

Staff Report 2023-0066

Meeting Date: January 17, 2023

Subject: Caledon's Initial Action Plan in Response to Bill 23 and Greenbelt Changes

Submitted By: Bindu Shah, Strategic Lead, Planning
Antonietta Minichillo, Director, Planning / Chief Planner
Myuran Palasandiran, Director, Finance / CFO
Hillary Bryers, Acting Treasurer
Heather Savage, Director, Community Services
Andrew Pearce, Director, Engineering Services
Catherine McLean, Director, Customer Service and Communications
Alexis Alyea, Town Solicitor / Manager, Legal and Court Services
Erin Britnell, Director, Corporate Strategy and Innovation

RECOMMENDATION

That the Town of Caledon advocate to the Province of Ontario to pause the release of Bill 23 legislation that is not in force, until consultation is completed with municipalities, First Nations and other stakeholders;

That the Town of Caledon collaborate with Mississaugas of the Credit First Nation (MCFN) to prepare a joint statement regarding the Town and MCFN's concerns about Bill 23 and changes to the Greenbelt Plan;

That a Zoning By-law Amendment be initiated to update Zoning By-law 2006-50, as amended to address the implications of Bill 23, including but not limited to, matters of Site Plan Control and Additional Residential Units.

REPORT HIGHLIGHTS

- Bill 23, the More Homes Built Faster Act, 2022, received Royal Assent on November 28, 2022. It introduces changes to numerous Acts, including the *Planning Act*, the *Development Charges (DC) Act*, the *Ontario Land Tribunal (OLT) Act* and the *Conservation Authorities Act*.
- The housing crisis requires a comprehensive approach to deliver urgently needed affordable housing. Caledon staff invite collaboration with the Province and municipal partners on solutions.
- Caledon remains committed to embracing change and innovation as it grows without compromising the values and integrity of the Town's existing and future communities.
- Staff believe that some components of the Bill are positive for Caledon and other changes are negative and require mitigation, especially those that impact the Town's ability to fund necessary growth-related infrastructure and support complete communities. The impacts on Caledon's parkland are likely to have the most lasting and profound negative impacts, and at this time no tools are being offered to address the gap the changes will create.

- Ontario's Minister of Municipal Affairs and Housing (MMAH) has assigned the Town of Caledon a housing target of 13,000 new homes by 2031. This growth is aligned with what Caledon planned to deliver. However, much of Caledon's growth is greenfield, and is contingent on essential infrastructure being in place – roads, transit, utilities and water and wastewater servicing.
- The Province has requested that Caledon sign a 'Housing Pledge' reflecting the new target by March 1, 2023. Staff will bring forward a future report outlining a recommendation on the pledge and affiliated conditions.
- The financial challenges created by Bill 23 are significant. Revenue streams, parkland contributions, resources, and the ability to fund growth related studies are negatively impacted. The initial assessment of changes to just the DCs indicates a minimum impact of \$85 million (2019 dollars) over 10 years. This number does not include the financial impacts to parkland. Additional financial challenges may be experienced once the impact of the definition of 'affordability' is clarified by the Province. Staff continue to develop a more accurate financial assessment which will be presented to Council at a future date. The monetary impact will likely be exponentially higher.
- The Province has indicated they understand these impacts and will offer other financial tools to assist municipalities with certain infrastructure funding. Caledon is eager to learn what those tools are.
- Environmental and heritage protection remain of concern. Staff recommend advocacy to the Province to pause proclamation of in-effect dates of the pending legislation to enable more consultation.
- Caledon is in a unique position in Peel Region because it is a greenfield growth community. Caledon continues to prepare itself for substantial growth, and it has little to no infrastructure in place. Caledon will require significant investment in transit, roads, utilities, and servicing to realize its growth targets. With increased growth pressures in Mississauga and Brampton and with Bill 23 impacting the Region's finances, the Region's infrastructure needs may be prioritized, and Caledon's growth impacted as a result.
- Staff continue to explore opportunities from the changes in Bill 23 and have identified immediate action items, some of which align Caledon with the in-force legislation, some which mitigate negative impacts and others which aim to position Caledon for success.

DISCUSSION

Background on Bill 23, the *More Homes Built Faster Act, 2022* ("Bill 23")

Bill 23, announced on October 25, 2022, is part of the Province of Ontario's ("the Province") plan to address housing supply and affordability and follows previous initiatives such as *More Homes More Choice Act* (2019) and *More Homes for Everyone Act* (2022). Under the new Bill 23, the Province's plan is to address the housing crisis by targeting the creation of 1.5 million homes over the next 10 years. To implement this plan, Bill 23 introduces several changes to a total of 10 Acts, including the *Planning Act*, the *Development Charges Act*, the *Ontario Land Tribunal Act* and the *Conservation Authorities Act*.

