

Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

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

Subject: Operational and Community Implications of the *More Homes
Built Faster Act, 2022* (formerly known as Bill 23)

Date: April 18, 2023

Recommendation

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

- (a) This report, entitled “Operational and Community Implications of the *More Homes, Built Faster Act, 2022* (formerly known as Bill 23)” **BE RECEIVED** for information.

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 Act received royal assent on November 28, 2022. The Government of Ontario has indicated that the intent of these changes is to support their Housing Supply Action Plan to increase housing supply.

Several significant changes in Bill 23 have impacts on City policies and processes that have financial implications to London taxpayers moving forward. The proposed legislation includes a significant number of legislative and regulatory changes related to planning, infrastructure master plans, 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 operational and community implications, and resource needs for the City of London resulting from this legislation.

The greatest share of impacts is borne by Planning and Economic Development due to staff resource implications with the changes in legislation:

- Building Services will be experiencing higher permit volumes due to the increased as-of-right development permissions and associated incentives introduced by *More Homes Built Faster Act, 2022*. An increase in permit applications will be challenging to predict as the signaling provided by re-zoning and site plan control applications will no longer be available.
- To meet the additional regulatory demands on planning applications and building permit volumes, Civic Administration anticipate that the present staffing complement will need to be increased through the Multi-Year Budget to avoid an erosion in service delivery standards as a result of the *Act*.
- *More Homes Built Faster Act, 2022* has eliminated the ability to use Development Charges to pay for future growth infrastructure needs assessments. Master plans, Secondary Plans, affordable housing infrastructure and other major growth-based projects will need to be completed using in-house staffing resources or be part of future tax-supported budget requests.

Analysis

1.0 Background Information

The Ontario Legislative Assembly passed Bill 23, the *More Homes Built Faster Act, 2022* (herein referenced as the More Homes Act) on Monday, November 28, 2022. Royal Assent was granted the same day.

The More Homes Act provides a number of positive outcomes and opportunities, including:

- a province-wide prioritization on finding new ways to increase housing opportunities and to potentially provide cost savings to new homebuyers and renters;
- support for increased intensification with as-of-right development permissions;
- encouraging more gentle density in neighbourhoods and the development of smaller-scale apartment buildings;
- increased flexibility for the term length of a DC by-law;
- required incentives targeting non-profit and affordable housing;
- improved transparency in how collected DCs are spent and allocated; and,
- standardization of a number of individual municipal approaches to common planning and financial matters.

As described in this report (and the companion Financial Implications report), several changes as a result of the More Homes Act have immediate impacts on City services and present new financial pressures. It should also be noted that at the time of the submission of this report, several More Homes Act requirements are still unknown as future regulations will be issued by the Province, the content and timing of which have not been communicated to municipal stakeholders.

Civic Administration has been working diligently to confirm details on new More Homes Act requirements, adjustments, and prohibitions, and to clarify the timing of when the City will be impacted by the various legislative changes. Where possible, implementation plans have been prepared and operational actions are being taken for emergent requirements (e.g., updates to permit tracking systems, process modifications, documentation, etc.).

2.0 Summary of More Homes Act Changes

The version of Bill 23 that received Royal Assent had limited revisions from its initial tabling, the fulsome description of proposed changes is contained in the [November 22 staff report to Strategic Priorities and Policy Committee](#).

Key impacts to multiple areas are listed for reference:

- Development Charges,
- Planning Applications,
- Affordable Housing,
- Parks,
- Built Heritage, and
- Additional Residential Units (ARU).

3.0 *More Homes, Built Faster Act, 2022* Impacts

The More Homes Act and its amendments to numerous Provincial statutes has broad near- and long-term impacts for the City of London and the services that are provided to residents and businesses.

