



Schedule A

Town of Caledon Bill 23 Preliminary Impact Analysis and Action Items

The following is a preliminary staff analysis of key elements of Bill 23, the *More Homes Built Faster Act*, 2022 on the Town of Caledon; and immediate action items to be pursued.

A. Bill 23 Will Reduce Funding for New Growth in Caledon

Impacts: Region of Peel's Ability to Deliver Growth Related Services

Bill 23 significantly changes municipalities' ability to fund new growth, such as through Development Charges (DCs) and Parkland Dedication and payment in lieu provisions. New DC exemptions are now established for properties sold or rented at a price no greater than 80% of the average price/rent in the year a unit is sold or rented. Whereas previously, all homes constructed paid development charges or parkland dedication/payments. The new definition uses average market values, instead of a % of household income, creating a potential for many exemptions and large loss in revenue to municipalities.

As of November 28, 2022, all non-profit housing will be exempt from DCs, Community Benefits Charges (CBCs) and parkland dedication/levies. The same applies to additional residential units (e. g. second units and garden suites) which are now permitted in all urban residential areas. On a day to be named by proclamation of the Lieutenant Governor, all housing units that will be deemed to be affordable, will be exempt from payment of DCs. Moreover, a category of "attainable housing" has been introduced, which will be defined in future regulations. When it comes in force, attainable housing could also be exempt from paying municipal charges, adding to the revenue shortfalls.

A Regional staff report (see **Schedule F**) dated December 8, 2022 identified that Bill 23 will greatly reduce the Region's ability to collect Regional DCs with an estimated impact of around \$2 billion over the next 10 years and \$6 billion if the Province's housing targets are actually met. Due to this loss in revenues, the Region will not be able to provide infrastructure in a timely manner to support the housing targets set by the Province for Peel municipalities. If there is no other provincial or innovative funding to cover these revenue shortfalls, the financial burden of making up the losses would shift to property taxes and utility user fees. The Region calculates that the annual average increase to the regional portion of the Tax/ Utility Bill – Residential will be \$145 to \$180 per household.

Cities of Mississauga and Brampton have been assigned housing targets that are significantly higher than the Region's forecast. The Region confirms that it has limited financial and service capacity to design, procure, build and maintain infrastructure at this pace and scale. Caledon's growth is currently challenged because of lack of infrastructure and with competing demands from Mississauga and Brampton the lack of a solution for transit, roads, utilities and servicing has and will continue to be a barrier to growth. If the Region cannot deliver on its infrastructure plans for Caledon, such as water servicing, this may have a direct impact on the ability for the Town to meet the housing targets.

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To ensure that the necessary funding is available to address the impacts of Bill 23, Regional Council approved a recommendation at its December 8th meeting, calling on the Province to create a fund to compensate the Region of Peel and its local municipalities so that they are made whole as a result of the impacts on municipal growth funding revenues and expenditures. (See **Schedule G** for the Region's letter to the Province regarding a Municipal Compensation Fund).

On December 8, 2022, Bill 39, *Better Municipal Governance Act, 2022* received royal assent. While not expressly included in the proposed legislation, the Province has announced that a provincially appointed facilitator will be asked to assess regional government and determine the appropriate roles and responsibilities for each of the Region and its local municipalities. Caledon anticipates these discussions may help mitigate some of the negative land use planning and infrastructure coordination impacts of Bill 23.

Impacts: Reduced Development Charge Revenues for Caledon

Municipalities use Development Charges (DCs) to ensure growth pays for growth by collecting the cost of growth-related capital infrastructure from new developments. Development charges are the biggest source of funding for the Town's capital budget.

Apart from the reduced DC flow due to the new exemptions for affordable and attainable housing, changes to the calculation of DCs based on historical levels of service and phase in of any rate increases over five years will reduce the recovery of growth-related costs from DCs and delay/prohibit construction of new facilities. DCs can no longer be used to fund growth related studies (Official Plan, Secondary Plans, Development Charge Background studies, Heritage review, etc.). Municipalities will not be able to use DCs to purchase land for growth-related infrastructure (in force date TBD).

The Town of Caledon retained Watson & Associates Economists Ltd. to assess the impacts of Bill 23 changes to DCs on the Town's financial position (See **Schedule H** for the report). Watson calculates that assuming the new (Bill 23) DC Act rules were in place in 2019, Caledon would lose approximately \$85 million (in 2019\$) over 10 years. In the context of the total DC revenues of \$453.8 million for the forecast period, this loss equates to 18.8% of 'lost' DC revenues for Caledon. This loss in DCs is an early estimate and would be a property tax increase of over 14% or \$260 a year on the average residential tax bill.

