. In addition, land costs for certain services that are to be prescribed at a later date would also be deemed ineligible, it being noted that approximately \$74M in land costs are included in the 2023 – 2032 capital budget. Combined, this reflects 42% of the total estimated impact for the 5 year period.

3. While the removal of Housing Services does not have a current impact for London since Housing Services is not being recovered for through DCs, the removal of Housing Services represents a lost opportunity to use DCs as a future funding tool. Although Municipal Council has endorsed a review of DC recovery for Housing Services, the study is in its preliminary stages and a draft DC rate cannot be determined. As an illustrative proxy, however, the median residential DC rate components for the 11 municipalities recovering for Housing Services has been used to estimate a 10 year revenue value based on London's projected housing construction. It is estimated that \$30M - \$40M over a 10 year period could be recovered through DCs to fund growth-driven affordable housing infrastructure. Should this ability be removed from Bill 23, alternative funding sources would be required to address growth needs, or adjustments to levels of service.

Separate to the Bill 23 changes associated with the *Development Charges Act*, it is anticipated that there will be significant financial implications for parks and natural areas. The reductions in land dedication and cash-in-lieu ratios, as well as new mandatory exemptions will reduce opportunities for delivering on Council's priorities and the standards established in the Parks and Recreation Master Plan. The full financial impacts of the proposed changes are still being assessed by Staff at this time.

All of the proposed Bill 23 changes with financial implications will place considerable pressure on the City's upcoming Multi-Year Budget (MYB) process. In absence of the Bill 23 reallocation of costs presently funded through DCs and other developer/builder contributions, there are a significant number of funding requests anticipated to be submitted through the MYB in order to meet existing service levels or to improve/enhance service based on community and technical needs. Bill 23 is also being introduced at a time when the City is preparing its Asset Management Plan Update to meet Provincial requirements and to assess funding requirements to meet proposed levels of service, mitigate risks of asset failure and to address concerns related to asset condition/performance. It is expected that the additional costs to taxpayers and water/sewer ratepayers being imposed by Bill 23 will present difficult decisions for Council as it contemplates priorities and trade-offs between funding growth, asset renewal and service improvement needs with affordability concerns.

Civic Administration will continue to assess the financial implications of the proposed changes included in Bill 23 and will provide a future update on any significant findings.

4.0 Next Steps

Several significant changes in Bill 23 would impact City policies and processes and would have financial implications to London taxpayers moving forward. It is important to note that at the time of the writing of this report the Act has not received royal assent and there is a possibility the proposed legislation may be revised.

Civic Administration will share this report and the description of potential local impacts from Bill 23 with the Premier of Ontario as well as the Ministers of Municipal Affairs and Housing, Finance, and local MPPs and MPs. All efforts will be undertaken to raise awareness of these impacts with provincial members.

The pace by which the Provincial Government has requested comments from cities is untenable and, given the significant financial and infrastructure planning concerns, must be extended to give new Councils time to generate direction for Civic Administration.

In August 2022, through the *Strong Mayors, Building Homes Act, 2022* the provincial government announced the Housing Supply Action Implementation Team (HSAPIT) and appointed the Chair and Vice-Chair, Mayor Drew Dilkens from the City of Windsor and Mayor Cheryl Fort from the Township of Hornepayne, respectively. The intent of this team of provincially appointed municipal leaders and industry experts is to provide advice to the government on matters including assessing the impacts of potential measures to increase housing supply and attainability like those found within Bill 23.

Given the breadth of changes proposed in Bill 23 and the real potential for unintended impacts, it is appropriate for the government to pause Bill 23 to convene the HSAPIT to ensure municipalities and the development community can work with the province to achieve the aims of the legislation and lessen economic, social and environmental impacts. The proposed changes should be the first items on the agenda. The City of London can be ready to supply all information that this body would require to make effective recommendations on Bill 23.

The City of London will join the call from the Ontario Big City Mayors Caucus and the Association of Municipalities of Ontario asking for this implementation team to consider the impacts of Bill 23 before the legislation is enacted. This will give Municipal Council and Civic Administration the time needed to fully evaluate the impacts of Bill 23 on London. The City of London will move swiftly to provide any local information the HSAPIT would need to provide timely and fulsome recommendations to the Province of Ontario on implementing the measures detailed in Bill 23.