Every City Service Area is touched by the More Homes Act through service delivery changes or funding implications for growth infrastructure. However, it is likely that additional impacts will emerge as Civic Administration is regularly learning that the More

Homes Act has consequences to service delivery not readily apparent when considering the changes at face-value. As the nuances to the More Homes Act continue to be known, Civic Administration will communicate these impacts to Council in future reports.

A summary of More Homes Act operational and community impacts is provided in the following appendices:

- Appendix A: Near-Term More Homes Act Operational and Community Impacts
- Appendix B: Mid-Term More Homes Act Operational and Community Impacts

Operational Impacts:

The More Homes Act changes have impacted services provided by Planning and Development, Parks and Forestry, Municipal Housing Development, and Capital Assets and Projects. These areas all have regulatory and financial influence on housing development and thus have experienced substantial legislative amendments aimed at increasing housing supply and housing affordability.

Community Impacts:

Given the magnitude of the legislative changes to municipalities and the rate of change, there is an urgent need to enhance the level of communication outreach and public engagement on implications of the More Homes Act to London's taxpayers.

A starting point will be to engage Londoners about two important City documents that serve as a solid foundation in anticipation of 47,000 new homes for London. The identified documents are The London Plan and the new Zoning By-law (a product of ReThink Zoning). The communication program will need to assure Londoners that The London Plan identifies key directions and strategies that give focus and a clear path that will lead to the transformation of London, collectively envisioned for 2035. The key directions and strategies serve as a foundation to the policies of the plan and will guide planning and development over the next 20 years.

Further, there are multiple projects and initiatives that support the City's response to the More Homes Act include the development of a Housing Supply Action Plan. An enhanced communication strategy will serve to help Londoners better understand these initiatives/programs and how they are all linked to the Housing Supply Action Plan. The flow chart, below, is an illustration of the many components that will serve to inform the Housing Supply Action Plan for 47,000 new homes by 2031.

**More Homes,
Built Faster
Act, 2022**

**Housing
Supply Action
Plan - 47,000
units by 2031**

**Growth Management Implementation Strategy
(GMIS)(April to July 2023)**

**Official Plan Comprehensive Review
(March 2023 to June 2024)**

**ReThink Zoning
(May 2023 to June 2024)**

**Roadmap 3000 Affordable Housing Units
(Q2 2023)**

**Community Improvement Plan 5-year
Update (Q2 2023)**

**Core Area Vacancy Review
(Q2 2023)**

**Newcomer Strategy
(Q4 2023)**

**Master Servicing Study
(December 2023)**

**Action Plan
December 2023**

2031

4.0 Next Steps

Over the coming months, a number of actions, analysis, and reports will be completed in response to the passage of Bill 23.

More Homes, Built Faster Act, 2022 Webpage:

Civic Administration has published a dedicated webpage to provide publicly available plain language information about the More Homes Act and its impacts on Londoners. The webpage is available through the URL london.ca/morehomes.

With the introduction of the More Homes Act, it is more apparent that an enhanced communication and community outreach program is needed to respond to anticipated levels of public inquiries and media requests.

Continued Advocacy Efforts:

Although Bill 23 has received Royal Assent, Ontario municipalities have continued requests for greater dialogue on alternatives to Bill 23 changes to bring greater housing supply on to the market, the need for substitute funding from the Province per the commitment to “keep municipalities whole”, potential revisions to the legislation (e.g., revising the DC rate phase-in to only the incremental increase in rates and restricted to residential development), opportunities to inform provisions that await proclamation and/or regulations, and municipal perspectives on improvements to development review processes.

The Mayor, members of Council and senior leaders within Civic Administration continue to coordinate advocacy efforts with municipal organizations such as the Ontario Big City Mayors, the Association of Municipalities of Ontario, the Mayors and Regional Chairs of Ontario, the Municipal Finance Officers’ Association, the Regional Planning Commissioners of Ontario, the Ontario Regional and Single Tier Treasurers, and the Regional Public Works Commissioners of Ontario. The City of London submitted specific requests through the 2023 Pre-Budget Submission to the Government of Ontario.