This early estimate is the Town's minimum loss as Bill 23 does not currently clarify how affordability will be defined for a DC exemption. There will be a difference if affordability is calculated against the aggregate average annual housing value across all housing types (houses/townhouses, etc.) or the average annual value within each housing type. Watson has calculated the above based on an assumption of the latter. If affordability is calculated within each housing type, then the percentage of affordable dwellings captured through Watson's analysis would dramatically increase, leading to an equally dramatic increase in lost DC revenue. Moreover, the upcoming clarity on 'attainable housing' and related exemptions will lead to even further DC losses.

As Caledon continued to prepare for growth it was embarking on a new DC Background study, several key Master Plans and other important growth-related work. In the absence of this work being completed the fulsome cost of growth remains unknown.

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This reduction in the Town's revenue is critical, as there are no provisions yet to make up for the loss, either through provincial-municipal revenue sharing, new revenue raising tools and supports such as allocating portion of Provincial and/or Federal HST revenues to municipalities. Instead, DC revenue shortfalls will have to be funded through other means, including increases in property taxes or reduction in services.

The impact on the Town's DC revenue will place it at risk of underfunding growth-related projects and delay the construction of capital projects, which in turn may delay the construction of new housing units. As an example, Caledon's Transportation Master Plan projects a budget requirement of \$450 million. Losing almost 20% of DC revenue would mean Caledon will either be forced to back fund some capital improvements or use the available funds for immediate road improvements but not be able to build new roads in the future.

DC Legislation Change	Total DC Revenue Impact (in 2019\$)
New DC Exemptions & Discounts	\$64.3 million
DC Phase-In Rules	\$10.0 million
Increase in Historical Level of Service	No impact on revenues
Removal of DC funding for Studies	\$11.1 million
Total	\$85.4 million

Figure 1: Estimated Local DC Revenue Impact of Bill 23 on Town of Caledon

Other changes to the Development Charges Act under Bill 23 will also reduce the amount of DC revenues a municipality can collect. The Town will continue to review these changes and review back to Council as new information on the impact on the Town's DC revenues is revealed.

Impacts: Reduced Amount and Quality of Parkland for Caledon Residents

Bill 23 Planning Act amendments drastically reduce the amount of land that new developments must provide for new parks: For higher density residential developments, the parkland dedication rate has been reduced to 1 ha/600 units for land and 1 ha/1000 units for cash in lieu and capped at 10% of the land or its value for sites under 5 ha, and 15% for sites greater than 5 ha. Moreover, municipalities will be required to spend or allocate at least 60% of the parkland reserve funds annually.

Watson's analysis shows that Bill 23 Planning Act amendments will reduce the amount of land that new developments must provide for new parks by 15% from previous levels for lower density housing (where the standard requirements of 5% of the land for the residential development are applied), and by 52% for higher density housing (where the alternative requirements of 1 ha per 600 units are applied). Unless other funding support is made available, this will reduce the incremental level of service provided by new housing to about 0.43 hectares (ha) of park space per 1,000 population.

As Caledon grows and a variety of housing types including higher forms of density are introduced, the need for park spaces for health and well-being will be greater than ever.

In addition, the Province has not confirmed the date when these proposals will be in effect:

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- allowing Privately Owned Public Open Spaces (POPs) and strata or encumbered lands to be counted towards parkland credits; and
- allowing developers to determine park locations in new developments.

Staff cannot fully estimate the impacts of the above-referenced changes at this point, but as Caledon grows, the quality of park spaces will likely be reduced if these additional proposals come into force.

Impacts: Effects on Economic Development and Planning for Complete Communities

Along with Bill 23, the Province has recently established the following provincial priorities under the Municipal Act:

- Building 1.5 million new residential units by December 31, 2031.
- Constructing and maintaining infrastructure to support housing, including transit, roads, utilities, and servicing.

Under Bill 23, the Province indicates future support for the above mentioned housing-related infrastructure however, an accelerated housing supply will also require concurrent supply of employment and jobs, retail, food services, community amenities, libraries, fire halls, health care, social services and schools in order to create complete communities. Growth funding shortfalls may thus also impact the provision of soft infrastructure and cause delays in the Town's economic development goals. Caledon may have to rely on more external funding/grant programs to meet program budgets.

Next Steps

Action 1: Analyse feasibility of a Housing Pledge

The housing targets assigned to Caledon are achievable, however, this is contingent on the availability of required infrastructure, both regional and local. Staff will complete a high-level, preliminary analysis of the growth-related infrastructure (roads, transit, parking, parks, schools, fire halls, water/wastewater, etc.) that will be required to meet the housing target for Caledon set by the Province (construction of 13,000 new homes by 2031). Bill 23 related revenue loss calculations and discussions with the Region will help staff understand which of the required infrastructure, if any, could either be deficient towards meeting the target or could be delayed. Staff will share the findings with Council, so that an informed decision can be taken regarding the Town's ability to sign the Province's housing pledge and the nature of requests that the Town may need to make to the Province for support in bridging these infrastructure gaps.

