October 31, 2022

To Our Municipal and Conservation Authority Clients:

Re: Bill 23, More Homes Built Faster Act, 2022 – Changes to the *Development Charges Act*, *Planning Act,* and *Conservation Authorities Act*

Further to our correspondence of October 27, 2022, we indicated that we would be providing further information on the changes arising from Bill 23, the More Homes Built Faster Act, 2022. On behalf of our municipal and conservation authority clients, we are continuing to provide the most up to date information on the Bill's proposed changes to the *Development Charges Act* (D.C.A.), *Planning Act*, and *Conservation Authorities Act.* As at the time of writing, the Ontario Legislature moved to closed debate on second reading of the Bill.

By way of this letter, we are providing a high-level summary of the proposed changes to the D.C.A., *Planning Act,* and *Conservation Authorities Act*, with some further commentary on the proposed planning changes for the Province. We will be providing a full evaluation and summary of the legislative changes to you in the coming days. We are also available to discuss how these changes may impact your organization at your convenience.

1. Changes to D.C.A.

Additional Residential Unit Exemption: The rules for these exemptions are now provided in the D.C.A., rather than the regulations and are summarized as follows:

- Exemption for residential units in existing rental residential buildings – for rental residential buildings with four or more residential units, the greater of one unit or 1% of the existing residential units will be exempt from development charges (D.C.s)

- Exemption for additional residential units in existing and new residential buildings – the following developments will be exempt from D.C.s.

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

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detached, or rowhouse contains no more than two residential units and no other buildings or ancillary structures contain any residential units.

Removal of Housing as an Eligible D.C. Service: Housing is removed as an eligible service. By-laws which include a charge for Housing Services can no longer collect for this service once s.s. 2(2) of Schedule 3 of the Bill comes into force.

New Statutory Exemptions: Affordable Units, Attainable Units, Inclusionary Zoning Units and Non-Profit Housing developments will be exempt from payment of D.C.

- Affordable Rental Unit: Where rent is no more than 80% of the average market rent as defined by a new Bulletin published by the Ministry of Municipal Affairs and Housing.

- Affordable Owned Unit: Where the price of the unit is no more than 80% of the average purchase price as defined by a new Bulletin published by the Ministry of Municipal Affairs and Housing.

- Attainable Unit: Excludes affordable units and rental units, will be defined as prescribed development or class of development and sold to a person who is at "arm's length" from the seller.
    - Note: for affordable and attainable units, the municipality shall enter into an agreement which ensures the unit remains affordable or attainable for 25 years.

- Inclusionary Zoning Units: Affordable housing units required under inclusionary zoning by-laws will be exempt from D.C.

- Non-Profit Housing: Non-profit housing units are exempt from D.C. installment. Outstanding installment payments due after this section comes into force will also be exempt from payment of D.C.s.

Historical Level of Service: Currently the increase in need for service is limited by the average historical level of service calculated over the 10 years preceding the preparation of the D.C. background study. This average will be extended to the historical 15-year period.

Capital Costs: The definition of capital costs that are eligible for D.C. funding will be revised to prescribe services for which land or an interest in land will be restricted. Additionally, costs of studies, including the preparation of the D.C. background study, will no longer be eligible capital costs.

Mandatory Phase-in of a D.C.: For all D.C. by-laws passed after June 1, 2022, the charge must be phased-in relative to the maximum charge that could be imposed under the by-law. The proposed phase-in for the first 5-years that the by-law is in force, is as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge
- Note, for a D.C. by-law passed on or after June 1, 2022, the phase-in provisions would only apply to D.C.s payable on or after the day s.s. 5(7) of Schedule 3 of the Bill comes into force (i.e., no refunds are required for a D.C. payable between June 1, 2022 and the day the Bill receives Royal Assent). The phased-in charges also apply with respect to the determination of the charges under s. 26.2 of the Act (i.e., eligible site plan and zoning by-law amendment applications).

D.C. By-law Expiry: D.C. by-laws would expire 10 years after the day the by-law comes into force. This extends the by-laws life from 5 years currently. D.C. by-laws that expire prior to s.s. 6(1) of the Bill coming into force would not be allowed to extend the life of the by-law.

Installment Payments: Non-profit housing development has been removed from the installment payment section of the Act (section 26.1), as these units are now exempt from payment of a D.C. (see above).

Rental Housing Discount: The D.C. payable for rental housing developments will be reduced based on the number of bedrooms in each unit as follows:

- Three or more bedrooms – 25% reduction;
- Two bedrooms – 20% reduction; and
- All other bedroom quantities – 15% reduction.

Maximum Interest Rate for Installments and Determination of Charge for Eligible Site Plan and Zoning By-law Amendment Applications: No maximum interest rate was previously prescribed. Under the proposed changes, the maximum interest rate would be set at the average prime rate plus 1%. How the average prime rate is

determined is further defined under s.9 of Schedule 3 of the Bill. This maximum interest rate provisions would apply to all installment payments and eligible site plan and zoning by-law amendment application occurring after s.9 of Schedule 3 of the Bill comes into force.

Requirement to Allocate Funds Received: Similar to the requirements for Community Benefit Charges, annually beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year for water, wastewater, and services related to a highway. Other services may be prescribed by the Regulation.

Amendments to Section 44 (Front-ending): This section has been updated to include the new mandatory exemptions for affordable, attainable, and non-profit housing, along with required affordable units under inclusionary zoning by-laws.

Amendments to Section 60: Various amendments to this section were required to align the earlier described changes.

In-force Date of Changes: The mandatory exemptions for affordable and attainable housing come into force on a day to be named by proclamation of the Lieutenant Governor. All other changes come into force the day the Bill receives Royal Assent.

2. Changes to the Planning Act regarding Community Benefits Charges (C.B.C.)

New Statutory Exemptions: Affordable Units, Attainable Units, and Inclusionary Zoning Units will be exempt from C.B.C. These types of development are defined in the proposed amendments to the D.C.A. (see above). The exemption is proposed to be implemented by applying a discount to the maximum amount of the C.B.C. that can be imposed based on the proportionate share of floor area, as contained in s.s. 37(32) of the Act. For example, if the affordable, attainable and inclusionary zoning housing units represent 25% of the total building floor area, then the maximum C.B.C. that could be imposed on the development would be 3% of the total land value (i.e., a reduction of 25% from the maximum C.B.C. of 4% of land value).

Incremental Development: Where development or redevelopment is occurring on a parcel of land with existing buildings or structures, the maximum C.B.C. would be calculated on the incremental development only. The amount of incremental development would be determined as the ratio of new development floor area to the total floor area. For example, if development of a 150,000 sq.ft. of building floor area is occurring on a parcel of land with an existing 50,000 sq.ft. building, then the maximum C.B.C. that could be imposed on the development would be 3% of the total land value (i.e. the maximum C.B.C. of 4% of land value multiplied by 150,000/200,000).

3. Changes to the Planning Act regarding Parkland Dedication

New Statutory Exemptions: Affordable Units, Attainable Units, and Inclusionary Zoning Units will be exempt from Parkland Dedication provision. Similar to the rules for C.B.C., these types of development are defined in the proposed amendments to the D.C.A. (see above). The exemption is proposed to be implemented by discounting the application of the standard parkland dedication requirements to the proportion of development excluding affordable, attainable and inclusionary zoning housing units. For example, if the affordable, attainable and inclusionary zoning housing units represent 25% of the total residential units of the development, then the standard parkland dedication requirements of the total land area would be multiplied by 75%.

Non-Profit Housing Exemption: Non-profit housing development, as defined in the D.C.A., would not be subject to parkland dedication requirements.

Additional Residential Unit Exemption: Exemption for additional residential units in existing and new residential buildings – the following developments will be exempt from parkland dedication:

- A second unit in a detached, semi-detached, or rowhouse if all buildings and structures ancillary cumulatively contain no more than one residential unit;

- A third unit in a detached, semi-detached, or rowhouse if no buildings or structures ancillary contain any residential units; and

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

Determination of Parkland Dedication: Similar to the rules under the D.C.A., the parkland dedication determination for a building permit issued within 2 year of a Site Plan and/or Zoning By-law Amendment approval would be subject to the requirements of the by-law as at the date of planning application submission.

Alternative Parkland Dedication Requirement: The following amendments are proposed for the imposition of the alternative parkland dedication requirements:

- The alternative requirement of 1 hectare (ha) per 300 dwelling units would be reduced to 1 ha per 600 net residential units where land is conveyed. Where the municipality imposes cash-in-lieu (CIL) of parkland requirements, the

amendments would reduce the amount from 1 ha per 500 dwelling units to 1ha per 1,000 net residential units.

- Proposed amendments clarify that the alternative requirement would only be calculated on the incremental units of development/redevelopment.

- The alternative requirement would not be applicable to affordable and attainable residential units.

- The alternative requirement would be capped at 10% of the land area or land value where the land proposed for development or redevelopment is 5 ha or less; and 15% of the land area or land value where the land proposed for development or redevelopment is greater than 5 ha.

Parks Plan: Currently a Parks Plan is required to include the alternative parkland dedication requirements in an Official Plan. This proposed to be revised to require a Parks Plan before passing a parkland dedication by-law under s.42 of the Act.

Identification of Lands for Conveyance: Owners will be allowed to identify lands to meet conveyance requirements, with regulatory criteria requiring the acceptance of encumbered and privately owned public space (POPs) as parkland dedication. Municipalities may enter into agreements with the owners of the land re POPs to enforce conditions, which may be registered on title. Suitability of land for parks and recreational purposes will be appealable to the Ontario Land Tribunal (O.L.T.).

Requirement to Allocate Funds Received: Similar to the requirements for C.B.C. and proposed for D.C.A., annually beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year.

4. Changes to the Planning Act, and other Key Initiatives regarding Planning Matters

Provided below is a high-level summary of the proposed key changes impacting housing, growth management and long-range planning initiatives at the municipal level.