Civic Administration will continue to provide Council with updates on advocacy efforts through future reporting on *More Homes, Built Faster Act, 2022*.

Outstanding Bill 23 Changes:

One of the challenges associated with Bill 23 implementation is the number of outstanding items that have yet to be proclaimed or described in regulation. The Province has not communicated a timeline associated with these effective dates, nor has there been confirmation on whether there will be further public dialogue provided on the outstanding matters. The following provides a consolidated list of the items that are awaiting proclamation and/or regulations being tracked by Civic Administration:

- DC exemptions – definition of for-profit affordable, rental and attainable housing;
- additional criteria for Part IV and Part V designations under the *Ontario Heritage Act*;
- changes to powers of the Ontario Land Tribunal;
- exemption of development in prescribed municipalities from Conservation Authority approvals;
- removal of Conservation Authority ability to consider the “conservation of land” or “pollution” with their review of development applications;
- parkland dedication and cash-in-lieu discounts for affordable and attainable housing;
- ability of developers to propose land to meet parkland dedication requirements;
- ability of municipalities to enter into agreements with landowners for publicly accessible private parks to meet parkland dedication requirements;

- appeals process related to disagreements on land associated with parkland conveyance; and,
- the new process for Minister’s Orders.

Implementation Requirements:

Since the passage of Bill 23 in November 2022, Civic Administration has been active to address implementation requirements associated with legislative and regulatory changes. A narrow window of time was provided between the public release of proposed Bill 23 amendments and the legislation receiving Royal Assent. Ontario municipalities and their professional associations have been forced to prioritize reforms in order to minimize impacts on service delivery.

Provided below is a list of implementation efforts being undertaken by Civic Administration, some of which will generate update and/or action reports for consideration by Council:

2023 Reports/Initiatives
<p>Q1 2023 – Complete</p> <ul style="list-style-type: none"> - Identification of implications and establish priorities - - Enhanced tracking of DC exemptions - Modifications to automated collection of DCs
<p>Q2 2023</p> <ul style="list-style-type: none"> - Process modifications related to buildings with < 10 units - Bill 23 Reports – Operational/Community Impacts, and Financial Impacts
<p>Q3 2023</p> <ul style="list-style-type: none"> - Tabling the funding approach for DC exemptions - Process review of properties on the Cultural Heritage Register for individual designation
<p>Q4 2023</p> <ul style="list-style-type: none"> - Amendments to the Tree Protection By-law - Tabling the Bill 23 impacts and amendments to The London Plan - Identification of legislative and policy changes pertaining to natural heritage and compensatory offsets

2024 – 2028 Reports/Initiatives
<p>Q1 2024</p> <ul style="list-style-type: none"> - Bill 23 financial impacts considered through the Multi-Year Budget process - Amendments to the Site Plan Control By-law
<p>Q2 2024</p> <ul style="list-style-type: none"> - Annual Treasurer’s Report (including information on DC reserve fund spending and allocations) - Tabling of City’s new comprehensive zoning by-law (replacing Z-1)
<p>Q4 2024</p> <ul style="list-style-type: none"> - Amendments to the Parkland Conveyance and Dedication By-law
<p>Q2 2027</p> <ul style="list-style-type: none"> - Tabling of the draft DC Background Study and By-law
<p>Q1 2028</p> <ul style="list-style-type: none"> - Commencement of DC rate phase-in and loss of DC funding for land and studies

Multi-year Budget Impacts

As a result, the significant legislative changes there is both an immediate and long-term impact on the staff resourcing required to support the implementation of the various Bill 23 changes. A business case that considers these impacts will be developed and submitted for Council's consideration as part of the multi-year budget process.