Action 2: Advocate for housing-enabling infrastructure funding options

As referenced by the Minister in a letter to AMO (**Schedule E**), it is important that the Province evaluate municipal funding shortfalls from Bill 23 and the resulting delays in infrastructure and housing supply, especially in a greenfield context such as Caledon. Unlike municipalities who have had considerable growth in the past, Caledon may not be well-positioned with reserve balances to cover the required infrastructure funding. For example, the Town's Fire DC reserve balance before the 2023 budget needs is negative \$11,130,720. The 2023 budget commits additional spending of \$4,164,900 from this reserve. Without adequate revenues in 2023, this balance will continue to decrease. The Town's Services related to a Highway DC reserve balance before the 2023 budget is \$46,148,62.33. The 2023 budget is funding \$21.6 million worth of projects from this reserve. The current Town's DC reserves contribute to key

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infrastructure projects already planned for current development and need continued DC revenues to be maintained.

The Town will advocate for a provincial infrastructure funding program and new alternative tools for growth to appropriately pay for growth. Caledon will include Bill 23 matters in the advocacy plans for the Rural Ontario Municipal Association (ROMA) Conference in January 2023. Limited details are available about the Federal Housing Accelerator Fund referenced by the Minister; and it is unclear if the Fund will be sufficient to meet the shortfalls of all municipalities impacted by Bill 23. Staff will also investigate the criteria and application process for the Federal Housing Accelerator Fund.

Action 3: Ensure timely provision of Regional and other infrastructure

As Bill 23 has regional growth infrastructure impacts, Caledon will advocate to the Region of Peel for timely coordination, planning and delivery of housing-enabled infrastructure. It is critical to address potential conflicts between Caledon's growth plans based on the new housing targets and the Region's capital investment programs at an early stage. Staff will continue to collaborate with the City of Brampton, the City of Mississauga, Metrolinx, Ministry of Transportation Ontario, conservation authorities and other agencies to fully evaluate and integrate impacts of Bill 23 on the Town's ongoing growth management projects such as the 'Growth Management & Phasing Plan and Financial Impact Assessment for the New 2051 Urban Area'.

Action 4: Leverage Caledon's Community Builders Roundtable

Meeting growth projections and housing targets in the current challenging fiscal environment will need an extremely collaborative approach and buy-in from multiple stakeholders. Staff will continue to leverage Caledon's Community Builders Roundtable to collaborate with developers and landowners, including in the SABE, so that all stakeholders can contribute to the growth targets in a meaningful way.

Action 5: Align parkland policies

Staff will bring forward Official Plan amendments to align parkland dedication policies with the Planning Act and to maximize conveyance of parkland permitted under sections 42, 51.1 and 53 of the Planning Act. Official Plan Policy 6.2.12 Parkland Dedication and Cash-in-lieu will need be amended to incorporate the changes from Bill 23. Town Council approved the Parks Plan in June 2022, which establishes a parkland provision target of 2.7 ha per 1000 population.

Caledon's Official Plan contains specific policies dealing with the provision of lands for park or other public recreational purposes and the use of the alternative requirement of 1 hectare per 300 dwelling units for conveyance of parkland. The policies need to be amended to reflect the current maximum alternative rate now reduced to 1 ha per 600 units for land and 1 ha per 1000 units for payment in lieu of parkland under Bill 23. The Town may also impose as a condition to the approval of a plan of subdivision that land in an amount not exceeding, in the case of a subdivision proposed for commercial or industrial purposes, 2 per cent and in all other cases 5 per cent of the land included in the plan be conveyed to the Town for park or other public recreational purposes.

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Action 6: Create a parkland acquisition strategy

Caledon's 2022 Parks Plan recommends an additional 80 hectares of parkland to adequately support a healthy community as rapid growth takes place. Bill 23 limits the use of the Planning Act tools; parkland conveyance or payment in lieu of parkland, which primarily support outdoor park functions. Staff will create a long-term parkland acquisition strategy and a plan to purchase the land with the parkland reserve (Reserve Funds By-law 2020-104). This will better align the purpose of the 'Payment In Lieu of Parkland Reserve' with the Planning Act and the 2022 Parks Plan, as Bill 23 intends.

Action 7: Establish Community Benefits Charges as a revenue tool

Caledon will explore establishing a Community Benefits Strategy and By-law to help fund growth-related community amenities. Bill 23 establishes new calculations for the growth funding tool of Community Benefits Charges (CBCs) based on parameters for new development only, not any existing buildings or value of land with existing development, reducing the potential revenues. However, Caledon has not established a Community Benefits Strategy and By-law yet. As other growth funding tools such as DCs and Parkland levies are being reduced, Caledon should proceed with its review of CBCs to see if they can be a source of revenue for related infrastructure.

Action 8: Set up an Affordable Housing Evaluation and Monitoring Protocol

Staff will now need to review each building permit to confirm the number of new housing units that would fall under the Bill 23 definition of affordable housing and would thus be exempt from paying charges and parkland cash in-lieu. Staff will set up an Affordable Housing Evaluation and Monitoring Protocol to implement this review and will share this with the development industry for clarity and compliance.