4.1 2031 Municipal Housing Targets

The Province has identified that an additional 1.5 million new housing units are required to be built over the next decade to meet Ontario's current and forecast housing needs. Further, the Province has assigned municipal housing targets, identifying the number of new housing units needed by 2031, impacting 29 of Ontario's largest and many of the fastest growing single/lower tier municipalities, as summarized in Table 1 below. Key observations include:

- Of the 29 municipalities identified, 25 are within the Greater Golden Horseshoe (G.G.H.) region and four are located in other municipalities within Southern Ontario. Municipalities with the highest housing growth targets include the City of Toronto (285,000 new housing units by 2031), City of Ottawa (151,000 units) City of Mississauga (120,000 units) and City of Brampton (113,000).

- Collectively, the housing targets for the 29 municipalities total 1,229,000 new housing units, representing about 82% of Ontario's 1.5 million housing units needed over the next decade.

- The municipal housing targets do not provide details regarding housing form, density or structure type.

- The province is requesting that identified municipalities develop municipal housing pledges which provide details on how they will enable/support housing development to meet these targets through a range of planning, development approvals and infrastructure related initiatives.

- These pledges are not intended to replace current municipal plans and are not expected to impact adopted municipal population or employment projections.

Table 1: 2032 Housing Growth Target

Greater Golden Horseshoe (GGH) - Greater Toronto Hamilton Area (GTHA)	Greater Golden Horseshoe (GGH) Outer Ring	Non-GGH
Toronto (City): 285,000	Kitchener (City): 35,000	Ottawa (City): 151,000
Mississauga (City): 120,000	Barrie (City): 23,000	London (City): 47,000
Brampton (City): 113,000	Cambridge (City): 19,000	Windsor (City): 13,000
Hamilton (City): 47,000	Guelph (City): 18,000	Kingston (City): 8,000
Markham (City): 44,000	Waterloo (City): 16,000	
Vaughan (City): 42,000	St. Catharines (City): 11,000	
Oakville (Town): 33,000	Brantford (City): 10,000	
Richmond Hill (City): 27,000	Niagara Falls (City): 8,000	
Burlington (City): 29,000		
Oshawa (City): 23,000		
Milton: (Town): 21,000		
Whitby (Town): 18,000		

Ajax (Town): 17,000 Clarington: 13,000 Pickering (City): 13,000 Newmarket (Town): 12,000 Caledon (Town): 13,000		

4.2 Potential Changes to Provincial and Regional Planning Framework

Streamlining Municipal Planning Responsibilities

Schedule 9 of the Bill proposes a number of amendments to the Planning Act. Subsection 1 (1) of the Act is proposed to be amended to provide for two different classes of upper-tier municipalities, those which have planning responsibilities and those which do not.

- Changes are proposed to remove the planning policy and approval responsibilities from the following upper-tier municipalities: Regions of Durham, Halton, Niagara, Peel, Waterloo, and York as well as the County of Simcoe.

- Future regulations would identify which official plans and amendments would not require approval by the Minister of Municipal Affairs and Housing (i.e., which lower-tier plans and amendments of the lower-tier municipality would need no further approval).

- The proposed changes could also potentially be applied to additional upper-tier municipalities in the future via regulation.

Creation of Supporting Growth and Housing in York and Durham Regions Act, 2022

Schedule 10 of the Bill presents the Supporting Growth and Housing in York and Durham Regions Act, 2022. The proposed Act would require York and Durham Regions to work together to enlarge and improve the existing York Durham Sewage System. Implementation of this proposal would accommodate growth and housing development in the upper part of York Region to 2051.

Review of Potential Integration of Place to Grow and Provincial Policy Statement (PPS)

The Ministry of Municipal Affairs and Housing (MMAH) is undertaking a housing-focused policy review of A Place to Grow and the Provincial Policy Statement.

The Government is reviewing the potential integration of the PPS and A Place to Grow into a new province-wide planning policy framework that is intended to:

- Leverage housing-supportive policies of both policy documents while removing or streamlining policies that result in duplication, delays or burden the development of housing;

- Ensure key growth management and planning tools are available to increase housing supply and support a range and mix of housing options;

- Continue to protect the environment, cultural heritage and public health and safety; and

- Ensure that growth is supported with the appropriate amount and type of community infrastructure.

Potential key elements of a new integrated policy instrument, as identified by the Government, include the following:

- **Residential Land Supply** – more streamlined and simplified policy direction regarding settlement area boundary expansions, rural housing and employment area conversions that better reflect local market demand and supply considerations to expand housing supply opportunities.

- **Attainable Housing Supply and Mix** - policy direction that provides greater certainty that an appropriate range and mix of housing options and densities to meet projected market-based demand and affordable housing needs of current and future residents can be developed. This includes a focus on housing development within Major Transit Station Areas (M.T.S.A.s) and Urban Growth Centres (U.G.S.) across the Province.

- **Growth Management** - policy direction that enables municipalities to use current and reliable information about the current and future population and employment to determine the amount and type of housing needed and the amount and type of land needed for employment. Policy direction should also increase housing supply through intensification in strategic areas, such as along transit corridors and major transit station areas, in both urban and suburban areas.

- **Environment and Natural Resources** - continued protection of prime agricultural areas which promotes Ontario's Agricultural System, while creating increased flexibility to enable more residential development in rural areas that minimizes negative impacts to farmland and farm operations. More streamlined policy direction regarding natural heritage, natural and human-made hazards, aggregates and with continued conservation of cultural heritage to also be considered.

- **Community Infrastructure** - increased flexibility for servicing new development (e.g., water and wastewater) encouraging municipalities to undertake long-range integrated infrastructure planning. A more coordinated policy direction is also to be considered that ensures publicly funded school facilities are part of integrated municipal planning and meet the needs of high growth communities.

- **Streamlined Planning Framework** – more streamlined, less prescriptive policy direction including a straightforward approach to assessing land needs, that is focused on outcomes that focus more on relevance and ease of implementation.

Review of Revocation of the Central Pickering Development Plan and the Parkway Belt West Plan

The Government of Ontario is proposing to revoke two existing provincial plans as a means to reduce regulatory burdens and remove barriers to expanding housing supply; including;

- Central Pickering Development Plan, under the Ontario Planning and Development Act, 1994; and

- Parkway Belt West Plan, 1978, under the Ontario Planning and Development Act, 1994.

4.3 Potential Changes to Expand/Support Rental and Affordable Housing Supply Opportunities

Potential Changes to Planning Act and Ontario Regulation 299/19: Addition of Residential Units

Schedule 9 of Bill 23 proposes amendments to the Planning Act (Subsection 34 (19.1) with amendments to Ontario Regulation 299/19: Additional Residential Units to support gentle intensification in existing residential areas. The proposed changes would:

- allow, “as-of-right” (without the need to apply for a rezoning) up to 3 units per lot in many residential areas, including those permitting residential uses located in settlement areas with full municipal water and sewage services. This includes encompassing up to 3 units in the primary building (i.e, triplex), or up to 2 units allowed in the primary building and 1 unit allowed in an ancillary building (e.g. garden suite).

Potential Changes to Inclusionary Zoning

Ontario Regulation 232/18 is the regulation to implement inclusionary zoning in Ontario. The proposed amendments to O. Reg 232/18 would:

- Establish 5% as the upper limit on the number of affordable housing units. The 5% limit would be based on either the number of units or percentage share of gross floor area of the total residential units; and

- Establish a maximum period of twenty-five (25) years over which the affordable housing units would be required to remain affordable.

Affordable units are defined as those which are no greater than 80% of the average resale purchase price for ownerships units or 80% of the average market rent (A.M.R.) for rental units.

5. Changes to the Conservation Authorities Act

Programs and services that are prohibited within municipal and other programs and services: Authorities would no longer be permitted to review and comment on a proposal, application, or other matter made under a prescribed Act. The Province proposes that a new regulation would prescribe the following Acts in this regard:

  - The Aggregate Resources Act
  - The Condominium Act
  - The Drainage Act
  - The Endangered Species Act
  - The Environmental Assessment Act
  - The Environmental Protection Act
  - The Niagara Escarpment Planning and Development Act
  - The Ontario Heritage Act
  - The Ontario Water Resources Act
  - The Planning Act

- These changes would focus an authority's role in plan review and commenting on applications made under the above Acts (including the Planning Act) to the risks of natural hazards only. Authorities would no longer be able to review applications with respect to natural heritage impacts.

- With respect to natural heritage review requirements, the Province is proposing to integrate the Provincial Policy Statement, 2020 and A Place To Grow: Growth Plan for the Greater Golden Horseshoe into a new Province-wide planning policy instrument. It is proposed that this new instrument could include changes to natural heritage policy direction (see section 4.2 above).

Minister's ability to freeze fees: The Minister would have the ability to direct an authority to not change the amount of any fee it charges (including for mandatory programs and services) for a specified period of time.

Exemptions to requiting a permit under section 28 of the Conservation Authorities Act: Where development has been authorized under the Planning Act it will be exempt from required permits to authorize the development under section 28 of the Conservation Authorities Act. Exemptions to permits would also be granted where prescribed conditions are met.

- Regulation making authority would be provided to govern the exceptions to section 28 permits, including prescribing municipalities to which the exception applies, and any other conditions or restrictions that must be satisfied.

Shortened timeframe for decisions: Applicants may appeal the failure of the authority to issue a permit to the Ontario Land Tribunal within 90 days (shortened from 120 days currently).

6. Next Steps

We will continue to monitor the legislative changes and keep you informed. Further, there will be opportunities for municipalities to provide comments and/or written submissions through the provincial process. We note that there may be further questions and concerns which we may advance to the Province after our detailed review of this Bill and potential regulation(s).