5.0 Conclusion

The legislative changes of the More Homes Act will place considerable pressure on the City's upcoming Multi-Year Budget (MYB) process. As a result of the More Homes Act, Civic Administration must consider the reallocation of costs presently funded through Development Charges and other developer/builder contributions. Further, there will be 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, and an enhanced communication outreach. The More Homes Act was 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 anticipated additional costs to taxpayers and water/sewer ratepayers will present challenging decisions for Council for implementing the New Homes Act and delivering on the housing target as it contemplates priorities and trade-offs between funding growth, delivering on community facilities and services, asset renewal and service improvement needs with affordability concerns.

The Financial Implications report, a companion to this report, provides a detailed assessment of the financial implications of the More Homes Act for delivery of services to Londoners and, ultimately, on London taxpayers.

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Appendix A: Near-Term More Homes Act Operational and Community Impacts

Appendix B: Mid-Term More Homes Act Operational and Community Impacts

Appendix A: Near-Term More Homes Act Operational and Community Impacts

A- 1 – Site Plan Control

Impact	<p>Elimination of Site Plan Control for buildings with less than 10 units will place an increased demand on the time required to review building permits.</p> <p>There is an increased potential that impacts to adjacent properties will occur and there may be limited abilities for the City to address issues that arise (i.e., the development externalities will become a private matter between two landowners).</p>
Service Affected	<p>Planning Building Wastewater Stormwater Water Transportation</p>
Recommended Action	<p>Recommended to applicants that site work be undertaken and stamped by a licenced Professional Engineer to ensure .</p> <p>Provide resources for external parties to access drawings and design specification best practices to guide their design work.</p>

A- 2 – As-of-Right Zoning

Impact	<p>Anticipate higher permit volumes due to the increased as-of-right development permissions and associated incentives introduced by the More Homes Act.</p> <p>Unknown factor is the uptake by developers and property owners that could drive demand for capital expansion in existing areas to support services such as Fire, Transit, Community Centres, recreation and sport infrastructure, parks, etc.</p>
Service Affected	<p>Building Water Wastewater Fire Neighbourhood and Community-wide Parks Recreation</p>
Recommended Action	<p>To meet the additional regulatory demands and building permit volumes, Civic Administration anticipates that the present staffing complement may need to be increased through the Multi-Year Budget to avoid an erosion in service delivery standards as a result of the More Homes Act. Given the specialized and technical knowledge associated with the review of building permits, there are very limited abilities to re-allocate staff to meet these new demands.</p> <p>Continue to monitor update in permits as part of review of infrastructure master plans.</p>

A- 3 – Affordable Housing

Impact	<p>The suite of DC exemptions provided by the More Homes Act are principally aimed at reducing development costs for non-profit and affordable housing development.</p> <p>Prohibition of DC collection for Housing Services means that Council will be unable to consider inclusion of affordable housing in the DC Study, as was under review at the time of Bill 23 approval.</p>
Service Affected	Housing
Recommended Action	Explore opportunities for core infrastructure funding sources for programs and initiatives and examine this matter further through the preparations for the next Multi-Year Budget.

A- 4 – Additional Residential Units (ARU)

Impact	Residential units to be constructed without planning approvals, which can be challenging for engineered services to predict and respond to the servicing needs associated with buildings with 10 or fewer units, or the expansion in the number of secondary dwelling units for ground-oriented buildings.
Service Affected	Planning Building Housing Wastewater Stormwater Water Transportation
Recommended Action	Continue to examine ways to monitor servicing impacts associated with the new permissions as well as opportunities to continue to be proactive in managing infrastructure capacity to mitigate the need to reactively respond if problems are encountered.

A- 5 – New Home Construction

Impact	Expected increase in construction of higher density wood framed buildings. Although this may assist with housing affordability through lower construction costs, high density wood framed buildings do require enhanced structural review and more involved building inspections.
Service Affected	Building
Recommended Action	High density wood framed buildings require enhanced structural review and more involved building inspections. Monitor whether additional staffing resources may be required.

