

Meeting Date: Monday, January 23, 2023

To: Mayor Mills and Members of Council

From: Denyse Morrisey, CAO

Steve Wever, Town Planner

Carey Holmes, Director of Financial Services

/ Treasurer

Report: CAO2023-04

Subject: Bill 23 – More Homes Built Faster Act, 2022

and Potential Impacts

Recommendation

THAT Report CAO2023-04 summarizing Bill 23, the More Homes Built Faster Act, 2022, and Potential Impacts to the Town, be received; and that

The tendering and construction of the WPCP capital project be delayed until a financial strategy is developed; and that

WHEREAS Bill 23, the *More Homes Built Faster Act, 2022*, was introduced by the Province on October 25, 2022 and received Royal Assent on November 28, 2022, amending several Acts including the *Planning Act* and the *Development Charges Act*;

AND WHEREAS the Town of Shelburne has and continues to plan for and accommodate housing needs including significant residential growth nearly doubling the Town's population over the past 15 years, including approximately 40% population growth between 2011 and 2016 making Shelburne the fastest growing small Town in Ontario during that period;

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AND WHEREAS the Town of Shelburne is planning to accommodate additional residential growth to the year 2051 including over 2,000 new homes providing housing for approximately 5,500 people, bringing the Town's 2051 population to over 15,000 as per the County Municipal Comprehensive Review (MCR) to contribute to meeting the growth targets for the County in accordance with the Growth Plan for the Greater Golden Horseshoe;

AND WHEREAS the Town of Shelburne supports the Province's initiative to address the housing crisis by increasing the supply of available housing;

AND WHEREAS the required housing to meet these needs locally in Shelburne is already the subject of active development applications and plans in process, including plans for new seniors rental housing, a new retirement home project that has been awarded grant funding by the Province, several other subdivision and intensification projects, and development of the Shelburne West Secondary Plan area via urban expansion as proposed in the County MCR;

AND WHEREAS the timing of these housing projects in Shelburne is impacted by the lack of available servicing capacity and is dependent on sufficient available funding for critical infrastructure including required capacity upgrades to the Town's Wastewater Pollution Control Plant (WPCP);

AND WHEREAS the Town of Shelburne has completed an Environmental Assessment and is in the process of completing detailed design work for the planned WPCP upgrades which are expected to cost \$2 million in order to service the planned growth to 2051, on the basis that the eligible growth-related capital cost will be funded by Development Charges;

AND WHEREAS, to service this growth, the Town of Shelburne has also recently constructed a new water tower at a cost of \$7.2 million, on the basis that the eligible growth-related capital cost will be recovered through Development Charges;

AND WHEREAS the timing of implementation of the WPCP upgrades, originally planned for 2024-25 to enable currently proposed housing projects to proceed in a timely manner, is entirely dependent on available funding from Development Charges including front-ending by the development community and will be deferred in the absence of sufficient available funding;

AND WHEREAS any shortfall in Development Charges revenues will be required to made up in the form of in-kind contributions by the development community and/or funding assistance from senior levels of government, or the planned housing projects will be delayed by the lack of available servicing capacity;

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AND WHEREAS the Town of Shelburne's ability to fund the WPCP upgrades and other critical infrastructure projects that are required to accommodate the planned housing projects is directly impacted by the legislative changes introduced by Bill 23;

AND WHEREAS the Town of Shelburne has adopted the principal that "growth pays of growth" and is not supportive of shifting the burden of the capital costs for growth-related infrastructure projects to the property tax base;

NOW THEREFORE BE IT RESOLVED

The Town of Shelburne requests the Province identify by June 2023 how the DC shortfall will be addressed through new provincial funding programs for required infrastructure; and that

Council directs staff to contact provincial representatives in an effort to work towards a collaborative approach and investigate potential opportunities to advance the WPCP project in partnership with the Province including a financial strategy and proposed timeline, so that planned housing projects can proceed contributing to achieving the Province's goal of 1.5 million new homes by 2031, and report back to Council in August 2023; and that

Council directs staff to circulate a copy of Report CAO2023-04 to the Premier Ford, Deputy Premier and MPP Sylvia Jones, Minister of Municipal Affairs and Housing Steve Clark, Dufferin County and lower tier municipalities in Dufferin County.

Background

Bill 23, the *More Homes Built Faster Act, 2022*, was issued by the Province on October 25, 2022 and received Royal Assent on November 28, 2022, amending several Acts including the *Planning Act*, the *Development Charges Act*, the *Conservation Authorities Act*, the *Ontario Land Tribunal Act* and the *Ontario Heritage Act*, among others. The overall purpose of Bill 23 is to increase the speed and volume of housing to be made available to accommodate housing needs in the Province, while reducing the cost to construct housing, towards the goal of delivering 1.5 million new homes by the year 2031.