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

November 11, 2022

To Our Development Charge Clients:

Re: Assessment of Bill 23 (*More Homes Built Faster Act*) – Development Charges

On behalf of our many municipal clients, we are continuing to provide the most up-to-date information on the proposed changes to the *Development Charges Act* (D.C.A.) as proposed by Bill 23 (*More Homes Built Faster Act*). As identified in our October 31, 2022 letter to you, our firm is providing an evaluation of the proposed changes to the D.C.A. along with potential impacts arising from these changes. The following comments will be included in our formal response to the Province, which we anticipate presenting to the Standing Committee on Heritage, Infrastructure and Cultural Policy next week.

1. Overview Commentary

The Province has introduced Bill 23 with the following objective: *"This plan is part of a long-term strategy to increase housing supply and provide attainable housing options for hardworking Ontarians and their families."* 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 a number of changes to the D.C.A., along with nine other Acts including the *Planning Act*, which seek to increase the supply of housing.

As discussed later in this letter, there are proposed changes to the D.C.A. which we would anticipate may limit the future supply of housing units. For urban growth to occur, water and wastewater services must be in place before building permits can be issued for housing. Most municipalities assume the risk of constructing this infrastructure and wait for development to occur. Currently, 26% of municipalities providing water/ wastewater services are carrying negative development charge (D.C.) reserve fund balances for these services[1] and many others are carrying significant growth-related debt. In addition to the current burdens, Bill 23 proposes to:

- Phase in any new by-laws over five years which, on average, would reduce D.C. revenues by approximately 10%;
- Introduce new exemptions which would provide a potential loss of 10-15% of the D.C. funding;

[1] Based on 2020 Financial Information Return data.

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- Remove funding of water/wastewater master plans and environmental assessments which provide for specific planning and approval of infrastructure; and
- Make changes to the *Planning Act* that would minimize upper-tier planning in two-tier systems where the upper-tier municipality provides water/wastewater servicing. This disjointing between planning approvals and timing/location of infrastructure construction may result in inefficient servicing, further limiting the supply of serviced land.

The loss in funding noted above must then be passed on to existing rate payers. This comes at a time when municipalities must implement asset management plans under the *Infrastructure for Jobs and Prosperity Act* to maintain existing infrastructure. Significant annual rate increases may then limit funding to the capital budget and hence delay construction of growth-related infrastructure needed to expand the supply of serviced land.

The above-noted D.C.A. changes will also impact other services in a similar manner.

The removal of municipal housing as an eligible service will reduce municipalities' participation in creating assisted/affordable housing units. Based on present D.C. by-laws in place, over $2.2 billion in net growth-related expenditures providing for over 47,000 units (or 3.1% of the Province's 1.5 million housing target) would be impacted by this change.

The proposed changes to the D.C.A. result in a subsidization of growth by the existing rate/taxpayer by reducing the D.C.s payable. Over the past 33 years, there have been changes made to the D.C.A. which have similarly reduced the D.C.s payable by development. These historical reductions have not resulted in a decrease in housing prices; hence, it is difficult to relate the loss of needed infrastructure funding to affordable housing. The increases in water/wastewater rates and property taxes would directly impact housing affordability for the existing rate/taxpayer.

While the merits of affordable housing initiatives are not in question, they may be best achieved by participation at local, provincial, and federal levels. Should the reduction in D.C.s be determined to be a positive contributor to increasing the amount of affordable housing, then grants and subsidies should be provided to municipalities to fund the growth-related infrastructure and thereby reduce the D.C. In this way, the required funding is in place to create the land supply. Alternatively, other funding options could be made available to municipalities as an offset (e.g., the Association of Municipalities of Ontario (AMO) has suggested municipalities have access to 1% of HST, consideration of a special Land Transfer Tax, etc.).

A summary of the proposed D.C.A. changes, along with our firm's commentary, is provided below.

2. Changes to the D.C.A.

2.1 Additional Residential Unit Exemption: The rules for these exemptions are now provided in the D.C.A., rather than the regulations and are summarized as follows:

- Exemption for residential units in existing rental residential buildings – For rental residential buildings with four or more residential units, the greater of one unit or 1% of the existing residential units will be exempt from D.C.
- Exemption for additional residential units in existing and new residential buildings – The following developments will be exempt from a D.C.:
    - A second unit in a detached, semi-detached, or rowhouse if all buildings and ancillary structures cumulatively contain no more than one residential unit;
    - A third unit in a detached, semi-detached, or rowhouse if no buildings or ancillary structures contain any residential units; and
    - One residential unit in a building or structure ancillary to a detached, semi-detached, or rowhouse on a parcel of urban land, if the detached, semi-detached, or rowhouse contains no more than two residential units and no other buildings or ancillary structures contain any residential units.

Analysis/Commentary

- For existing single-family homes, this change will not have an impact. For other existing low/medium-density units and for all new units, however, this allowance of a third additional unit that will be exempt from D.C.s adds a further revenue loss burden to municipalities to finance infrastructure. This is of greatest concern for water and wastewater services where each additional unit will require additional capacity in water and wastewater treatment plants. This additional exemption will cause a reduction in D.C.s and hence will require funding by water and wastewater rates.
- Other services, such as transit and active transportation, will also be impacted as increased density will create a greater need for these services, and without an offsetting revenue to fund the capital needs, service levels provided may be reduced in the future.

2.2 Removal of Housing as an Eligible D.C. Service: Housing services would be removed as an eligible service. Municipalities with by-laws that include a charge for housing services can no longer collect for this service once subsection 2 (2) of Schedule 3 of the Bill comes into force.

Analysis/Commentary

- The removal of housing services will reduce municipalities' participation in creating assisted/affordable housing units and/or put further burden on municipal

taxpayers. This service seeks to construct municipal affordable housing for growing communities. The removal of this service could reduce the number of affordable units being constructed over the next ten years, if the municipalities can no longer afford the construction. Based on present D.C. by-laws in place, over $2.2 billion in net growth-related expenditures providing for over 47,000 additional units (or 3.1% of the Province's 1.5 million housing target) would be impacted by this change.

2.3 New Statutory Exemptions: Affordable units, attainable units, inclusionary zoning units and non-profit housing developments will be exempt from the payment of D.C.s, as follows:

- Affordable Rental Units: Where rent is no more than 80% of the average market rent as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Affordable Owned Units: Where the price of the unit is no more than 80% of the average purchase price as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Attainable Units: Excludes affordable units and rental units; will be defined as prescribed development or class of development and sold to a person who is at "arm's length" from the seller.
    - Note: for affordable and attainable units, the municipality shall enter into an agreement that ensures the unit remains affordable or attainable for 25 years.
- Inclusionary Zoning Units: Affordable housing units required under inclusionary zoning by-laws will be exempt from a D.C.
- Non-Profit Housing: Non-profit housing units are exempt from D.C. instalment payments due after this section comes into force.

Analysis/Commentary

- While this is an admirable goal to create additional affordable housing units, further D.C. exemptions will continue to provide additional financial burdens on municipalities to fund these exemptions without the financial participation of senior levels of government.
- The definition of "attainable" is unclear, as this has not yet been defined in the regulations.
- Municipalities will have to enter into agreements to ensure these units remain affordable and attainable over a period of time which will increase the administrative burden (and costs) on municipalities. These administrative burdens will be cumbersome and will need to be monitored by both the upper-tier and lower-tier municipalities.
- It is unclear whether the bulletin provided by the Province will be specific to each municipality, each County/Region, or Province-wide. Due to the disparity in

incomes across Ontario, affordability will vary significantly across these jurisdictions. Even within an individual municipality, there can be disparity in the average market rents and average market purchase prices.

2.4 Historical Level of Service: Currently, the increase in need for service is limited by the average historical level of service calculated over the ten year period preceding the preparation of the D.C. background study. This average will be extended to the historical 15-year period.

Analysis/Commentary

- For municipalities experiencing significant growth in recent years, this may reduce the level of service cap, and the correspondingly D.C. recovery. For many other municipalities seeking to save for new facilities, this may reduce their overall recoveries and potentially delay construction.
- This further limits municipalities in their ability to finance growth-related capital expenditures where debt funding was recently issued. Given that municipalities are also legislated to address asset management requirements, their ability to incur further debt may be constrained.

2.5 Capital Costs: The definition of capital costs may be revised to prescribe services for which land or an interest in land will be restricted. Additionally, costs of studies, including the preparation of the D.C. background study, will no longer be an eligible capital cost for D.C. funding.

Analysis/Commentary

- Land
    - Land costs are proposed to be removed from the list of eligible costs for certain services (to be prescribed later). Land represents a significant cost for some municipalities in the purchase of property to provide services to new residents. This is a cost required due to growth and should be funded by new development, if not dedicated by development directly.
- Studies
    - Studies, such as Official Plans and Secondary Plans, are required to establish when, where, and how a municipality will grow. These growth-related studies should remain funded by growth.
    - Master Plans and environmental assessments are required to understand the servicing needs development will place on hard infrastructure such as water, wastewater, stormwater, and roads. These studies are necessary to inform the servicing required to establish the supply of lands for development; without these servicing studies, additional development cannot proceed. This would restrict the supply of serviced land and would be counter to the Province's intent to create additional housing units.

2.6 Mandatory Phase-in of a D.C.: For all D.C. by-laws passed after June 1, 2022, the charge must be phased-in annually over the first five years the by-law is in force, as follows:

- Year 1 – 80% of the maximum charge;
- Year 2 – 85% of the maximum charge;
- Year 3 – 90% of the maximum charge;
- Year 4 – 95% of the maximum charge; and
- Year 5 to expiry – 100% of the maximum charge.

Note: for a D.C. by-law passed on or after June 1, 2022, the phase-in provisions would only apply to D.C.s payable on or after the day subsection 5 (7) of Schedule 3 of the Bill comes into force (i.e., no refunds are required for a D.C. payable between June 1, 2022 and the day the Bill receives Royal Assent). The phased-in charges also apply with respect to the determination of the charges under section 26.2 of the Act (i.e., eligible site plan and zoning by-law amendment applications).