Action 9: Explore models for municipal fiscal resilience

Staff will prepare a municipal benchmarking study of leading smart growth measures for fiscal resilience. Municipalities across North America are constantly aiming to implement financially sustainable growth models in economic downturns. For example, land use planning, economic development, and expansion of tax bases through revenue modeling may help decision-making on where and how to grow. Although circumstances may not be similar, there may be lessons Caledon can benefit from as it pivots in its approach to fiscal sustainability in response to recent provincial legislative changes.

B. Bill 23 Changes Planning Systems and Heritage Protections

Impacts: Downloading of the Region of Peel's Planning Responsibilities to Caledon

To streamline municipal planning responsibilities, Bill 23 proposes removal of the planning policy and approval responsibilities from many upper-tier municipalities including the Region of Peel. The Minister of Municipal Affairs and Housing (MMAH) would therefore become the approval authority for the new Town of Caledon Official Plan and any amendments to the Official Plan. Minister's decisions are not subject to appeal. (In effect date TBD). Further, Bill 23

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directly allows the Minister to amend the Town's Official Plan and make any changes it sees fit, including imposing growth or otherwise changing the Town's growth strategy.

The Region of Peel Official Plan, approved with modifications by the Minister of Municipal Affairs and Housing, will become the responsibility of the Town of Caledon with the Town's own Official Plan. The intent is that local municipal Official Plans will incorporate Regional Official Plan policies within their jurisdiction. In the interim, *Planning Act* decisions will be made by local municipalities considering both documents; with the Regional Official Plan prevailing in conflict. While Bill 23 was passed on November 28, 2022, the provisions which remove the Region's planning responsibilities are not in force and will take effect when those provisions are proclaimed in force in the future.

It is important to note that the removal of planning policy and review function responsibilities to address growth at the regional level may result in conflicting planning policies and a lack of coordination of regional transportation, water and wastewater infrastructure. Caledon is mindful of the fact that to accompany this legislative change, through another legislation (Bill 39), a provincially appointed facilitator will assess regional government in Peel and determine the best mix of roles and responsibilities between the Region of Peel and municipalities of Caledon, Mississauga, and Brampton to ensure municipalities are equipped to deliver on the government's commitment to build 1.5 million homes over the next 10 years.

Next Steps

Action 10: Finalize Caledon's new Official Plan

Town staff will continue to finalize "Future Caledon" the Town of Caledon's new Official Plan and bring forward a report outlining impacts from Bill 23's proposed removal of planning responsibilities from the Region of Peel, including the Region's Official Plan.

Impacts: No Site Plans Needed for Small Residential Developments and Less Site Plan Control for Other Developments

Bill 23 exempts any residential development that contains no more than 10 residential units on a parcel from site plan control and limits the scope of what site plan control can apply to. The site plan approval process currently provides the primary mechanism for reviewing and regulating a broad range of important site design related matters such as access for pedestrians and vehicles, parking, walkways and circulation, accessibility, waste facilities, grading and drainage, servicing, landscaping/buffering, lighting, building location, natural heritage protection, and exterior design.

Under Bill 23, Site Plan can only apply to:

- matters related to green roofs;
- building construction requirements related to environmental conservation, where permitted, under the Building Code Act;
- the appearance of building elements if it impacts health, safety, accessibility or sustainable design.

In Caledon, there are various circumstances where Site Plan Control would typically apply to 10 residential units or less:

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- Residential development on lands zoned an Environmental Policy Area (EPA1-ORM and EPA2-ORM) and the associated 90 metre buffer in the Oak Ridges Moraine Conservation Plan
- Residential development on corner lots
- Residential development where the Committee of Adjustment has imposed a condition to require Site Plan Control
- Certain lots/blocks within plans of subdivision for townhouse development or to address matters of site design, architectural control, environmental protection and archaeological matters.

In reviewing past examples, this change to the *Planning Act* may result in the inability for the Town to request Site Plan Control in any of the above-noted circumstances.

To ensure that the intent of requesting Site Plan Control in the above-noted circumstances are met, the Town will likely require additional details at the Draft Plan of Subdivision or Zoning By-law Amendment application stage (for matters in the Oak Ridges Moraine Conservation Plan). The Town will also need to amend various by-laws and processes including an amendment to the Zoning By-law, the creation of a Lot Grading process and related amendments to the Building Permit process, amendments to the Site Alteration/Fill Permit process, and the development of new processes and by-laws to mitigate development impacts. Staff will bring forward any by-laws for Council enactment in Q1 of 2023. In the interim, staff will continue requiring Site Plan Control as previously required.