Bill 23 was posted for comments on the Environmental Registry of Ontario (ERO) for 45 days from October 25th to December 9th, 2022. The ERO posting indicates that the government received 582 written submissions and summarizes three (3) changes that were made to Bill 23 as a result of the comments received. Most of the legislative amendments in Bill 23 came into effect on the date of Royal Assent, while others came into effect on January 1, 2023, and still others will become effective by proclamation dates to be determined by the Province.

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This report highlights some of the significant legislative changes that Bill 23 had made and related potential impacts to the Town.

Appendix 1 provides a summary of the key changes.

Financial implications related to the future delivery of growth-related infrastructure and services are discussed and although these impacts are not fully quantified at this time they are considered to be significant.

Analysis

The Town has taken major steps and invested significantly over many years to accommodate a large share of housing, business and employment growth within Dufferin County. Working with the County and area municipalities through the County Municipal Comprehensive Review (MCR) process, and through related infrastructure and servicing studies, Environmental Assessments and Master Plans, the Town is currently working towards accommodating further significant growth to the year 2051. The County Land Needs Assessment (LNA) projects over 2,000 new housing units will be required in Shelburne to accommodate approximately 5,500 people, bringing the Town's population to over 15,000 by 2051.

A large portion of this growth is intended to be accommodated through planning for the servicing and development of the remaining vacant west side land including the area proposed for urban expansion, in the Shelburne West Secondary Plan Area, as well as continued intensification within the built-up area.

The following housing projects are planned but are dependent on the timing of implementation of the planned servicing capacity upgrades and cannot proceed until the required infrastructure capacity is available:

Housing Projects	# of Units
Emerald Crossing / Shelburne 89 Developments Ltd.	60
(Fieldgate Homes) – Plan 7M-79 Block 215 (Future	
Medium/High Density/Mixed Use)	
416, 428, 428 Main St. W NMJ Developments Inc. /	179
Sahyog Investments Inc. & 2728476 Ontario Ltd. – Draft	
Plan of Subdivision – Shelburne West Secondary Plan Area	
501-505 Main Street West – 1005024 Ontario Ltd. – Draft	74
Plan of Subdivision – Shelburne West Secondary Plan Area	+50 future
	phase
124 Owen Sound Street - Owen Green Developments -	44
Site Plan	

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Shelburne Meadows – Highway 89 & 4th Line – 796413	93
Ontario Limited (Flato Developments) – Draft Plan of	+463 future
Subdivision – Shelburne West Secondary Plan Area	phases
434 Main Street West - Harpreet S. Goraya	38
Southbridge - New Retirement Home	128 beds
DiPoce Lands – East of 4 th Line - Shelburne West	250+
Intensification Potential within Built-up Area	513
Total Planned and Proposed Residential Units	1,764+
	+128 beds

Major infrastructure projects required to achieve this growth include the Wastewater Pollution Control Plant (WPCP) upgrades and the recently completed new water tower, as well as sanitary system and pumping station upgrades, water system improvements and an additional future municipal well supply.

Further, a Transportation Master Plan to be completed in partnership with the MTO will address future intersection and roadway improvements particularly along Main Street West to facilitate access for the planned development of the urban expansion area (Shelburne West), and planning for a much-needed truck by-pass to unlock the intensification and redevelopment potential of the Town's main streets and downtown area.

Additionally, a Parks and Recreation Master Plan is currently underway to plan for community services needs which will continue to be shaped by rapid population growth and change over the next decade and beyond.

As in the past, the Town's ability to implement these projects to accommodate growth and development, and its continued commitment to the principal of "growth pays for growth", are reliant on Development Charges (DC) revenues. Without adequate DC's, critical capital projects will be delayed or may become cost-prohibitive altogether based on the Town's limited borrowing capacity and impacts to property taxation.

Financial Impact

As the Town continues to plan and progress as a complete community in accordance with the Provincial Growth Plan, the legislative changes under Bill 23 will have a significant detrimental impact on the Town's ability to continue to fund the necessary infrastructure and municipal services that is necessary to make this growth happen.

Although the long-term financial impacts of Bill 23 have not been fully quantified, it is clear that the Town will not be financially positioned to proceed with major infrastructure projects such as the WPCP upgrades, without which

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the required housing growth cannot be accommodated, unless the projected loss of Development Charge revenues is made up by other funding sources such as senior government grants and/or voluntary capital contributions by the development community.

Waste Pollution Control Plant project estimated timelines:

- In 2021, Council approved using \$2M from capital reserves to fund the design and tendering portion of the WPCP upgrades which are currently ongoing.
- The final WPCP EA Public Information Center (PIC) was held in 2022.
- Final EA documents and Notice of Completion will be issued in early 2023.
- Initial timing was based on completion of the detailed design and tendering the works by the end of 2023
- Construction occurring in 2024 to 2026, contingent on funding.