Prepared by: Kevin Edwards, MCIP RPP
Manager, Long Range Planning, Research and Ecology

Submitted by: Heather McNeely, MCIP, RPP
Acting Director, Planning and Development

Recommended by: Anna Lisa Barbon, CPA, CGA
Deputy City Manager, Finance Supports

Recommended by: Barry Card
Deputy City Manager, Legal Services

Recommended by: Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and Economic
Development

Cc: Community Advisory Committees

**Appendix A: AMO Submission to the Standing Committee on Heritage,
Infrastructure and Cultural Policy dated November 16, 2022.**

Appendix B: OBCM Summary (to be circulated under separate cover)

Sent via email to: schicp@ola.org

November 16, 2022

Laurie Scott, MPP, Haliburton—Kawartha Lakes—Brock
Chair, Standing Committee on Heritage, Infrastructure and Cultural Policy
c/o Isaiah Thorning, Committee Clerk
Whitney Block, Room 1405
99 Wellesley Street W
Toronto, ON
M7A 1A2

Re: AMO Submission on Bill 23, *More Homes Built Faster Act, 2022*

Dear Committee Chair Scott and Members of the Committee,

Attached is AMO's submission to the Committee on Bill 23.

The submission reiterates the municipal commitment to working with the Government to increase the supply of housing and to improve housing affordability in Ontario. It acknowledges positive aspects of the Bill and plan. It also outlines serious concerns about the Bill, which will have the effect of undermining the financial capacity of municipalities to support growth and diminishing essential environmental protections.

Preliminary analysis of the Bill indicates the transfer of up to \$1 billion a year in costs from private sector developers to property taxpayers without any likelihood of improved housing affordability. Similarly, the bill's provisions designed to reduce environmental protection will benefit developers in the short term, with costs to the public and homeowners that cannot be calculated.

Members of the Committee and all Members of the Provincial Parliament will need to consider in whose interest they govern. Bill 23, as drafted, benefits private interests at the expense of public interests – at the expense of property taxpayers and Ontario's natural environment.

The submission recommends that certain provisions be removed or deferred pending focused consultation.

AMO's submission concludes with an appeal to the Government, noting that solutions to the housing crisis can be found in collaboration, cooperation, and innovation. It is time for Ontario to work with all of its housing partners toward advances in land use planning and an integrated approach to environmental, social and economic policy that allows Ontario to take its place ahead of competing jurisdictions.

Yours truly,

A handwritten signature in black ink, appearing to read "Colin Best", with a long, sweeping flourish extending to the right.

Colin Best
AMO President
Halton Regional Councillor

c. Ontario MPPs
AMO Board of Directors



Bill 23, More Homes Built Faster Act, 2022 and plan

AMO Submission to the Standing Committee on Heritage,
Infrastructure and Cultural Policy

November 16, 2022

Summary

The Association of Municipalities of Ontario (AMO) commends the government for recognizing it has a role to play in addressing the national housing crisis.

AMO and its member municipal governments have been sounding the alarm on housing affordability for years. That's why AMO released the ["Blueprint for Action: An Integrated Approach to Address the Ontario Housing Crisis"](#) in February 2022. It contains 55 recommendations for provincial action to address housing supply and housing affordability along with many other recommendations for the federal and municipal governments, and the development industry.

Municipalities are eager to increase the supply of housing, especially housing options that have been historically ignored by the development industry.

Bill 23 includes several important provisions that will advance provincial and municipal housing supply goals including gentle density and increased capacity at the Ontario Land Tribunal. AMO supports those elements of the Bill as they reflect current municipal planning practice innovations and ideas advanced by the municipal sector and others committed to improving housing supply and affordability.

AMO also supports elements of the Plan that address much needed provincial action to address the gaps in provincial services that limit growth, such as access to schools.

AMO looks forward to working with the government's new Housing Supply Action Plan Implementation Team on measures intended to improve housing supply and affordability.

Provisions of the bill that advance and modernize Ontario's land use planning framework are supported. Those that turn back the clock on planning, access to affordable housing, environmental protection, green building practices, and sustainable infrastructure financing are not supported and should be removed from the Bill or deferred pending focused consultation.

Current residents and businesses, the next generation of homeowners and renters, and the hundreds of thousands of newcomers who will make Ontario home will demand livable and safe communities with adequate amenities and a healthy and sustainable environment in which to thrive and prosper. That is not the future that Bill 23 will provide.

The province has offered no evidence that the radical elements of the bill will improve housing affordability. It is more likely that the bill will enhance the profitability of the development industry at the expense of taxpayers and the natural environment.

This submission outlines key areas of concern and recommends that a number of provisions should be removed, including those that shift the costs of growth to property taxpayers; those that undermine good planning practices and community livability; and those that increase risks to human and environmental health.