Bill 23 does not identify any modification to the Oak Ridges Moraine Conservation Plan. Current requirements for, and associated with, site plan approval under this Plan, appear to remain in full effect. These include Section 16(2) requirements for natural self-sustaining vegetation in Countryside Areas, Section 30 (10) site plan approvals requirements for development or site alteration resulting in the creation of three or less lots and or the construction of a building or buildings with a ground floor area of less than 500 m², and Section 32(4) lot creation requirements.

The Town is hopeful that community builders will prioritize urban design and landscape elements of their proposals and that staff can work collaboratively on such goals. If these elements cannot be advanced, the Town will see a decline in the quality of the built environment which could lead to other negative impacts. Further, the Town is seeking clarity on the impact of Site Plan Control changes to its Green Development Standards, which is currently in development and slated for Council consideration in 2023.

Next Steps

Action 11: Finalize the Lot Grading and Building Permit process and amend the Site Plan Control By-law

Staff will finalize changes to the Lot Grading process and Building Permit process, including any related policies and by-laws, and will bring forward a report to Council under separate cover in Q1 2023. Staff will include a by-law to amend Site Plan Control By-law 2013-086, as amended, to align with *Planning Act* Site Plan exemptions for developments with 10 units or less and reduced Site Plan authority for all developments.

Action 12: Complete the Site Plan Process Review and update communications

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Staff will complete the Site Plan process review and complete updates to all procedures and external guidance documentation to ensure that clients understand the process and those matters allowed to be reviewed under a Site Plan application.

Action 13: Amend the Official Plan and various by-laws

Staff will initiate amendments required to the Official Plan, the Comprehensive Zoning By-law, the DC By-law, the Parkland Conveyance By-law and the Fill By-law.

Action 14: Update Guidelines and Standards

Staff will include alignment with Bill 23 in the update of the Development Standards (including matters of landscape), Comprehensive Town Wide Design Guidelines project, and in the ongoing Green Development Standards.

Impacts: No Public Meetings for Plans of Subdivision

Bill 23 removes the requirement that a public meeting be held for proposed plans of subdivision. Previously the *Planning Act* required that a public meeting be held for proposed plans of subdivision prior to draft plan approval being issued. The Town's practice has also been that where plans of subdivision are not yet draft approved and a public meeting was held 2 or more years prior, another public meeting be held.

Although this change as per Bill 23 may result in a reduction of residents and stakeholder participation, the plan of subdivision process remains a public one. At this time, a Notice of Application continues to be required for plans of subdivision. The Town will continue to provide notice through posting of a sign(s), a mailout to landowners within 120 metres (394 feet) and newspaper advertisement(s). Residents and other stakeholders can still contact the Town and provide comments.

In addition, through the Town's response to Bill 109, the Town is requiring that new projects undertake public consultation (to the satisfaction of the Town), prior to a formal plan of subdivision application being submitted. Although the Town is still developing the detailed parameters on how and when notice will be provided, the requirement will be that applicants hold a meeting where nearby residents/stakeholders can attend, learn about the proposal, and provide comment.

Finally, public meetings continue to be required for Official Plan Amendments and Zoning By-law Amendment applications. At the Town it is typical for plans of subdivision to also require a Zoning By-law Amendment to be approved, and public meetings continue to be required for these applications.

The Town is advising clients that any draft plan of subdivision application deemed 'complete' after January 1, 2023 will no longer require a public meeting.

Next Steps

Action 15: Communicate changes to public engagement for subdivisions

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Staff will prepare a public (web) notification advising residents and developers that under the *Planning Act*, public meetings are not required for Draft Plans of Subdivision. The notification will also guide residents to optional engagement opportunities.

Impacts: New Permissions for Gentle Density (as-of-right zoning for up to 3 units on a serviced lot)

Bill 23 amends the *Planning Act* provisions and associated regulations (O. Reg. 299-19) for Additional Residential Units (ARUs) to create more 'gentle density', by increasing the number of residential units on 'parcels of urban residential land' (fully serviced land) to up to a total of 3 units. The 3 units may be comprised as:

- The main dwelling (Unit #1), an apartment within the main dwelling (Unit #2) and an apartment within a detached building such as a garage (Unit #3)
- The main dwelling (Unit #1), an apartment within the main dwelling (Unit #2) and another apartment within the main dwelling (Unit #3)

In addition, the Bill states that municipalities cannot require more than one parking space per unit or set a minimum floor area for such units.

Staff analysis shows that within existing built-up areas of Caledon, this change will apply to properties with both piped water and piped wastewater services in Caledon East, Bolton, Mayfield West and Inglewood.

Increased density is critical from a land and resource efficiency and an affordability perspective. Moreover, additional residential units can be counted towards the housing target of 13,000 new units in Caledon by 2031. However, the Town may need to evaluate and address infrastructure and servicing impacts of this additional density in these four locations.

The Town's current Official Plan and Zoning By-law will need to be updated to align with this change. While changes to the Official Plan will be completed as part of the new Town of Caledon Official Plan, the changes to the Zoning By-law are critical and urgent, requiring a separate stand-alone amendment to the Zoning By-law being undertaken immediately.