The upgrades to the Water Pollution Control Plant (WPCP) estimated cost was \$33 Million to \$34 Million in 2022. It is expected due to significant inflationary impacts the project cost will increase.

However, the impacts of Bill 23 and the Town's ability to offset construction costs with Development Charges may significantly effect these timelines.

This report has recommended that the tendering and construction of the WPCP capital project be delayed until a financial strategy is developed. This could mean the construction of the WPCP is delayed for years, or even the WPCP expansion that was to support growth would not be completed.

With the recent borrowing of \$5 million dollars in 2022 for the Water Tower and no other existing loans ending until the end of 2026, the Town's borrowing capacity is limited until 2027. Even then the Town will fall short of the amount needed to fund the WPCP upgrades and expansion without the commitment of other guaranteed revenue sources.

Policies & Implications (if any) Affecting Proposal

N/A

Consultation and Communications

As Bill 23 will significantly affect the Town's financial position and future planning for growth and development and infrastructure projects, the CAO, Director of Financial Services / Treasurer, Town Planner and Town Engineer have collaborated on this report. The Director of Development and Operations was also consulted in the preparation of this report.

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Council Strategic Priorities

Council's Strategic Priorities has three Goals - Sustainable, Engaged and Livable. There are a total of 12 targets with the three Goals.

This report aligns with the Sustainable and Livable Goals and with the Engaged Goals within the Targets:

- Target T1 Develop long term (10 15 year) financial plan
- Target T2 Municipal services review and evaluation
- Target T3 Invest and fund critical infrastructure for future
- Target T4 Promote balanced growth
- Target T6 Promote more open communication
- Target T7 Promote partnerships and collaboration

Supporting Documentation

Appendix 1 - BILL 23 SUMMARY OF LEGISLATIVE CHANGES AND IMPACTS

Prepared by:	
Denyse Morrissey, CAO	Steve Wever, Town Planner
Carey Holmes, Director of Finance	: cial Services/Treasurer

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Bill 23 – Planning Act Changes	Staff Comments / Potential Impacts
• Alternative parkland dedication and cash-in-lieu for higher density residential development reduced by half (from 1 ha/300 units to 1 ha/600 units for land, and from the value of 1 ha/500 units to 1 ha/1,000 units for cash), with an overall cap of 10% for development sites 5 ha or less in area and 15% for sites >5 ha	 No significant short-term impacts as residential densities are generally low enough that the standard 5% parkland or cash-in-lieu yields more land or cash-in-lieu. As densities increase in the future, this change will reduce the amount of new parkland or cash-in-lieu that the Town may require.
 Parkland dedication and cash-in-lieu of parkland requirements frozen at time of zoning or site plan application unless more than 2 years elapses from date of application approval to date of first building permit 	Overall, these changes will reduce the amount of parkland and/or cash-in-lieu that the Town may receive from future developments over the longer term, but the full magnitude of the impact is unknown at this time. This will be given from the province of the longer term.
 Parkland dedication and cash-in-lieu of parkland requirements based on "net" residential units excluding existing units, (and affordable units, attainable units and Inclusionary Zoning (IZ) units*) 	This will require further review through the Parks and Recreation Master Plan to assess the needs for future parkland.
 Landowner/developer may identify the proposed parkland which may include encumbered land, municipality may require agreement, or if municipality refuses the land it must give notice and the landowner/ developer may appeal the refusal to the OLT * 	This change could result in substandard parkland, but staff will work to avoid these issues through a continued collaborative planning process with landowners to ensure the parkland meets Town standards and optimizes benefits to the area residents
 Must spend or allocate at least 60% of the parkland reserve annually beginning in 2023 and each year thereafter 	It is anticipated that much of the reserve will be needed in the short-term to fund priority projects to be identified through the Parks and Recreation Master Plan.

^{*}Changes not yet in effect – subject to proclamation date

Bill 23 – Planning Act Changes	Staff Comments / Potential Impacts
 The construction, placing or erection of a building or structure for residential purposes on a parcel of land is exempt from site plan requirements if the parcel of land will contain no more than 10 residential units Exclusions from Site Plan Control revised so that exterior design of buildings is no longer included in scope, except exterior access to a building that will contain affordable housing units and also protection or conservation of the environment via a by-law under s. 97.1 of the Municipal Act 	 The exemption lacks clarity and is bound to create some problems and confusion in its future application, and ultimately could result in some undesirable multi-unit residential developments of 10 units or less. Locally, most multi-unit developments involve 10 or fewer residential units which have warranted or benefited from the site plan process. Zoning and Building By-law regulations will need to be reviewed and updated. These changes will impact the Town's ability to influence the exterior design of buildings which increases the likelihood that new development may be out of character with the area and/or does not meet the Town's expectations for high quality design
To require building plan, elevation and cross-section drawings for residential buildings with fewer than 25 units, the Official Plan must identify the area where such drawings are required	Updates to the Official Plan will need to be considered to determine if any policy and mapping updates are necessary to address where building plan, elevation and cross-section drawings are required for residential buildings with fewer than 25 units
 Regional/Upper-Tier Planning Specific Regional and upper-tier municipalities defined as no longer having planning responsibilities and 	No immediate impact. If planning responsibilities are removed from the County of Dufferin in future, Council