Analysis/Commentary

- Water, wastewater, stormwater, and roads are essential services for creating land supply for new homes. These expenditures are significant and must be made in advance of growth. As a result, the municipality assumes the investment in the infrastructure and then assumes risk that the economy will remain buoyant enough to allow for the recovery of these costs in a timely manner. Otherwise, these growth-related costs will directly impact the existing rate payer.
- The mandatory phase-in will result in municipalities losing approximately 10% to 15% of revenues over the five-year phase-in period. For services such as water, wastewater, stormwater, and to some extent roads, this will result in the municipality having to fund this shortfall from other sources (i.e., taxes and rates). This may result in: 1) the delay of construction of infrastructure that is required to service new homes; and 2) a negative impact on the tax/rate payer who will have to fund these D.C. revenue losses.
- Growth has increased in communities outside the Greater Toronto Area (G.T.A.) (e.g. municipalities in the outer rim), requiring significant investments in water and wastewater treatment services. Currently, there are several municipalities in the process of negotiating with developing landowners to provide these treatment services. For example, there are two municipalities within the outer rim (one is 10 km from the G.T.A. while the other is 50 km from the G.T.A.) imminently about to enter into developer agreements and award tenders for the servicing of the equivalent of 8,000 single detached units (or up to 20,000 high-density units). This proposed change to the D.C.A. alone will stop the creation of those units due to debt capacity issues and the significant financial impact placed on

ratepayers due to the D.C. funding loss. Given our work throughout the Province, it is expected that there will be many municipalities in similar situations.

- Based on 2020 Financial Information Return (F.I.R.) data, there are 214 municipalities with D.C. reserve funds. Of those, 130 provide water and wastewater services and of those, 34 municipalities (or 26%) are carrying negative water and wastewater reserve fund balances. As a result, it appears many municipalities are already carrying significant burdens in investing in water/ wastewater infrastructure to create additional development lands. This proposed change will worsen the problem and, in many cases, significantly delay or inhibit the creation of serviced lands in the future.
- Note that it is unclear how the phase-in provisions will affect amendments to existing D.C. by-laws.

2.7 D.C. By-law Expiry: A D.C. by-law would expire ten years after the day it comes into force. This extends the by-law's life from five years, currently. D.C. by-laws that expire prior to subsection 6 (1) of the Bill coming into force would not be allowed to extend the life of the by-law.

Analysis/Commentary

- The extension of the life of the D.C. by-law would appear to not have an immediate financial impact on municipalities. Due to the recent increases in actual construction costs experienced by municipalities, however, the index used to adjust the D.C. for inflation is not keeping adequate pace (e.g., the most recent D.C. index has increased at 15% over the past year; however, municipalities are experiencing 40%-60% increases in tender prices). As a result, amending the present by-laws to update cost estimates for planned infrastructure would place municipalities in a better financial position.
- As a result of the above, delaying the updating of current D.C. by-laws for five more years would reduce actual D.C. recoveries and place the municipalities at risk of underfunding growth-related expenditures.

2.8 Instalment Payments: Non-profit housing development has been removed from the instalment payment section of the Act (section 26.1), as these units are now exempt from the payment of a D.C.

Analysis/Commentary

- This change is more administrative in nature due to the additional exemption for non-profit housing units.

2.9 Rental Housing Discount: The D.C. payable for rental housing development will be reduced based on the number of bedrooms in each unit as follows:

- Three or more bedrooms – 25% reduction;

- Two bedrooms – 20% reduction; and
- All other bedroom quantities – 15% reduction.

Analysis/Commentary

- Further discounts to D.C.s will place an additional financial burden on municipalities to fund these reductions.
- The discount for rental housing does not appear to have the same requirements as the affordable and attainable exemptions to enter into an agreement for a specified length of time. This means a developer may build a rental development and convert the development (say to a condominium) in the future hence avoiding the full D.C. payment for its increase in need for service.

2.10 Maximum Interest Rate for Instalments and Determination of Charge for Eligible Site Plan and Zoning By-law Amendment Applications: No maximum interest rate was previously prescribed. Under the proposed changes, the maximum interest rate would be set at the average prime rate plus 1%. How the average prime rate is determined is further defined under section 9 of Schedule 3 of the Bill. This maximum interest rate provision would apply to all instalment payments and eligible site plan and zoning by-law amendment applications occurring after section 9 of Schedule 3 of the Bill comes into force.

Analysis/Commentary

- Setting the maximum interest rate at 1%+ the average prime rate appears consistent with the current approach for some municipalities but is a potential reduction for others.
- It appears a municipality can select the adjustment date for which the average prime rate would be calculated.
- The proposed change will require municipalities to change their interest rate policies, or amend their by-laws, as well as increase the administrative burden on municipalities.

2.11 Requirement to Allocate Funds Received: Similar to the requirements for community benefits charges, annually, beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year for water, wastewater, and services related to a highway. Other services may be prescribed by the regulation.

Analysis/Commentary

- This proposed change appears largely administrative and would not have a financial impact on municipalities. This can be achieved as a schedule as part of the annual capital budget process or can be included as one of the schedules

with the annual D.C. Treasurer Statement. This, however, will increase the administrative burden on municipalities.

2.12 Amendments to Section 44 (Front-ending): This section has been updated to include the new mandatory exemptions for affordable, attainable, and non-profit housing, along with required affordable residential units under inclusionary zoning by-laws.

Analysis/Commentary

- This change is administrative to align with the additional statutory exemptions.

2.13 Amendments to Section 60: Various amendments to this section were required to align the earlier described changes.

Analysis/Commentary

- These changes are administrative in nature.

We will continue to monitor the legislative changes and advise as the Bill proceeds.

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

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November 14, 2022

Dear Clients:

Re: Assessment of Bill 23 (*More Homes Built Faster Act*) – Planning Matters

On behalf of our many municipal clients, we are continuing to provide the most up to date information on the proposed changes to housing and planning related legislation as proposed by Bill 23 (*More Homes Built Faster Act*). As identified in our October 31, 2022 letter to you, our firm is providing an evaluation of the proposed changes along with potential impacts arising from these changes. The following comments will be included in our formal response to the Province which we anticipate presenting to the Standing Committee on Heritage, Infrastructure and Cultural Policy this week.

Overview Commentary

The Province has introduced Bill 23 with the following objective: "This plan is part of a long-term strategy to increase housing supply and provide attainable housing options for hardworking Ontarians and their families." 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, Bill 23 introduces a number of changes which seek to increase the supply of housing. The following summary of proposed key housing and planning related changes, along with our firm's commentary, is provided below. It is noted that this letter specifically focuses on the impacts of Bill 23 regarding long-range planning and growth management initiatives at the municipal level.

Streamlining Municipal Planning Responsibilities

Schedule 9 of the Bill proposes a number of amendments to the *Planning Act*. Subsection 1 (1) of the Act is proposed to be amended to provide for two different classes of upper-tier municipalities; those that have planning responsibilities and those that do not. Changes are proposed to remove the planning policy and approval responsibilities from the following upper-tier municipalities: Regions of Durham, Halton, Niagara, Peel, Waterloo, and York, as well as the County of Simcoe. In addition, the proposed changes could potentially be applied to additional upper-tier municipalities in the future via regulation.

The proposed amendments under Schedule 9 of the Bill introduce numerous questions related to the approach to ensuring effective leadership, management and integration of regional and local land use planning across the affected jurisdictions. In addition to providing a broad vision and planning direction with respect to the long-term management of urban, rural and natural systems, upper-tier municipal planning authorities also play a critical role regarding the coordination, phasing, and delivery of

water, wastewater and transportation infrastructure as well as other municipal services. The Provincial Policy Statement, 2020 (P.P.S.), sets out specific responsibilities for upper-tier municipalities, in consultation with lower-tier municipalities, related to planning coordination, housing, economic development, natural environment and municipal infrastructure. Furthermore, the P.P.S. directs upper-tier municipal planning authorities to provide policy direction to lower-tier municipalities on matters that cross municipal boundaries.

While the proposed amendment to the Bill aims to streamline the land use planning process across the affected municipalities, it risks increasing complexity and miscommunication while adding to the technical and administrative efforts of both lower-tier and upper-tier municipalities, as well as the Province.

Furthermore, it would remove critical planning resources and knowledge at the upper-tier level which are required when addressing matters that cross technical disciplines and municipal jurisdictions. This would potentially result in disjointed efforts and outcomes with respect to local planning approvals and regional municipal service delivery.

Review of the Potential Integration of A Place to Grow and the Provincial Policy Statement (P.P.S.)

The Ministry of Municipal Affairs and Housing is undertaking a housing-focused policy review of A Place to Grow: the Growth Plan for the Greater Golden Horseshoe (G.G.H.), 2019, as amended, hereinafter referred to as the Growth Plan, and the P.P.S. The Province is reviewing the potential integration of the P.P.S. and the Growth Plan into a new Province-wide planning policy framework that is intended to:

- Leverage housing-supportive policies of both policy documents, while removing or streamlining policies that result in duplication, delays or burden the development of housing;
- Ensure key growth management and planning tools are available to increase housing supply and support a range and mix of housing options;
- Continue to protect the environment, cultural heritage, and public health and safety; and
- Ensure that growth is supported with the appropriate amount and type of community infrastructure.

Since the release of the Growth Plan in 2006 under the *Places to Grow Act, 2005*, G.G.H. municipalities have been in a continuous cycle of developing and defending growth management processes and Official Plan updates. Over the past several years, all G.G.H. upper-tier, single-tier, and most lower-tier municipalities have initiated the process of updating their respective Official Plans to bring these documents into conformity with the Growth Plan. Within the G.G.H., this process is referred to as a Municipal Comprehensive Review (M.C.R.). Many of these municipalities have

completed their draft M.C.R. analyses and draft Official Plan updates for provincial approval, while several others are approaching completion.