The Town's Zoning By-law does not reflect the permissions granted by Bill 23 and is used daily by residents, stakeholders, and the Town in responding to client inquiries, reviewing building permits and planning applications. The Zoning By-law will need to be updated to reflect the following, at a minimum:

- Permitted additional apartment units (including changes to definitions and standards) in settlement areas on full services
- Permitting, defining, and creating standards for residential units in detached buildings in settlement areas on full services
- Amending the parking requirements to reduce the required parking to 1 space/unit

As a recommendation to this report, it is requested that Council direct staff to initiate a Zoning By-law Amendment to address the matters noted above for Additional Residential Units and those matters relating to changes to the Site Plan Control provisions of the *Planning Act*. In the interim, if the Zoning By-law conflicts with the *Planning Act*, the *Planning Act* takes precedence.

In addition, staff anticipate that the increase in residential units on existing lots will have on-street spillover parking implications. A review will be required of the option of permitting on-

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street parking permissions and additional enforcement requirements, especially in the absence of alternative mobility options, such as local public transit.

The Province may publish additional restrictions and/or criteria for these units. Staff will review the rules upon release and provide further updates if necessary.

Next Steps

Action 16: Embrace gentle density and prepare a strategy for Additional Residential Units

Staff will prepare a strategy to address gentle density including *Planning Act* changes related to additional residential units; and initiate amendments to the Official Plan, the Comprehensive Zoning By-law, the DC By-law, the Parkland Conveyance By-law, the Fill By-law, and lot grading review process. To assist the community with these changes, staff will provide a webpage outlining the changes to provide greater clarity.

There is an increased interest from developers in Caledon about incorporation of additional residential units in new builds. Staff will evaluate all ongoing and new development proposals for design strategies and proactive inclusion of legal additional residential units. This will support increased housing affordability and help Caledon meet growth targets while optimising the use of infrastructure.

Action 17: Explore a Town-Wide On-Street Parking Study

Staff will explore a town-wide on-street parking study for parking management required due to uptake in additional residential units. The outcomes of this study will assist with an update to the parking standards in the Zoning By-law.

Action 18: Initiate a Zoning By-law amendment to address Bill 23

Staff request that Council direct staff to prepare an update to the Comprehensive Zoning By-law to address as-of-right zoning (including any changes required to the definitions and parking standards) and to address matters as it relates to the changes to Site Plan Control.

Impacts: No third-party appeals allowed for Minor Variances and Consents

Previously the *Planning Act* provided appeal rights to third parties (i.e. neighbours of the property with the proposed application) on Minor Variances and Consents. The Town is not a third party to appeals within its jurisdiction.

Bill 23 now restricts the ability for neighbors and landowners other than the applicant, to appeal decisions of the Committee of Adjustment. Furthermore, any current third-party appeals will be dismissed unless there is a merits hearing scheduled before October 25, 2022.

The first Committee of Adjustment Hearing of 2023 is to be held on January 25, 2023. Notices of hearing have already been sent to affected landowners and were therefore updated to reflect the changes to the appeal procedures.

Next Steps

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Action 19: Advise Committee of Adjustment participants of change to appeal rights

Staff will work with the Chair of the Committee of Adjustment to advise the Committee, applicants and any participants of the changes to the appeal rights for Minor Variances and Consents.

Action 20: Prepare a Community Outreach Strategy

Staff will finalize a Community Outreach Strategy to inform residents of Bill 23 impacts, including removal of third-party appeal rights for minor variances and consents. The Strategy will include guidance on additional residential units, heritage designation priorities and limitations on site plan control.

Impacts: Less Protection for Heritage Resources

Bill 23 proposes amendments mainly to the sections of the *Ontario Heritage Act* regarding the municipal heritage register, Heritage Conservation Districts (HCDs) and Provincial heritage properties.

Heritage registers are to be reviewed and a decision is to be made whether listed properties on the register are to be designated. If properties on the register are not designated, then they are to be removed from the register by either January 1, 2025 (for existing listed properties) or two years of the date that the property was included on the register (for future listed properties). Furthermore, the property will not be allowed to be re-listed for an additional five years. These changes came into force on January 1, 2023.

The Town's heritage register includes 1,117 listed, non-designated properties. Caledon is a large municipality made up of rural and urban lands, small hamlets, and larger villages, and many of the properties which are listed and not designated are key landmarks for residents and visitors alike. Prior to Bill 23, the register provided interim protection for listed heritage resources and provided time to assess the merits of designation only when the building was threatened for removal through development. Caledon lacks staff resources to designate all properties on the heritage register, especially within the 2 years as required by Bill 23.

The new requirement for a property to meet at least two criteria for designation will restrict the Town's ability to recognize underrepresented communities and to protect rare cultural heritage resources which may not be as fulsomely documented as grand manor houses.