A- 6 – Built Heritage

Impact	<p>Amendments to the <i>Ontario Heritage Act</i> will increase the requirements that need to be satisfied for a site to be individually designated under Part IV and for heritage conservation districts to be established under Part V.</p> <p>A number of new requirements for listed properties have been introduced with the More Homes Act that have implications for the City's Register.</p> <p>It is likely that the More Homes Act restrictions will result in a greater number of heritage building demolitions with successor buildings providing minor heritage recognitions in the form of façade retention, interpretive plaques and the display of artifacts.</p>
Service Affected	Planning Building Culture
Recommended Action	City staff to complete detailed analyses of cultural heritage sites to ascertain those that merit designation under Part IV and complete the evaluation of criteria for designation of properties within the two-year period to avoid the properties being delisted by default.

A- 7 – Urban Design

Impact	<p>Exterior building and public realm design considerations for new development has been explicitly targeted by the More Homes Act changes to the <i>Planning Act</i>.</p> <p>The City will no longer be able to fully implement requirements for the exterior design of buildings or the appearance of development through Site Plan Control.</p>
Service Affected	Planning Parks Transportation Culture Economic Development
Recommended Action	Examine in greater detail with the in-progress review of the Zoning By-law and Site Plan Control By-law.

A- 8 – Parkland

Impact	<p>New restrictions and prohibitions will result in significant changes to service levels, the quality of amenities, funding available for acquisitions and construction, and the need to assume additional responsibility to advance directions contained in The London Plan.</p> <p>The proposed land for parkland does not need to be in locations desired by the City and can be encumbered (e.g., utility corridors and easements) or privately-owned parks that are freely available to the public.</p> <p>The City may experience significant budget pressures, reduced park sizes and parks provided in non-optimal locations or with site conditions that would preclude the construction of some recreation and sport facilities. This could ultimately reduce the availability of outdoor sport and recreation spaces, when demand for increased quantity, access and diversity of uses in these spaces is growing.</p>
Service Affected	<p>Parks Forestry Planning</p>
Recommended Action	<p>Continue to monitor. These new considerations for developer proposed parkland have yet to be proclaimed at the time of the submission of this report.</p>

A- 9 – Tree Protection

Impact	<p>New regulatory restrictions remove existing controls in place to protect trees to be retained on development lands.</p> <p>The Site Plan exemption for sites with 10 or fewer units will mean that developers of these sites will need to apply for tree permits separate from their building permit applications.</p>
Service Affected	<p>Forestry Planning</p>
Recommended Action	<p>Communication and public awareness campaigns will be required to ensure that the public and developers are aware of the requirement to obtain permission to remove trees related to development applications, where there previously may have been a deferral to the site plan process. A review of the Tree Protection By-law has been prioritized.</p>

A- 10 – Public Realm

Impact	<p>As a result of the More Homes Act restrictions, City parks, streets and public spaces may need to increase standards and amenities presently provided to achieve policy objectives.</p>
Service Affected	<p>Planning Parks Transportation Culture Economic Development</p>
Recommended Action	<p>Explore opportunities for core infrastructure funding sources for programs and initiatives and examine this matter further through the preparations for the next Multi-Year Budget.</p>

A- 11 – Facilities

Impact	<p>City-wide stations and facilities will experience impacts associated with the More Homes Act that involve changes to the DC Act.</p> <p>Although no changes have been made for vehicles and equipment, land for fire stations will potentially no longer be an eligible cost with the commencement of a new DC By-law.</p>
Service Affected	<p>Fire Facilities Recreation Libraries</p>
Recommended Action	<p>Explore opportunities for core infrastructure funding sources for programs and initiatives and examine this matter further through the preparations for the next Multi-Year Budget.</p>

A- 12 – Legal Services

Impact	<p>The introduction of significant legislative changes does pose some increased risk of litigation on the basis of interpretations.</p> <p>Removal of a public participation meeting for subdivision draft plan approval will have a minor workload reduction for the City Clerk's office.</p>
Service Affected	<p>Legal Clerks</p>
Recommended Action	<p>City solicitors have been actively involved in providing interpretations and confirmations of the More Homes Act changes to associated legislation. Continue to monitor staff resource needs.</p>

Appendix B: Mid-Term More Homes Act Operational and Community Impacts

B- 1 – Social and Health Development

Impact	If DC recovery for Housing Services was approved by Council, it was anticipated that there would be a decreased demand for Homelessness Prevention services.
Service Affected	Neighbourhood and Community-wide Housing
Recommended Action	Examine this matter further through the preparations for the next Multi-Year Budget.