The required technical analysis associated with the growth analysis and urban land needs assessment component of the M.C.R. process is set out in the Provincial Land Needs Assessment (L.N.A.) methodology, which is specific to G.G.H. municipalities.[1] The M.C.R. process has required tremendous time and effort on behalf of municipalities, consulting agencies, stakeholder groups and involved residents. The results of these efforts represent a key planning milestone for all G.G.H. municipalities and provide a solid foundation to build on as it relates to future growth management implementation, monitoring and benchmarking.

Ontario municipalities located outside the G.G.H. are also now in the process of updating their respective Official Plans in accordance with the P.P.S. For municipalities in these jurisdictions, this process is referred to as a Comprehensive Review (C.R.). While there are potential benefits regarding the consolidation of the P.P.S. and the Growth Plan, as it relates to the M.C.R. and C.R. process, there are a number of issues that should be considered regarding this effort, particularly as they relate to long-term growth management and urban land needs, discussed below.

Long-Term Population and Employment Forecasts

Schedule 3 of the Growth Plan establishes minimum long-term population and employment forecasts for upper-tier and single-tier municipalities in the G.G.H. to the year 2051. The Ministry of Finance (M.O.F.) also establishes long-term population forecasts for all Ontario Census Divisions (C.D.s), which typically represent upper-tier municipalities, separated municipalities, and single-tier municipalities. The M.O.F. forecasts are not recognized as official forecasts for planning purposes in Ontario; however, they are updated annually and can be used to inform population forecasts in Official Plans. Under a consolidated Growth Plan and P.P.S., consideration would need to be given to the role and source of growth forecasts established by the Province for all Ontario municipalities.

Provincial Land Needs Assessment Methodology Guidelines

As previously noted, the L.N.A. methodology for G.G.H. municipalities was updated by the Province in 2020. In accordance with the Growth Plan, the L.N.A. methodology provides a step-by-step approach to conducting growth forecasts and urban land need assessments for upper-tier and single-tier municipalities for both Community Areas (i.e., living areas) and Employment Areas. All other Ontario municipalities rely on the 1995 Provincial Projection Methodology Guidelines (P.P.M.G.) for guidance regarding the technical approach to growth forecasts and urban land need assessments. It is noted

[1] A Place to Grow: Growth Plan for the Greater Golden Horseshoe, Land Needs Assessment Methodology for the Greater Golden Horseshoe. August 2020.

that the 1995 P.P.M.G. suggests that a simplified methodology can be used for smaller or low-growth municipalities. It is further noted that the P.P.M.G. is meant to be used as "best practices" and the guidelines are not mandatory. Under a consolidated Growth Plan and P.P.S., consideration is required regarding the application of a standardized L.N.A. methodology for all Ontario municipalities.

Addressing Urban Land Needs for Urban Settlement Areas

An important term used in the P.P.S. in the context of both urban land needs and housing affordability is the *Regional Market Area (R.M.A.)*. The R.M.A. is defined in the P.P.S. and Growth Plan (with modifications) as follows:

> "an area that has a high degree of social and economic interaction. The upper- or single-tier municipality, or planning area, will normally serve as the regional market area. However, where a regional market area extends significantly beyond these boundaries, then the regional market area may be based on the larger market area. Where regional market areas are very large and sparsely populated, a smaller area, if defined in an official plan, may be utilized."

With respect to urban residential land needs assessments, the broad objective of this policy is to ensure the efficient and wise use of all designated urban lands, both occupied and vacant, within the R.M.A. before expanding Urban Settlement Area boundaries. Across southern Ontario municipalities, a key challenge with the application of this policy is the mismatch of urban residential land needs at the urban settlement area level within the defined R.M.A. geography.

If the R.M.A. definition is interpreted too rigidly, it can constrain urban residential development within Urban Settlement Areas, and more broadly across entire municipalities, where identified urban land surpluses have been determined elsewhere within the R.M.A. Neither the P.P.S. nor the Growth Plan provide adequate direction for addressing residential urban land supply and demand mismatches within the R.M.A. Subsection 2.2.1.6 of the Growth Plan provides policy direction regarding *Excess Lands,* which applies exclusively to Outer Ring G.G.H. municipalities. Under a consolidated Growth Plan and P.P.S., a review of the R.M.A. and Excess Lands policies would be required to determine an appropriate and standardized approach to addressing localized urban residential land needs for Urban Settlement Areas and local municipalities.

Residential Intensification Targets and Minimum Density Requirements

Subsection 2.2.7.2 of the Growth Plan provides direction with respect to minimum greenfield density targets for G.G.H. upper-tier and single-tier municipalities. These densities range between 40 and 50 people and jobs per gross hectare (ha). Minimum density requirements are also prescribed in the Growth Plan for Strategic Growth Areas,

such as Urban Growth Centres and Major Transit Station Areas (M.T.S.A.s). The P.P.S. does not prescribe minimum density targets for Ontario municipalities but does require municipalities to establish density targets for areas adjacent, or in proximity, to M.T.S.A.s and corridors.

Subsection 2.2.2.1 of the Growth Plan requires upper-tier and single-tier G.G.H. municipalities to establish minimum intensification targets within delineated built-up areas (B.U.A.s). These were established under the Growth Plan, 2006. The delineated B.U.A.s within G.G.H. municipalities have remained unchanged since the Growth Plan was established in 2006. The P.P.S. also requires municipalities to establish residential intensification targets but does not prescribe minimum density targets for Ontario municipalities. Furthermore, the P.P.S. does not require municipalities to delineate built area boundaries in Official Plans; however, some Ontario municipalities outside the G.G.H. have delineated built area boundaries for planning purposes. It is noted that the delineation of built area boundaries may be subject to change or update for municipalities outside the G.G.H., while B.U.A.s within the G.G.H. will remain fixed as of 2006. Under a consolidated Growth Plan and P.P.S., a standardized approach to minimum density requirements and residential intensification targets would be required for all Ontario municipalities.

Rural Housing

An identified area of the Growth Plan and P.P.S. review is to provide policy direction to enable more residential development in Rural Areas. Rural Settlement Areas include existing hamlets or similar existing small settlement areas that are established in Official Plans. These communities are typically serviced by individual, private, on-site water and/or private wastewater systems. Rural Settlement Areas provide clusters of business operations that are essential to future economic growth. Infilling and minor rounding out of existing residential and non-residential development within Rural Settlement Areas is important to ensure that these areas remain vibrant, sustainable and complete communities. Under a consolidated Growth Plan and P.P.S., enabling more residential development in Rural Settlement Areas, and Rural Areas more broadly, would need to be considered within the context of the existing provincial and local policy frameworks, the land use hierarchy identified in Official Plans, the provision of servicing, as well as the protection of natural heritage and agricultural lands.

Employment Area Conversion

An identified area of the Growth Plan and P.P.S. review is to provide policy direction to streamline and simplify the conversion of Employment Areas to new residential and mixed-use development, where appropriate**.** Employment Areas form a vital component of a municipality's land use structure and represent an integral part of the local economic development potential and competitiveness of municipalities. If not carefully evaluated, the conversion of Employment Areas to non-employment uses can potentially lead to negative impacts on the local economy in several ways. First,

Employment Area conversions can reduce employment opportunities, particularly in export-based sectors, creating local imbalances between population and employment. Second, Employment Area conversions can potentially erode employment land supply and lead to further conversion pressure as a result of encroachment of non-employment uses within, or adjacent to, Employment Areas. Finally, Employment Area conversions can potentially fragment existing Employment Areas, undermining their functionality and competitive position. Under a consolidated Growth Plan and P.P.S., policy direction regarding the conversion of Employment Areas should emphasize principles and criteria that examine both the quantity and quality of Employment Areas within the context of the local and regional market attributes, as well as the planned urban function of the subject conversion sites.

2031 Municipal Housing Targets

The Province has identified that an additional 1.5 million new housing units are required to be built over the next decade to meet Ontario's current and forecast housing needs. Furthermore, the Province has assigned municipal housing targets, identifying the number of new housing units needed by 2031, impacting 29 of Ontario's largest and many of the fastest growing single/lower tier municipalities. Key observations on the Province's plan are as follows:

- The municipal housing targets for 2031 collectively account for 1,229,000 units, representing about 82% of Ontario's overall 1.5 million new homes target.
- Of the 29 municipalities with housing targets identified, 25 are within the G.G.H. and four are located in other areas of southwestern and southeastern Ontario.
- Within the G.G.H. municipalities, the municipal housing targets are generally higher than approved housing forecasts. In non-G.G.H. municipalities, there is generally less discrepancy between the approved housing forecasts and the Province's targets. Having said that, the Municipal Housing Pledges are not intended to replace current municipal Official Plans.
- The municipal housing targets are based on current and future housing needs. A share of the overall housing need is attributed to a structural deficit in existing housing inventories, while a portion of the housing need is linked to anticipated population growth over the next decade.
- The housing targets are adapted from the housing needs assessment provided in the "Ontario's Need for 1.5 Million More Homes" report, prepared by Smart Prosperity Institute, dated August 2022.
- The impacted municipalities are being asked to prepare Municipal Housing Pledges to meet these housing targets. These pledges must include details on how the municipality will enable/support housing development through a range of planning, development approvals and infrastructure related initiatives.
- These housing pledges are not intended to replace current municipal Official Plans and are not expected to impact adopted municipal population or employment projections.

- While the municipal housing targets do not specify housing form, density, or geographic location (e.g., greenfield, intensification), it is anticipated that any needs beyond adopted housing forecasts will largely comprise rental and affordable housing units primarily located within B.U.A.s, and to a lesser extent, designated greenfield areas (D.G.A.s).
- To develop effective local policies and programs to support the achievement of the housing targets, it is recommended that municipalities assess their existing and future housing needs through a local lens, building on the high-level assessment provided by the Province.
- Local housing needs should be considered within a broader growth management framework, reflecting population, labour and employment/economic growth potential, and addressed through a planning, economic, fiscal and housing affordability lens.