Key Areas of Concern

Many of the proposed changes under Bill 23 create more problems than they solve, and will negatively impact housing affordability across Ontario for three reasons:

1. The bill proposes changes to infrastructure financing that would shift costs from developers to municipalities based on a faulty assumption that savings will be passed on to new homeowners and renters, (i.e., that house prices are determined by the cost of inputs rather than market forces). Unless fully offset with a new source of municipal infrastructure funding, this departure from the principle that growth pays for growth will result in property tax increases and service reductions. Preliminary analysis indicates that Bill 23, if enacted, would reduce the municipal resources available to service new developments by more than \$5.1 billion over the next 9 years. This estimate includes a reduction of over \$400 million for community housing during the same period.
2. By making changes to municipal governance and municipal planning approvals, the legislative proposals strip municipalities of the tools required to manage growth deliberately and responsibly, with potentially negative impacts for the liveability of Ontario's communities.
3. The legislation will create serious risks to the environment and human health at a time when the impacts of climate change are evident and urgent. The proposed changes to how municipalities approve development and manage where and how growth occurs signal a move away from environmental protection when it is needed most.

1. Shifting the Cost Burden of Growth

DEVELOPMENT CHARGES

Development charges are designed to help municipalities pay for a portion of the capital infrastructure required to support new growth. Premised on the widely accepted principle that growth should pay for growth, development charges help to ensure that existing taxpayers are not required to subsidize costs of the infrastructure or services needed to support new residents and businesses.

Bill 23 proposes a suite of changes to the *Development Charges Act*, that will shift the cost of growth onto municipalities and property taxpayers including, but not limited to:

- Removing housing services from the list of eligible development charge services
- Excluding the cost of studies and cost to acquire land for specific services from eligible costs that can be recouped by development charges
- Reducing development charges on rental housing, based on the number of bedrooms
- Requiring a mandatory 5-year phase in of development charge rates for by-laws approved after June 1, 2022
- Exempting development charges for affordable housing, attainable residential units, non-profit housing developments and inclusionary zoning residential units
- Increasing the historic service level standard period from 10 to 15 years.

The Housing Supply Action Plan sets the ambitious target of building 1.5 million homes by 2031, with 1.23 million in Ontario’s 29 largest communities. If Bill 23 passes, AMO estimates that development charges in these communities will drop by at least \$5.1 billion – or \$569 million per year in today’s dollars. This includes revenue losses from the following sources:

- Ineligibility of the cost of studies: \$117 million
- Ineligibility of the cost of housing services: \$426 million
- Discounts for rental units: \$1,189 million
- Exemptions for affordable units: \$3,385 million

This preliminary estimate only partially accounts for the impact of Bill 23, as tight timelines have meant AMO is unable to estimate revenue losses resulting from significant elements such as the mandatory phase-in of development charges, the ineligibility of the value of land, or the extension of the service level standard period from 10 to 15 years. When taken together, these factors could put the cost of Bill 23 for municipal taxpayers at closer to \$1 billion annually.

While AMO supports the province’s stated housing objectives, changes that shift the burden of cost from developers to taxpayers, including low-income taxpayers, cannot be supported. The proposed changes will significantly impact how municipal governments fund growth, resulting either in significant increases to property taxes or cuts to existing services and a loss of frontline workers.

Without evidence that the province will fully offset the cost of Bill 23 provisions that shift costs from the development industry to municipalities, these radical changes should be deleted from the Bill including the entirety of Schedule 3.

AMO has [called upon the province](#) to provide major infrastructure funding to support the government’s housing supply goals as set out in Bill 23. If the government wants to increase the supply of housing in Ontario, it will need to make a major investment in municipal infrastructure and it has the means to do so.

PARKLAND DEDICATION

Parkland dedication levies exist to ensure that municipal park systems grow alongside other community developments. Increasing the supply and mix of housing is an important goal that we all share, however, sufficient access to parks and greenspace cannot be overlooked as we try to create meaningful alternatives to single-family dwellings.

Bill 23 proposes changes that will reduce a municipality’s ability to provide for local parks, negatively impacting the function and enjoyment of our communities with a number of changes, including but not limited to:

- Capping the amount of land or equivalent value at 10% or 15% for sites under or over 5 ha, respectively
- Reducing the maximum alternative dedication rate (high density development) to 1 ha/600 units for land and 1 ha/1000 units for cash in lieu
- Allowing encumbered land and privately owned publicly accessible spaces to be eligible for parkland credits.

Bill 23, as proposed, will reduce the amount of quality, safe, accessible parkland available to these growing communities and cost municipalities even more money. These provisions should be removed from the bill.

IMPACT ON HOUSING SERVICES

Changes in Bill 23 also limit the tools available to municipalities to support homeless and underhoused people and families, some of the most vulnerable people in our communities. Currently, municipal governments can include housing services in their development charge fees, which are then used to improve and increase the community housing facilities municipalities operate.