On November 25, 2022, Town staff brought forward a memo to Council with a summary of the legislative changes proposed under Bill 23. At the time, the status of the bill was third reading debated. It underwent some changes after public hearings and debate at the legislative committee stage. On November 28, 2022, the bill received Royal Assent. Some parts of the bill have come into effect and others will come into effect at a future date at the government's discretion. (See **Schedule B** to this report for an explanatory note on Bill 23 and **Schedule C** for in-effect dates of various pieces of the legislation).

This report serves as an update to the previous staff memo and outlines impact of key elements of Bill 23. The report has been prepared with input from numerous Town departments and external agencies.

Housing Target Assigned to Town of Caledon and Housing Pledge

The Province has assigned housing targets for 29 of the largest municipalities in Ontario. The Town has been assigned a target of 13,000 new residential units by 2031. The Province has requested that a Housing Pledge committing to this target be approved by Town Council and submitted to the Province by March 1, 2023. (See **Schedule D** for details on the pledge). The Province will use municipal pledges to monitor and track progress towards housing targets. Municipalities have identified that significant acceleration of transportation, servicing, and community infrastructure and additional staffing resources will be required to meet these provincial targets. On November 30th, 2022, Minister Clark committed in a letter (See **Schedule E**) to the President of the Association of Municipalities of Ontario (AMO) that "there should be no funding shortfall for housing enabling infrastructure as a result of Bill 23, provided municipalities achieve and exceed their housing pledge levels and growth targets".

Staff believe the housing targets assigned to Caledon are achievable as they are 1,000 units more than the Region's forecast for Caledon, however, the availability of infrastructure is key to achieving these targets. As Caledon's growth is greenfield growth, it is critical that key dependencies are in place to enable and support this growth. This includes the provision of housing-enabling infrastructure (roads, transit, utilities, and water/wastewater servicing), securing the Town's financial future, delivering robust parks, and advancing the green agenda.

Town staff will bring forward more information on the Housing Pledge in February. Staff have relied on Caledon's housing target for the analysis in this report.

Analysis of Bill 23 Impacts to Caledon and Action Items

Attached to this report is an analysis of the key changes as a result of Bill 23. The schedule outlines the impacts and a series of action items (See **Schedule A**). The materials contained in Schedule A are key to understanding how Caledon is impacted by Bill 23 and how staff are attempting to position the Town for success in the context of this significance change.

The impact analysis is categorized according to the following themes and topics therein:

- A. Funding for New Growth in Caledon
 - Region of Peel's ability to deliver growth related services

- Reduced Development Charge revenues for Caledon
 - Reduced amount and quality of parkland for Caledon residents
 - Effects on economic development and planning for complete communities
- B. Changes to Planning Systems and Heritage Protections
- Downloading of the Region of Peel’s planning responsibilities to Caledon
 - No site plans needed for small residential developments and less site plan control for other developments
 - No public meetings for plans of subdivision
 - New permissions for gentle density (as-of-right zoning for up to 3 units on a serviced lot)
 - No third-party appeals allowed for minor variances and consents
 - Less protection for heritage resources
- C. Changes to Planning Laws and Appeal Matters
- Increased powers for cost awards
- D. Impacts on Natural Environment and Conservation
- Changes to commenting role of conservation authorities
 - CA permits not required within regulated areas (including wetlands)
 - Reduced protection of wetlands and natural heritage system
 - Conservation lands to be made available to support housing development

The recommendations in this report and the action items identified by staff in **Schedule A** provide a preliminary implementation plan for the Town and position Caledon to continue with its approach of smart growth in the face of changing legislation. Further changes are awaited. Notably, the Province is integrating two major provincial growth documents to align with Bill 23 housing goals: *A Place to Grow: Growth Plan for the Greater Golden Horseshoe* and the *Provincial Policy Statement*. Key changes are expected for long-term population and employment forecasts, residential intensification targets, minimum densities, rural housing, etc. Staff will ensure that Council is kept advised of any legislative, policy and other changes being proposed by the Province.

Changes to the Greenbelt Plan and the Oak Ridges Moraine Conservation Plan

Bill 23 itself does not make any changes to the Greenbelt. In order to align with the goal of increasing housing supply, the Province has amended the Greenbelt Plan (see [here](#)) and re-designated lands in the Oak Ridges Moraine Conservation Plan (see [here](#)), anticipating future development of at least 50,000 new homes on the affected lands.

While no land is proposed to be removed from the Greenbelt in Caledon now, these changes are concerning as they may set a precedent that other environmentally protected lands can be opened for development. Staff note that a landowner in the Greenbelt next to Caledon Village has submitted a request to the Province through the Environmental Registry of Ontario (ERO) posting to have their lands removed from the Greenbelt.