Potential Changes to Inclusionary Zoning

Inclusionary zoning is a tool that can be used by municipalities to ensure the provision of affordable housing. Ontario Regulation (O. Reg.) 232/18 implements inclusionary zoning in Ontario. The proposed amendments to O. Reg 232/18 would:

- Establish 5% as the upper limit on the number of affordable housing units; the 5% limit would be based on either the number of units or percentage share of gross floor area of the total residential units; and
- Establish a maximum period of twenty-five (25) years over which the affordable housing units would be required to remain affordable.

While the proposed changes provide certainty with respect to affordable housing to be provided under inclusionary zoning, they greatly limit a municipality's ability to tailor the provision for affordable housing to the local market and for development feasibility considerations identified through the required Inclusionary Zoning Assessment Report.

We will continue to monitor the legislative changes and advise as the Bill proceeds.

Yours very truly,

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November 14, 2022

To Our Conservation Authority and Municipal Clients:

Re: Assessment of Bill 23 (*More Homes Built Faster Act*) – *Conservation Authorities Act*

On behalf of our many conservation authority and municipal clients, we are continuing to provide the most up-to-date information on the proposed changes to the *Conservation Authorities Act* (C.A. Act) as proposed by Bill 23 (*More Homes Built Faster Act*). As identified in our October 31, 2022 letter to you, our firm is providing an evaluation of the proposed changes to the C.A. Act along with potential impacts arising from these changes. The following comments will be included in our formal response to the Province.

1. Overview Commentary

The Province has introduced Bill 23 with the following objective: *"This plan is part of a long-term strategy to increase housing supply and provide attainable housing options for hardworking Ontarians and their families."* 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 a number of changes to the C.A. Act., along with nine other Acts including the *Development Charges Act* and the *Planning Act*, which seek to increase the supply of housing.

One of the proposed amendments to the C.A. Act is that the Minister of Natural Resources and Forestry would have the authority to prevent a conservation authority from increasing their fees and charges. Providing the Minister with this power is proposed to limit the financial burden of any fee increases on developers and landowners in an attempt to accelerate housing in Ontario and make housing more affordable. The proposed limitation would result in a cross-subsidization of the costs of plan review and permitting for development to existing taxpayers. This is a result of these costs having to be offset by the municipal levy charged by conservation authorities.

If these costs cannot be recovered from the municipal levy, then conservation authorities would be under pressure to provide the intended level of service for development approvals with less funding. When considered in combination with the other changes proposed that would limit the scope of conservation authority involvement in the development approvals process, this may impact the quality and efficiency of the approvals process, and potentially impair the Province's goal of accelerating an increase in housing development.

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Over the past 33 years, there have been other changes to legislation, such as the *Development Charges Act,* that have reduced the costs payable by development. These historical reductions have not resulted in a decrease in housing prices; hence, it is difficult to relate how further limiting funding for municipal and conservation authority services will increase the supply of affordable housing. Moreover, conservation authority fees for plan review and permitting in the Greater Toronto Area and outer rim typically comprise less than 0.1% of the cost of a new home. This further illustrates the limited impact this proposal would have on making housing more affordable. The potential increase on the municipal levy, however, would add to the burden of housing affordability for the existing taxpayer, particularly when coupled with the other legislative changes proposed by Bill 23.

2. Changes to the C.A. Act

2.1 Changes to conservation authority involvement in the development approvals process

- Programs and services that are prohibited within municipal and other programs and services**:**
    - Authorities would no longer be permitted to review and comment on a proposal, application, or other matter made under a prescribed Act (if not related to their mandatory programs and services under O. Reg. 686/21). The Province proposes that a new regulation would prescribe the following Acts in this regard:
        - The *Aggregate Resources Act*
        - The *Condominium Act*
        - The *Drainage Act*
        - The *Endangered Species Act*
        - The *Environmental Assessment Act*
        - The *Environmental Protection Act*
        - The *Niagara Escarpment Planning and Development Act*
        - The *Ontario Heritage Act*
        - The *Ontario Water Resources Act*
        - The *Planning Act.*
- Exemptions to requiting a permit under section 28 of the *Conservation Authorities Act*
    - Where development has been authorized under the *Planning Act* it will be exempt from required permits to authorize the development under section 28 of the *Conservation Authorities Act*. Exemptions to permits would also be granted where prescribed conditions are met.
    - Regulation making authority would be provided to govern the exceptions to section 28 permits, including prescribing municipalities to which the exception applies, and any other conditions or restrictions that must be satisfied.

- Shortened timeframe for decisions
    - Applicants may appeal the failure of the authority to issue a permit to the Ontario Land Tribunal within 90 days (shortened from 120 days currently).

Analysis/Commentary

- These changes would focus an authority's role in plan review and commenting on applications made under the above Acts (including the *Planning Act*) to the risks of natural hazards only, limit the developments in which permits under section 28 of the C.A Act would be required, and shorten timeframes for issuing permits. Authorities would no longer be able to review applications with respect to the natural heritage impacts.
- With respect to natural heritage review requirements, the Province is proposing to integrate the Provincial Policy Statement, 2020 (P.P.S.) and A Place To Grow: Growth Plan for the Greater Golden Horseshoe into a new Province-wide planning policy instrument. It is proposed that this new instrument could include changes to natural heritage policy direction.
- Recent amendments to the C.A. Act have already been implemented to limit a conservation authority to programs and services within their core mandate unless they have entered into an agreement with a municipal partner. Conservation authorities are able to efficiently provide services, such as natural heritage review required under the P.P.S., to municipalities across their watershed. Removing this ability from conservation authorities may result in municipalities having to find other external sources with the expertise to undertake this review, adding to the cost and timeframes for development approvals and negatively impacting the Province's goal of creating more housing.

2.2 Minister's ability to freeze fees

- The Minister would have the ability to direct an authority to not change the amount of any fee it charges (including for mandatory programs and services) for a specified period of time.

Analysis/Commentary

- Limiting the ability of conservation authorities to recover the costs of plan review and permitting from benefiting developers and landowners will place additional financial burdens on conservation authorities and municipalities to fund these activities.
- As the goal of the Province is to create more housing, it is suggested that any limitations to conservation authority fees that are implemented should only apply to plan review and permitting fees related to the construction of new homes.

We will continue to monitor the legislative changes and advise as the Bill proceeds.

Yours very truly,

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November 16, 2022

To Our Municipal Clients:

Re: Assessment of Bill 23 (*More Homes Built Faster Act*) – Community Benefits Charges

On behalf of our many municipal clients, we are continuing to provide the most up-to-date information on the proposed changes to the *Planning Act* related to community benefits charges (C.B.C.s), as proposed by Bill 23 (*More Homes Built Faster Act*). As identified in our October 31, 2022 letter to you, our firm is providing an evaluation of the proposed changes to C.B.C.s along with potential impacts arising from these changes. The following comments will be included in our formal response to the Province, which we anticipate presenting to the Standing Committee on Heritage, Infrastructure and Cultural Policy later this week.

1. Overview Commentary

The Province has introduced Bill 23 with the following objective: *"This plan is part of a long-term strategy to increase housing supply and provide attainable housing options for hardworking Ontarians and their families."* 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 the *Planning Act*, along with nine other Acts including the *Development Charges Act* (D.C.A.) and the *Conservation Authorities Act*, which seek to increase the supply of housing.

One of the proposed amendments to the *Planning Act* seeks to exempt affordable housing units (ownership and rental) and attainable housing units from C.B.C.s. While the creation of affordable housing units is an admirable goal, there is a lack of robust empirical evidence to suggest that reducing development-related fees improves housing affordability. Municipalities rely on C.B.C. funding to emplace the critical infrastructure needed to maintain livable, sustainable communities as development occurs. Introducing additional exemptions from the payment of these charges results in further revenue losses to municipalities. The resultant shortfalls in capital funding then need to be addressed by delaying growth-related infrastructure projects and/or increasing the burden on existing taxpayers through higher property taxes (which itself reduces housing affordability). If the additional exemptions from C.B.C.s are deemed to be an important element of increasing the affordable housing supply, then adequate transfers from the provincial and federal governments should be provided to municipalities to offset the revenue losses resulting from these policies.

A summary of the proposed C.B.C. changes, along with our firm's commentary, is provided below.

2. Changes to the *Planning Act* – C.B.C.s

2.1 New Statutory Exemptions: Affordable residential units, attainable residential units, and inclusionary zoning residential units will be exempt from the payment of C.B.C.s., with definitions provided as follows:

- Affordable Residential Units (Rented): Where rent is no more than 80% of the average market rent as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Affordable Residential Units (Ownership): Where the price of the unit is no more than 80% of the average purchase price as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Attainable Residential Units: Excludes affordable units and rental units; will be defined as prescribed development or class of development and sold to a person who is at "arm's length" from the seller.
- Inclusionary Zoning Units: Affordable housing units required under inclusionary zoning by-laws.

The exemption is proposed to be implemented by applying a discount to the maximum amount of the C.B.C. that can be imposed (i.e., 4% of land value, as specified in section 37 of the *Planning Act*). For example, if the affordable, attainable, and/or inclusionary zoning residential units represent 25% of the total building floor area, then the maximum C.B.C. that could be imposed on the development would be 3% of total land value (i.e., a reduction of 25% from the maximum C.B.C. of 4% of land value).