According to provincial Financial Information Return data, from 2015 to 2019, municipalities collected nearly \$150 million for housing services. Should this Bill pass unamended, that funding will no longer be available to support housing services for vulnerable populations. Unless fully offset with new provincial funding, these provisions contradict the government's goal of improving housing and addressing homelessness.

2. Undermining Planning and Community Livability

Provincial statutes and policies are implemented locally through municipal official plans and land use control instruments. Lower and upper-tier municipalities collaborate extensively on managing local planning policy matters, with upper-tier municipalities often responsible for coordinating and managing infrastructure servicing and planning.

Bill 23 fundamentally alters the municipal role and responsibilities in planning by proposing a suite of changes to the *Municipal Act*, *Planning Act*, *Heritage Act*, *Ontario Land Tribunal Act*, and *Conservation Authorities Act* that limit municipalities' ability to manage growth in a holistic and efficient way that reflects local realities. These include, but are not limited to:

- Reducing or eliminating the planning roles of some upper-tier municipalities
- Limiting local powers regarding the demolition and conversion of residential rental properties
- Proposing new rules around heritage properties
- Limiting third-party appeals to the OLT of official plans and amendments, zoning by-laws and amendments, consents, and minor variances
- Changing existing zoning by-laws to allow up to 3 residential units per lot "as of right," with no local ability to regulate minimum dwelling size or parking requirements beyond 1 space/unit
- Exempting developments under 10 units from the site plan control process
- Repealing certain provisions respecting public meetings for draft plan of subdivision.

REGIONAL/COUNTY PLANNING

The significant restrictions to the roles of some upper-tier municipalities breaks the logical link between planning for development and servicing development. These changes may lead to uncoordinated and inefficient growth with the potential for higher infrastructure costs. It also risks building housing without access to coordinated services, amenities and essential infrastructure.

Supporting rapid growth efficiently requires a high degree of coordination. This coordination ensures that investments made today can leverage future growth and that assets can be managed for maximum performance. Upper-tier municipalities do this currently by coordinating local plan alignment and managing servicing for maximum effect. Breaking this link is counterintuitive and will lead to inefficiency, confusion and potential gaps in the infrastructure required to support local growth.

Bill 23 should be amended to restore the growth management planning function for the seven named upper-tier municipalities. Consideration must be given to how lower-tier municipalities will be able to pay for the costs and build capacity associated with bringing upper-tier municipality and conservation authority expertise in-house.

DEVELOPMENT APPROVALS PROCESS

The elimination of public meetings for approval of a draft plan of a subdivision and the exemption of site plan control requirements for projects with fewer than 10 residential units will impact the ability for municipalities and the public to bring up substantial issues with planning proposals. Small, rural and remote communities will be particularly impacted by the restrictions on projects with fewer than 10 residential units given the typical scale of development in these communities.

When considered in isolation, these changes may seem to improve the process, but the cumulative impact of less public consultation, limiting third-party appeal rights, and the steep reduction of regional coordination and service planning will significantly and negatively impact how municipal governments conduct land use planning. The government should refer these provisions of the Bill to its Housing Supply Action Plan Implementation Team before they are passed into law.

3. Exacerbating Risks to the Environment and Human Health

Across the province, municipalities work closely with 36 Conservation Authorities (CAs). Those that are covered by CAs rely on their expertise to undertake watershed-based programs to protect people and property from flooding and other natural hazards, and to conserve and protect natural resources for their economic, social, and environmental benefits.

Healthy, well-connected ecosystems serve as valuable green infrastructure that provide essential services to residents (e.g., stormwater retention) and can be difficult and costly to replicate with traditional built infrastructure. Ontario's natural environment does not recognize municipal boundaries and municipalities are not well suited to monitor and evaluate ecological functions. Municipalities do not have a watershed-scale perspective that spans political boundaries and considers the impacts of changes in land use and climate change on the natural environment. As our communities grow, the demand for parkland and connected natural spaces will grow as well.

The proposed changes to the *Conservation Authorities Act* and the *Planning Act* under Bill 23 severely impact the ability of Conservation Authorities to work with municipalities to understand and mitigate environmental, human health and natural heritage risks by:

- Exempting some development from permits under the *Planning Act* where certain conditions are met
- Requiring CAs to issue permits for projects subject to a Community Infrastructure and Housing Accelerator and allowing the Minister to review/amend any conditions attached to those permits
- Prohibiting CAs and municipalities from entering Memorandums of Understanding for any program or service outside of matters relating to Mandatory Programs and Services
- Imposing limits on CA appeals of land use planning decisions to only matters with respect to natural hazard policies in provincial policy statements
- Enabling the Minister to direct a CA to maintain its fees charged for programs and services at current levels
- Eliminating the ability for municipalities to integrate their environmental green standards through site plan control.