B- 2 – Legal Services

Impact	<p>Appeals of decisions for minor variances and consents may now only be made by the landowner/developer or the municipality – third party appeal rights for members of the public and organizations have been removed.</p> <p>There are additional grounds for dismissal of appeals to the Ontario Land Tribunal (OLT) Act, including if the appellant contributes to undue delay of the proceeding, and failure to comply with a Tribunal Order.</p>
Service Affected	Legal Clerks Planning
Recommended Action	The amendments to the Ontario Land Tribunal Act have not been proclaimed and their in-force date is unknown.

B- 3 – Land Use Planning

Impact	<p>Numerous revisions to the <i>Planning Act</i> and the <i>Ontario Heritage Act</i> that will impact the advancement of key policies of The London Plan.</p> <p>The changes have lessened municipal regulatory oversight for development matters in order to reduce development costs and to bring housing to the market faster.</p> <p>For Ministers Zoning Order (MZO), the More Homes Act eliminated pre-Order consultation with the applicable municipality and the ability of the municipality or individuals to request the Minister request the Tribunal to hold a hearing on the proposed amendment.</p>
Service Affected	Planning
Recommended Action	<p>Examine in greater detail with the in-progress review of the OP Comprehensive Review and as part of the Multi-Year Budget.</p> <p>Continue to monitor the implementation of MZO's.</p>

B- 4 – Site Plan Control

Impact	Tied to the More Homes Act objectives of increasing housing supply by reducing qualifying natural features and systems and increasing the ability to provide financial offsets for the removal of wetlands, woodlands and other forms of wildlife habitat to enable more land to be developed for residential uses. These changes have significant implications in London.
Service Affected	Planning
Recommended Action	Examine in greater detail with the in-progress review of the Site Plan Control By-law.

B- 5 – Natural Environment

Impact	Tied to the More Homes Act objectives of increasing housing supply by reducing qualifying natural features and systems and increasing the ability to provide financial offsets for the removal of wetlands, woodlands and other forms of wildlife habitat to enable more land to be developed for residential uses. These changes have significant implications in London.
Service Affected	Planning Forestry
Recommended Action	Examine in greater detail with a separate future staff report to the Planning and Environment Committee.

B- 6 – Conservation Authorities

Impact	<p>The ability to appeal planning application decisions has been removed from Conservation Authorities (CA's), with the exception of issues related to natural hazard policies, and CA's will no longer be able to be a participant to an appeal initiated by another party for official plan amendments, zoning by-law amendments, or subdivision approvals.</p> <p>Limited review by CA's on core mandate of flood mitigation and hazard lands management.</p> <p>The More Homes Act (and its associated regulations) has also placed limits on increases to fees charged by CA's.</p> <p>Amalgamated all previous stand-alone CA regulations into a single regulation to be applied across the province.</p> <p>The permitting framework contained in Section 28 has also been modified to exempt development that has been subject to a previous <i>Planning Act</i> approval.</p>
Service Affected	Planning Legal Finance Environmental Programs Parks
Recommended Action	<p>Continue to examine this matter further as the details and nuances associated with the changes to CA's becomes more known over the course of the year.</p> <p>City staff will assess whether the More Homes Act will produce gaps in service between what is provided by the City and the reduced scope of the CAs. If deficiencies are identified, these will be reported to Council and may result in future budget funding requests.</p>