Analysis/Commentary

- While this is an admirable goal to create additional affordable housing units, further C.B.C. exemptions will continue to provide additional financial burdens on municipalities to fund these exemptions without the financial participation of senior levels of government.
- The definition of "attainable" is unclear, as this has not yet been defined in the regulations.
- Under the proposed changes to the D.C.A, municipalities will have to enter into agreements to ensure that affordable units remain affordable for 25 years and that attainable units are attainable at the time they are sold. An agreement does not appear to be required for affordable/attainable residential units exempt from payment of a C.B.C. Assuming, however, that most developments required to pay a C.B.C. would also be paying development charges, the units will be covered by the agreements required under the D.C.A. These agreements should be allowed to include the C.B.C. so that if a municipality needs to enforce the

provisions of an agreement, both development charges and C.B.C.s could be collected accordingly.
    - These agreements will increase the administrative burden (and costs) on municipalities. Furthermore, the administration of these agreements will be cumbersome and will need to be monitored by both the upper-tier and lower-tier municipalities.
- It is unclear whether the bulletin provided by the Province will be specific to each municipality, each County/Region, or Province-wide. Due to the disparity in incomes across Ontario, affordability will vary significantly across these jurisdictions. Even within an individual municipality, there can be disparity in the average market rents and average market purchase prices.
- Where municipalities are imposing the C.B.C. on a per dwelling unit basis, they will need to ensure that the total C.B.C. being imposed for all eligible units is not in excess of the incremental development calculation (e.g., as per the example above, not greater than 3% of the total land value).

2.2 Limiting the Maximum C.B.C. in Proportion to Incremental Development:
Where development or redevelopment is occurring on a parcel of land with an existing building or structure, the maximum C.B.C. that could be imposed would be calculated based on the incremental development only. For example, if a building is being expanded by 150,000 sq.ft. on a parcel of land with an existing 50,000 sq.ft. building, then the maximum C.B.C. that could be imposed on the development would be 3% of total land value (i.e., 150,000 sq.ft. / 200,000 sq.ft. = 75% x 4% maximum prescribed rate = 3% of total land value).

Analysis/Commentary

- With municipal C.B.C. by-laws imposing the C.B.C. based on the land total land value or testing the C.B.C. payable relative to total land value, there will be a reduction in revenues currently anticipated. At present, some municipal C.B.C. by-laws have provisions excluding existing buildings from the land valuation used to calculate the C.B.C. payable or to test the maximum charge that can be imposed. As such, this proposal largely seeks to clarify the administration of the charge.

We will continue to monitor the legislative changes and will keep you informed as the Bill proceeds.

Yours very truly,

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November 16, 2022

To Our Parkland Dedication By-Law Clients:

Re: Assessment of Bill 23 (*More Homes Built Faster Act*)

On behalf of our many municipal clients, we are continuing to provide the most up-to-date information on the proposed changes to the parkland dedication requirements of the *Planning Act*, as proposed by Bill 23 (*More Homes Built Faster Act*). As identified in our October 31, 2022 letter to you, our firm is providing an evaluation of the proposed changes to section 42 of the *Planning Act*, along with potential impacts arising from these changes. The following comments will be included in our formal response to the Province, which we anticipate presenting to the Standing Committee on Heritage, Infrastructure and Cultural Policy later this week.

1. Overview Commentary

The Province has introduced Bill 23 with the following objective: *"This plan is part of a long-term strategy to increase housing supply and provide attainable housing options for hardworking Ontarians and their families."* 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 a number of changes to the *Planning Act* (along with nine other Acts, including the *Development Charges Act* (D.C.A.)), which seek to increase the supply of housing.

As discussed later in this letter, the proposed changes to parkland dedication would significantly reduce the amount of parkland conveyance and payments-in-lieu (P.I.L.) of parkland to municipalities. The proposed changes under Bill 23 would impact municipalities by:

- Reducing the amount of development subject to parkland dedication by exempting affordable, attainable, non-profit and additional residential dwelling units;
- Reducing P.I.L. revenues for some developments by grandfathering in charges by up to 2 years, reflecting land values at the time of Site Plan and Zoning By-law Amendment applications;
- Reducing and capping the alternative requirements for parkland dedication, which results in significant reductions in parkland conveyance and P.I.L. revenues, particularly for high-density developments;
- Increasing the administrative burden on municipalities by requiring the preparation of and consultation on a parks plan with the passage of a parkland

dedication by-law, whether utilizing the standard or alternative requirements, and by requiring the allocation and reporting on funds annually; and
- Limiting local decision-making by allowing the Province to prescribe criteria for municipal acceptance of incumbered lands and privately owned public space (POPs) for parks purposes.

It is anticipated that the resultant loss in parkland dedication from development will result in either a cross-subsidization from existing taxpayers having to provide increased funding for parks services to maintain planned levels of service in their community, or an erosion of service levels over time. The timing of these changes, and others proposed in Bill 23 to limit funding from development, is occurring at a time when municipalities are faced with increased funding challenges associated with cost inflation and the implementation of asset management plans under the *Infrastructure for Jobs and Prosperity Act*.

A summary of the proposed parkland dedication changes under section 42 of the *Planning Act*, along with our firm's commentary, is provided below.

2. Changes to Section 42 of the *Planning Act*

2.1 New Statutory Exemptions: Affordable residential units, attainable residential units, inclusionary zoning residential units, non-profit housing and additional residential unit developments will be exempt from parkland dedication requirements. For affordable, attainable, and inclusionary zoning residential units, the exemption is proposed to be implemented by:

- discounting the standard parkland dedication requirements (i.e., 5% of land) based on the proportion of development excluding affordable, attainable and inclusionary zoning residential units relative to the total residential units for the development; or
- where the alternative requirement is imposed, the affordable, attainable and inclusionary zoning residential units would be excluded from the calculation.

For non-profit housing and additional residential units, a parkland dedication by-law (i.e., a by-law passed under section 42 of the *Planning Act*) will not apply to these types of development:

- Affordable Rental Unit: as defined under subsection 4.1 (2) of the D.C.A., where rent is no more than 80% of the average market rent as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.
- Affordable Owned Unit: as defined under subsection 4.1 (3) of the D.C.A., where the price of the unit is no more than 80% of the average purchase price as defined by a new bulletin published by the Ministry of Municipal Affairs and Housing.

- Attainable Unit: as defined under subsection 4.1 (4) of the D.C.A., excludes affordable units and rental units, will be defined as prescribed development or class of development and sold to a person who is at "arm's length" from the seller.
- Inclusionary Zoning Units: as described under subsection 4.3 (2) of the D.C.A.
- Non-Profit Housing: as defined under subsection 4.2 (1) of the D.C.A.
- Additional Residential Units, including:
    - A second unit in a detached, semi-detached, or rowhouse if all buildings and ancillary structures cumulatively contain no more than one residential unit;
    - A third unit in a detached, semi-detached, or rowhouse if no buildings or ancillary structures contain any residential units; and
    - One residential unit in a building or structure ancillary to a detached, semi-detached, or rowhouse on a parcel of urban land, if the detached, semi-detached, or rowhouse contains no more than two residential units and no other buildings or ancillary structures contain any residential units.

Analysis/Commentary

- While reducing municipal requirements for the conveyance of land or P.I.L. of parkland may provide a further margin for builders to create additional affordable housing units, the proposed parkland dedication exemptions will increase the financial burdens on municipalities to fund these exemptions from property tax sources (in the absence of any financial participation by senior levels of government) or erode municipalities' planned level of parks service.
- The definition of "attainable" is unclear, as this has not yet been defined in the regulations to the D.C.A.
- Under the proposed changes to the D.C.A, municipalities will have to enter into agreements to ensure these units remain affordable and attainable over a period of time, which will increase the administrative burden (and costs) on municipalities. An agreement does not appear to be required for affordable/ attainable units exempt from parkland dedication. Assuming, however, that most developments required to convey land or provide P.I.L. of parkland would also be required to pay development charges, the units will be covered by the agreements required under the D.C.A. As such, the *Planning Act* changes should provide for P.I.L. requirements if the status of the development changes during the period.
- It is unclear whether the bulletin provided by the Province to determine if a development is affordable will be specific to each municipality or aggregated by County/Region or Province. Due to the disparity in incomes across Ontario, affordability will vary significantly across these jurisdictions. Even within an individual municipality there can be disparity in the average market rents and average market purchase prices.

- While the proposed exemptions for non-profit housing and additional residential units may be easily applied for municipalities imposing the alternative requirement, as these requirements are imposed on a per residential unit basis, it is unclear at this time how a by-law requiring the standard provision of 5% of residential land would be applied.

2.2 Determination of Parkland Dedication: Similar to the rules under the D.C.A., the determination of parkland dedication for a building permit issued within two years of a Site Plan and/or Zoning By-law Amendment approval would be subject to the requirements in the by-law as at the date of planning application submission.

Analysis/Commentary

- If passed as currently drafted, these changes would not apply to site plan or zoning by-law applications made before subsection 12 (6) of Schedule 9 of the *More Homes Built Faster Act* comes into force.
- For applications made after the in-force date, this would represent a lag in P.I.L. value provided to municipalities, as it would represent the respective land value up to two years prior vs. current value at building permit issuance. For municipalities having to purchase parkland, this will put additional funding pressure on property tax funding sources to make up the difference, or further erode the municipality's planned level of parks service.

2.3 Alternative Parkland Dedication Requirement: The following amendments are proposed for the imposition of the alternative parkland dedication requirements:

- The alternative requirement of 1 hectare (ha) per 300 dwelling units would be reduced to 1 ha per 600 dwelling units where land is being conveyed. Where the municipality imposes P.I.L. requirements, the amendments would reduce the amount from 1 ha per 500 dwelling units to 1 ha per 1,000 net residential units.
- Proposed amendments clarify that the alternative requirement would only be calculated on the incremental units of development/redevelopment.
- The alternative requirement would be capped at 10% of the land area or land value where the land proposed for development or redevelopment is 5 ha or less; and 15% of the land area or land value where the land proposed for development or redevelopment is greater than 5 ha.