Relationship with MCFN and Impact to Indigenous Communities

In October 2022, the Town of Caledon entered into a memorandum of understanding (MOU) with MCFN, the first in the Region of Peel. The MOU plays an important role in the Town’s reconciliation efforts. Prior to Bill 23 being adopted by the Province, the Town

approached MCFN and was provided with their statement opposing Bill 23 due to no consultation having been completed, impacts on their Treaty rights, Land Claims, the Ontario Heritage Act as well as environment protections. MCFN has immediate concerns with changes to the Greenbelt Plan area which include numerous MCFN treaties and will impact important features and ecosystems. (See **Schedule J** for MCFN Statement on Bill 23 and MOU with the Town). Staff recommend advocacy to the Province to pause the release of Bill 23 legislation that is not in force yet and working with MCFN on a statement about the concerns about Bill 23, the Greenbelt Plan and lack of consultation.

Conclusion

Overall, the changes proposed through Bill 23 will require significant revisions to the Town's land use planning policies and processes, as highlighted in this report. Staff are appreciative of the Province's goal of creating a better housing supply system. Ontario needs to build more of the right kind of housing in the right locations and at the right price. However, housing alone does not create a community.

Bill 23 appears to assume that by removing municipal charges and reducing cost of providing community amenities such as parks, housing supply will improve, and housing prices will decrease. It offers no strategies to ensure that any cost savings resulting from the proposed changes are passed on to homebuyers. At this time, it does not offer municipalities any tools to fully fund and plan for the infrastructure required to support the increased housing supply.

The Province and the Region have identified Caledon as a major area of growth and staff continue to work on planning for a prosperous and sustainable Caledon. These legislative changes will impact the environmental, social and economic health and wellbeing of the Town. Caledon will require the support of all levels of government, residents, and stakeholders to achieve its vision of smart growth and not lose sight of what matters to Caledon.

FINANCIAL IMPLICATIONS

Analysis of Bill 23 indicates financial implications for the Town as the changes to both development charges and cash in lieu of parkland will create a gap between the cost of growth infrastructure ability to fund this crucial infrastructure. With an early low-end estimate of \$85M of lost DC infrastructure funding (based on 2019 dollars), in order to maintain the current level of service, staff anticipate a future property tax increase of at least 14% or \$260 a year for the average residential taxpayer to cover the shortfall.

The deficit parkland dedication changes introduced in Bill 23 will reduce the Town's ability to fund its Park plan. To make up for this loss in revenue, in addition to the development charges deficit, a future property tax increase of at least 6% or \$154 a year for the average residential taxpayer is anticipated to cover the parkland shortfall.

Without new funding tools to address the gap, staff anticipates a future Town property tax increase of at least 20% or \$414 a year for the average residential taxpayer. (It should be noted that in addition to this increase, 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). As a result, staff believe it is critical that the Town continue to advocate to the Province for additional funding mechanisms.

In addition, proposals for responsibilities being downloaded from the Region and Conservation Authority's and the need for amendments to existing policies and programs that were not in current workplans will likely impact staffing/resourcing needs. To date, the Province has not indicated that grant funding will be made available to municipalities to off-set revenue losses and to enable timely delivery of infrastructure needed to meet Provincial housing targets.

The funding shortfall created by Bill 23 is in addition to the existing funding shortfall for the Town's funded capital program. As Bill 23 will lead to additional costs to taxpayers and water/sewer ratepayers, difficult decisions will be needed to determine the Town's priorities and trade-offs between funding growth, asset renewal and service improvement needs.

Staff will continue to assess the provincial legislative changes and will provide a future update on any significant changes or updates to the Town's future budgets.

The Town is at a critical point in its growth trajectory. A new DC background study was planned for Council approval in early 2024 following the completion of several key Master Plans and other important growth-related work in 2023. Without having this key information completed, the fulsome cost of growth remains unknown. Further, without development charges available to fund this infrastructure, and without provisions yet to make up for this critical loss, the Town will be faced with difficult financial decisions including increases in property taxes or reduction in services provided to the community. Staff look forward to provincial funding supports and new tools to mitigate the Town's growth funding.

ATTACHMENTS

- Schedule A: Town of Caledon Bill 23 Preliminary Impact Analysis and Action Items
- Schedule B: Bill 23 Explanatory Note on Bill 23
- Schedule C: Bill 23 In-effect Dates
- Schedule D: Ministry Letter for Caledon Housing Pledge
- Schedule E: Ministry Letter to AMO
- Schedule F: Region of Peel Report on Bill 23 Implications
- Schedule G Region of Peel Letter to the Province for a Municipal Compensation Fund
- Schedule H: Bill 23 Assessment for Town of Caledon (Watson & Associates)
- Schedule I: TRCA Memorandum on Bill 23 Implications
- Schedule J: MCFN Statement on Bill 23 and MOU with Town of Caledon