AMO shares the concerns expressed by Conservation Ontario that the changes proposed in Bill 23 will not meet the goals for increasing housing supply and will instead increase the risks to life and property for Ontario residents. The diminished role of CAs could also lead to more development being located in natural hazards, higher costs as a result of property damage due to flooding or other climate change events, increased burden on municipal partners, and the decline of the ecosystem approach currently applied through the established integrated watershed management lens.

Municipalities have successfully relied on the benefits of a long-standing conservation authority partnership which has used local watershed science to guide decision-making. Bill 23 places new responsibilities on municipalities related to natural hazards and natural resources that they are unprepared for and under-resourced to take on.

As proposed, Bill 23 removes the ability for municipalities to shape the amount, location and type of green space in their communities through site plan control. Combined with the prohibition for municipalities to enter into a Memorandum of Understanding for CAs to deliver Category 2 and 3 municipal programs and services on behalf of the municipality will adversely impact municipal budgets and could increase the potential for delay and poorer environmental outcomes. If so, this will undo the significant recent progress to improve how CAs and municipalities work together.

AMO recommends that Schedule 2 of this bill be removed and that the productive Ministry-led Conservation Authority Working Group be re-established to consider appropriate changes to support the Housing Supply Action Plan without sacrificing the environment.

Conclusion

The assertion that the nationwide housing affordability crisis is the product of Ontario's land use planning and environmental protection framework, and municipalities slow to approve planning applications is objectively false.

For decades, Ontario's housing supply in high growth regions has been determined by developers and land speculators managing supply to optimize price, and those who view housing units as solely an investment. No one anticipated the massive shift in demand resulting from COVID-19.

Ontario's goal of an additional 1.5 million homes is laudable and probably achievable. Schemes designed to incentivize developers at the expense of property taxpayers and the natural environment will not get the job done. Previous governments have downloaded costs to municipalities and cut environmental protections to disastrous effect. At some point the bill will come due, and there will be a heavy price to pay.

Instead, the solutions can be found in collaboration, cooperation, and innovation. It is time for Ontario to work with all of its housing partners toward advances in land use planning and an integrated approach to environmental, social and economic policy that allows Ontario to take its place ahead of competing jurisdictions and to allow Ontario to maintain its status as a favoured destination for people and investment.

Ontario's Big City Mayors (OBCM) Statement on Presenting to the Standing Committee on Heritage, Infrastructure and Cultural Policy on Bill 23, More Homes Built Faster Act, 2022

November 16, 2022

Today the Chair of Ontario's Big City Mayors, Mayor Cam Guthrie, made a presentation to the Standing Committee on Heritage, Infrastructure and Cultural Policy to discuss *Bill 23, More Homes Built Faster Act, 2022*.

Ontario's Big City Mayors (OBCM) support the governments' goal of building 1.5 million homes over the next 10 years, there is a housing crisis in Ontario and daily we see how this affects our residents. There are parts of Bill 23 that are positive, however we are concerned about unintended consequences of other aspects that we believe will impact our ability to build homes faster.

"The impacts of proposed changes to development charges (DC's) on municipal revenues have not been fully considered. This revenue is critical to supporting the infrastructure required when building new homes," said Mayor Guthrie, Mayor of Guelph and Chair of OBCM. "We are asking the province to activate the Housing Supply Action Plan Implementation Team, first announced in the Spring, and that a review of the proposed changes to DC's and Parkland Dedication Rates are the first on their agenda."

OBCM believes the key to attainable and affordable housing is all partners working together to find solutions that reduce home prices, create green spaces, and include a sustainable funding model to address critical infrastructure deficits outside of the property tax base.

OBCM is also asking for an extension of the commenting periods for the more than 20 regulatory and environmental registry postings under the *More Homes Built Faster Act, 2022* so that recently elected municipal councils can work with the province to get this right.

"We want to thank the provincial government for asking us to speak on this bill, and to the other organizations who presented to committee on Bill 23 for the insights, knowledge and recommendations they shared as we work together to create legislation that will benefit all Ontarians," said Mayor Guthrie.



About Ontario's Big City Mayors

Ontario's Big City Mayors (OBCM) includes mayors of 29 single and lower-tier cities with a population of 100,000 or more, who collectively represent nearly 70 per cent of Ontario's population. OBCM advocates for issues and policies important to Ontario's largest cities.

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