Analysis/Commentary

- If passed as currently drafted, the decrease in the alternative requirements for land conveyed and P.I.L. would not apply to building permits issued before subsection 12 (8) of Schedule 9 of the *More Homes Built Faster Act* comes into force.
- Most municipal parkland dedication by-laws only imposed the alternative requirements on incremental development. As such, the proposed amendments

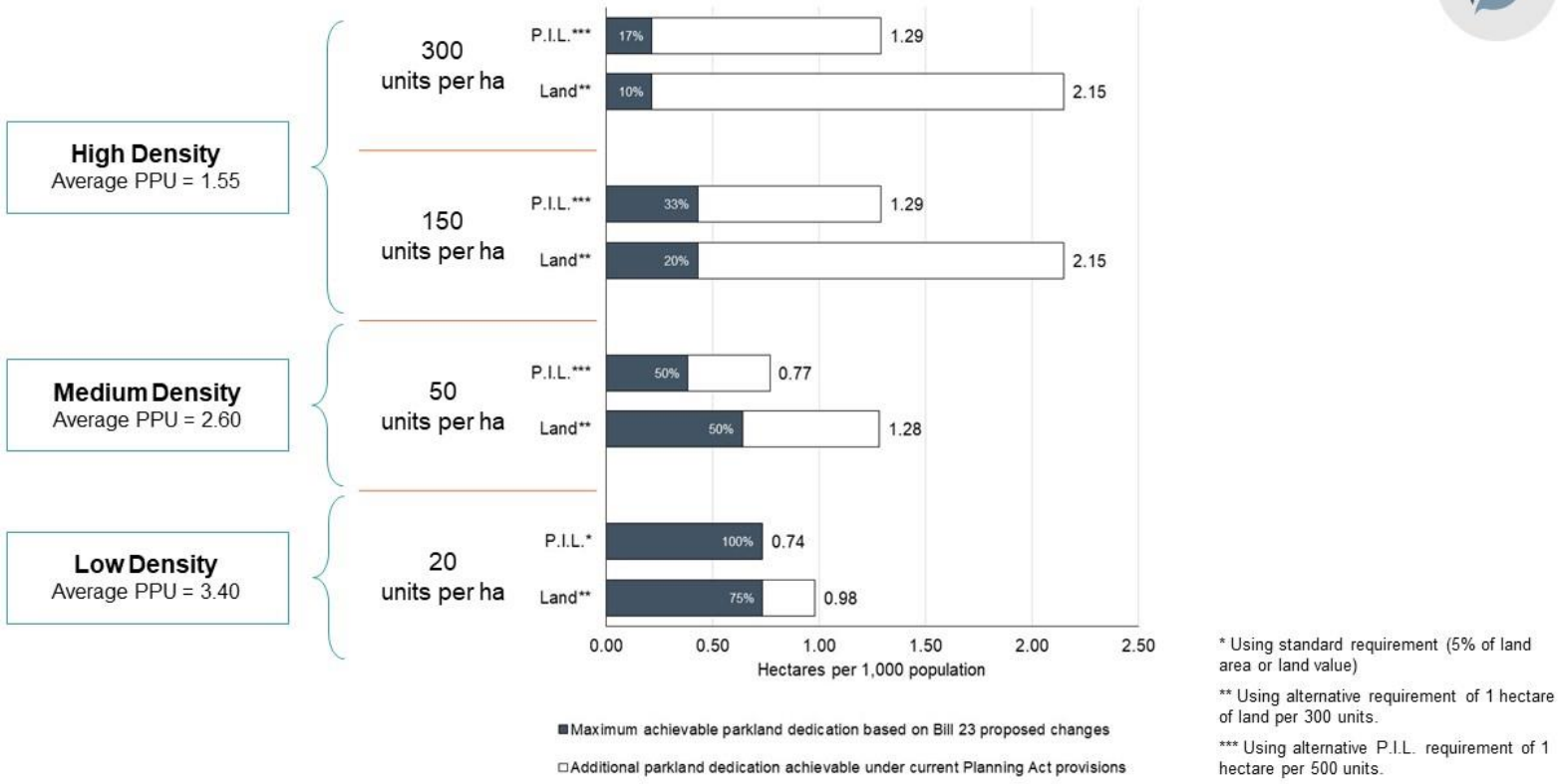
for net residential units seek to clarify the matter where parkland dedication by-laws are unclear.

- Section 42 previously imposed the alternative requirement caps of 10% and 15% of land area or value, depending on the respective developable land area, for developments only within designated transit-oriented communities. By repealing subsection 42 (3.2) of the *Planning Act*, these caps would apply to all developable lands under the by-law.
- As illustrated in the figure below, lowering the alternative parkland dedication requirement and imposing caps based on the developable land area will place significant downward pressure on the amount of parkland dedication provided to municipalities, particularly those municipalities with significant amounts of high-density development. For example:
    - Low-density development of 20 units per net ha (uph), with a person per unit (P.P.U.) occupancy of 3.4, would have produced a land conveyance of 0.98 ha per 1,000 population. The proposed change would reduce this to 0.74 ha, approximately 75% of current levels.
    - Medium-density development of 50 uph, with a P.P.U. of 2.6 would produce land conveyance at 50% of current levels (0.64 vs. 1.28 ha/1,000 population).
    - Low-rise development of 150 uph, with a P.P.U. of 2.6 would produce land conveyance at 20% of current levels (0.43 vs. 2.15 ha/1,000 population). P.I.L. would be approximately 1/3 of current levels.
    - High-rise development of 300 uph, with a P.P.U. of 2.6 would produce land conveyance at 10% of current levels (0.22 vs. 2.15 ha/1,000 population). P.I.L. would be approximately 17% of current levels.[1]

[1] Low-rise and high-rise developments with sites larger than 5 ha would only be marginally better under the proposed changes, at 30% and 15% of land conveyance and 50% and 25% P.I.L., respectively.

Maximum Achievable Parkland Dedication (hectares per 1,000 population)

Development Sites ≤ 5 hectares



* Using standard requirement (5% of land area or land value)

** Using alternative requirement of 1 hectare of land per 300 units.

*** Using alternative P.I.L. requirement of 1 hectare per 500 units.

- Based on the proposed alternative requirement rates and land area caps, municipalities would be better off:
    - For land conveyance, imposing the alternative requirement for densities greater than 30 units per ha.
        - Sites of 5 ha or less, land conveyance would be capped at 10% of land area at densities greater than 60 units per ha.
        - Sites greater than 5 ha, land conveyance would be capped at 15% of land area at densities greater than 90 units per ha.
    - For P.I.L. of parkland, imposing the alternative requirement for densities greater than 50 units per ha.
        - Sites of 5 ha or less, land conveyance would be capped at 10% of land area at densities greater than 100 units per ha.
        - Sites greater than 5 ha, land conveyance would be capped at 15% of land area at densities greater than 150 units per ha.
    - For densities less than 30 units per ha, imposing the standard requirement of 5% of land area for land conveyance and P.I.L. of parkland.

2.4 Parks Plan: The preparation of a publicly available parks plan as part of enabling an Official Plan will be required at the time of passing a parkland dedication by-law under section 42 of the *Planning Act*.

Analysis/Commentary

- The proposed change will still require municipal Official Plans to contain specific policies dealing with the provision of land for parks or other public recreational purposes where the alternative requirement is used.
- The requirement to prepare and consult on a parks plan prior to passing a by-law under section 42 would now appear to equally apply to a by-law including the standard parkland dedication requirements, as well as the alternative parkland dedication requirements. This will result in an increase in the administrative burden (and cost) for municipalities using the standard parkland dedication requirements.
- Municipalities imposing the alternative requirement in a parkland dedication by-law on September 18, 2020 had their by-law expire on September 18, 2022 as a result of the *COVID-19 Economic Recovery Act* amendments. Many municipalities recently undertook to pass a new parkland dedication by-law, examining their needs for parkland and other recreational assets. Similar transitional provisions for existing parkland dedication by-laws should be provided with sufficient time granted to allow municipalities to prepare and consult on the required parks plan.

2.5 Identification of Lands for Conveyance: Owners will be allowed to identify lands to meet parkland conveyance requirements, within regulatory criteria. These lands may include encumbered lands and privately owned public space (POPs).

Municipalities may enter into agreements with the owners of the land regarding POPs to enforce conditions, and these agreements may be registered on title. The suitability of land for parks and recreational purposes will be appealable to the Ontario Land Tribunal (OLT).

Analysis/Commentary

- The proposed changes allow the owner of land to identify encumbered lands for parkland dedication consistent with the provisions available to the Minister of Infrastructure to order such lands within transit-oriented communities. Similar to the expansion of parkland dedication caps, these changes would allow this to occur for all developable lands under the by-law. The proposed changes go further to allow for an interest in land, or POPs.
- The municipality may refuse the land identified for conveyance, providing notice to the owner with such requirements as prescribed. The owner, however, may appeal the decision to the OLT. The hearing would result in the Tribunal determining if the lands identified are in accordance with the criteria prescribed. These "criteria" are unclear, as they have not yet been defined in the regulations.
- Many municipal parkland dedication by-laws do not except encumber lands or POPs as suitable lands for parkland dedication. This is due, in part, to municipalities' inability to control the lands being dedicated or that they are not suitable to meet service levels for parks services. Municipalities that do accept these types of lands for parkland or other recreational purposes have clearly expressed such in their parkland dedication by-laws. The proposed changes would appear to allow the developers of the land, and the Province within prescribed criteria, to determine future parks service levels in municipalities in place of municipal council intent.

2.6 Requirement to Allocate Funds Received: Similar to the requirements for C.B.C.s, and proposed for the D.C.A. under Bill 23, annually beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year.

Analysis/Commentary

- This proposed change appears largely administrative, increasing the burden on municipalities. This change would not have a fiscal impact and could be achieved as a schedule to annual capital budget. Moreover, as the Province may prescribe annual reporting, similar to the requirements under the D.C.A. and for a C.B.C under the *Planning Act*.

We will continue to monitor the legislative changes and will keep you informed as the Bill proceeds.

Yours very truly,

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