Moreover, Bill 23 proposes that Heritage Conservation District (HCD) Plans can be amended or repealed, and a regulatory authority would prescribe this process. HCDs are a valuable tool to provide incentives and cohesive planning to manage change. The Village of Bolton, Caledon's only HCD at present, is going through a period of transformation as a direct result of the efforts made by property owners and the municipality to identify it as a special place to live and work. Upcoming changes under Bill 23 may jeopardize the future of HCDs such as this.

Next Steps

Action 21: Continued advocacy on the Ontario Heritage Act and Bill 23

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Staff recommend continued advocacy to the Province to re-evaluate changes to the *Ontario Heritage Act* from Bill 23 and engage with heritage property owners, municipal staff, First Nations, and heritage professionals on achieving the Province's housing target while retaining, conserving, and rehabilitating Ontario's cultural heritage resources for use by future generations.

Action 22: Prepare a Heritage Strategy

Staff will prepare a Bill 23 Heritage Strategy to protect Caledon's significant cultural heritage resources, addressing growth areas, established communities, significant cultural heritage resources and cultural heritage landscapes. The strategy may include a Heritage Designation Prioritization Plan with selection criteria for prioritization, a Promotion and Outreach Program, exploration of Heritage Conservation District/Community Planning Permit Systems and heritage incentive program evaluations.

Action 23: Report to Council on staffing impacts

Staff will include heritage-related staffing impacts in the corporate report on staffing impacts and related budgetary implications for implementation of Bill 23.

C. Bill 23 Changes Planning Laws and Appeal Matters

Impacts: Cost Awards

The Ontario Land Tribunal (OLT) will have increased powers to order costs against a party who loses a hearing. A municipality will need to use tax dollars to pay the successful party's cost if its case is unsuccessful at the OLT. The OLT will also have increased power to dismiss appeals for undue delay. The OLT may be authorized to prioritize certain 'specified classes of proceedings', the criteria for which have not yet been provided.

The OLT had powers before Bill 23 to order costs, but it used this power to discourage vexatious or unreasonable appeals. It is unclear whether OLT will consider this amendment as an encouragement to award costs as a matter of course, like the courts. If so, costs awards may become routine even where the unsuccessful party raises valid planning concerns that are worthy of the OLT's review and consideration.

Next Steps

Staff do not recommend any process change now. Cost awards were always a possibility when participating in OLT appeals. The Town should continue to only participate in meritorious appeals where there are valid planning concerns for consideration by the Tribunal. It is unclear how the OLT will handle mixed success results, where a development is significantly improved through the hearing process compared to what originally went to Council, but the Town is not fully successful on all issues.

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D. Bill 23 Impacts Natural Environment and Conservation

Impacts: Changes to Commenting Role of Conservation Authorities

Conservation Authority (CA) involvement in the development approvals process has been reduced. As of January 1, 2023, CAs' role in development review and commenting on applications is limited to the risks of natural hazards and flooding. CAs will no longer be able to review applications regarding natural heritage impacts. The responsibility and cost of the environmental review may be on municipalities.

Since 1997, Caledon has had an agreement with Toronto and Region Conservation Authority (TRCA) and Credit Valley Conservation (CVC) to provide technical expertise in plan review on matters related to wetlands, wildlife habitat, threatened and endangered species, fish habitat, area of natural and scientific interest, woodland, valley lands, groundwater and surface water quality and quantity, and flood and erosion watercourse and valley land hazards. In addition, CAs have guided policy development, assessed development impacts and informed appropriate mitigation measures. To provide this function, both TRCA and CVC have around 30 staff working on Caledon files who are expert ecologists, biologists, geomorphologists, geotechnical engineers, water resource engineers, and environmental planners. Caledon benefits from leveraging the expertise at the CAs, especially as Caledon does not have some of these specific skillsets (environmental planners, geotechnical engineers, etc.).

On December 16, 2022, TRCA provided an interim update (See **Schedule I**) on implementation of the further amendments to the *Conservation Authorities Act* and what this means for TRCA programs and services for municipalities including Town of Caledon:

- For natural hazard matters, TRCA will continue its plan review and commenting role.
- When the amendments related to permits come into force, the tests of "pollution" and "conservation of land" will be replaced with "unstable soil or bedrock". Those new tests have already come into force for permits related to Minister's Zoning Orders (MZOs) and Community Infrastructure and Housing Accelerator Orders (CIHAs).
- CA permits remain applicable law in respect of building permit applications.
- TRCA programs and services not affected by Bill 23 (such as trail planning and construction) will continue as usual and will be formalized through Memorandums of Understanding (MOUs).

Certain review functions may fall on Town staff however, staff await the release of confirming legislation. The Town will need to determine how best to fulfill or supplement the responsibility of environmental review from CAs. This may include relying on consultants or hiring staff with the appropriate technical expertise.

Next Steps

Action 24: Establish conservation policies

Staff will explore the establishment and implementation of effective pollution and land conservation policies in the Town's Official Plan "Future Caledon."

Action 25: Update MOUs with CAs and evaluate resource needs

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Once Caledon determines the roles and additional impact on local review processes, staff will update MOUs, as required, with CAs, based on Bill 23 changes. Staff will also include any staffing and resource needs in the comprehensive Bill 23 staffing report.

Impacts: CA Permits Not Required within Regulated Areas (including wetlands)

CA permits will not be required within regulated areas (including wetlands) for activity authorized under the *Planning Act* (in force date TBD). Exemptions to permits would also be granted where prescribed conditions are met. In Caledon, this will most notably impact environmental features and the development of lands outside of the provincial plan areas. Within the jurisdictions Greenbelt Plan, Oak Ridges Moraine Conservation Plan or the Niagara Escarpment Plan development applications remain subject to setback requirements from key natural heritage feature, key hydrologic feature and associated minimum vegetation protection zones.

Natural heritage feature protection outside of the provincial plan areas in Caledon remain subject to the requirements of Section 2.1 (Natural Heritage) of the Provincial Policy Statement (PPS 2020) at this time, which requires that development and site alteration not be permitted in significant wetlands, significant woodlands, significant valley lands, significant wildlife habitat and significant areas of natural and scientific interest, unless it has been demonstrated that there will be no negative impacts on the natural features or their ecological functions. The review of technical reports related to this development may entirely fall to municipal staff.

Next Steps

Action 26: Finalize Terms of Reference for environmental studies

Staff will complete ongoing work in collaboration with the CAs to finalize Terms of References for Town-required environmental studies (such as Environmental Impact Studies and Natural Heritage Evaluations).

Impacts: Reduced Protection of Wetlands and Natural Heritage System

The Province is undertaking an update to Ontario's Wetland Evaluation System (OWES), which is the process for determining whether a wetland is significant and needs to be protected in place. The new evaluation system will make it possible for developers to reduce or remove critical wetlands that were previously evaluated as being significant. Wetlands are among the most productive ecosystems in the world and play a critical role in watershed ecology, biodiversity, water quality, and climate change mitigation and adaptation, as well as can provide protection from impacts of flooding and drought.

Within the SABE area, there is currently approximately 6% wetland cover, with a total natural cover of 15%, which is at risk of loss under the proposed OWES. Changes to the wetland evaluation program and habitat banking could reduce Caledon's ability to protect natural cover and improve on that cover within our urban expansion area. Developing over wetlands may pose significant associated risk and financial burden on municipalities. While it may be possible to mimic the flood control function provided by wetlands, the cost of providing this function would be significant. As a result, stormwater

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management practices would require a larger footprint of developable area and would result in more stormwater infrastructure for municipalities to operate and maintain.

Further to this, the Province's proposal of introducing an offsetting program for both wetland and natural heritage features and allowing fee compensations may further worsen the problem. Although there is a goal of providing an overall net benefit in natural system coverage through the proposed program, it is not always possible to replicate the form and function of complex natural systems in other places. This shift of responsibility from Conservation Authorities to local municipalities would represent a new level of service, and require training and staffing that will need to be evaluated to support the review and evaluation of various offsetting proposals and overall impacts within Caledon.

Next Steps

Action 27: Advocate for natural heritage protection and role of CAs

Staff will continue advocacy for natural heritage planning and the role of CAs in watershed planning. Staff will evaluate Official Plan policies to support protection and enhancement of wetlands and natural features within SABE.

Impacts: Conservation Lands to be Made Available to Support Housing Development

Under Bill 23, CAs will need to identify lands in their ownership that can be used for housing development. Lands owned by CAs represent important components of natural heritage systems of a watershed and are acquired to protect against flooding and erosion and provide residents access to local greenspaces.

Of the four CAs with jurisdiction within Caledon, CVC and TRCA are the only two with land holdings in Caledon. CVC currently owns 39 properties amounting to approximately 1100 ha. All properties owned by CVC are outside all the settlement areas including the most recent Settlement Area Boundary Expansion area. TRCA owns 111 properties within Caledon, amounting to approximately 2056 ha. All TRCA land holdings within settlement boundaries, including the most recent SABE lands, are linked to floodplains and natural protection.

The acquisition of these lands was intended to protect Caledon residents from impacts of flooding and erosion, and to preserve key ecological habitats. Staff estimate that potential development of these properties would be unsuitable as it may increase the risk of erosion and flooding to downstream communities, while also potentially posing a threat to any homes built on the very properties. Staff have been working on a report on an Environmental Lands Acquisition Strategy which may result in the Town taking ownership of more environmental lands.

Next Steps

No action is required at this point. Town staff will liaison with staff at TRCA and CVC and monitor this change as and when the CAs initiate identification of their lands for housing.