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Bill 23 – Planning Act Changes	Staff Comments / Potential Impacts
the Minister may add to this list* – the list does not currently include the County of Dufferin which will maintain upper-tier planning responsibilities unless/until the County is added to the list in future Zoning for Residential Units	would have decisions to make about whether and how to adopt and use the County Official Plan as a local Official Plan in conjunction with the Town's existing Official Plan. • It is unclear if the current
 Scope of municipal authority within zoning by-laws does not include the authority to prohibit up to 3 units on a parcel of urban residential land including 2 units in a detached, semi-detached or rowhouse with 1 unit in an ancillary building, or 3 units in the detached, semi-detached or rowhouse with no units in an ancillary building No more than one parking space per unit may be required in a zoning by-law Minimum floor areas for these residential units may not be regulated in a zoning by-law Ministry may make regulations governing these added residential units, and the regulations supersede a zoning by-law in effect 	process of requiring re-zoning or minor variances based on the current Zoning By-law definition "cellar" and restriction of units located below grade will continue to apply based on this change The Zoning By-law does not currently permit a dwelling unit in ancillary buildings in residential or other zones Staff are working on draft updates to the Zoning By-law to address these changes and to avoid confusion with the recent changes to the Planning Act Parking will be a concern as in some cases 1 space per unit will not be adequate leading to on-street parking issues These changes will also be reviewed in relation to servicing allocation impacts
 Public Consultation and Appeals A public meeting is no longer required for a plan of subdivision application Third party appeal rights removed for Consents, Minor Variances 	 Re-zoning is typically required in conjunction with subdivision applications, so it is unclear if/how this would speed up development approvals More weight to Committee of Adjustment decisions

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Development Charges Act Changes	Staff Comments / Potential Impacts
 enlargement of an existing residential unit; creation, in an existing rental residential building with four or more units, of one residential unit or of 1% of the number of existing units, whichever is greater; creation of additional residential units under the Planning Act, in an existing dwelling or in a new residential building; non-profit residential development, residential units that are required through inclusionary zoning; 	 Minor impact to DC revenues as some of these types of development were already exempt such as certain additional residential units and there are no existing rental residential buildings with more than 100 units that allow 2+ exempted units The exemption of up to 3 units total per residential property for detached, semi-detached and rowhouses will have a cumulative impact over the longer term
 Affordable and attainable residential units* Affordable: rent or purchase price no greater than 80% of average market rent or average purchase price – Provincial bulletin will list these averages Attainable: not the same as affordable, not rented, part of prescribed development or class of developments Agreements required to maintain unit at affordable level for 25 years, attainable units at the time the unit is sold Vendor and renter/purchaser must be dealing at arm's length 	 Exemption of affordable and attainable residential units will reduce future DC revenues – the magnitude of this impact is unknown at this time and will depend on when these provisions come into effect and the volume of residential units proposed/approved that meet the definition of affordable and attainable Further details and clarity are needed with respect to what constitutes an "attainable" unit and to ensure this will not become a DC loophole How will the Provincial bulletin define the market areas
 Existing Service Levels Calculation of the DC ceiling now based on 15-year average service levels instead of past 10 years 	This change may impact soft service DC's (e.g. parks and recreation) as going back 15 years reduces the average level of service more significantly than for hard infrastructure

^{*}Changes not yet in effect – subject to proclamation date

Development Charges Act	Staff Comments /
Changes	Potential Impacts
 Eligible DC Costs Excludes cost of studies in connection with acquisition of land, improvement of land, acquisition, leasing, construction, or improvement of buildings, structures, or other facilities, and preparing the DC Study 	 This change will mean the Town will eventually have to fund growth-related studies and future DC Study updates through other non-DC sources Some "soft costs" could potentially be incorporated as part of the infrastructure costs included in the DC
 Phase-in of DC Rates and Duration For new DC By-laws passed on or after January 1, 2022, the calculated DC rate must be phased-in at 80% of calculated rate in Year 1, 85% in Year 2, 90% in Year 3, 95% in Year 4 (100% in Year 5) The period after which a DC by-law expires has been extended from five years to ten years DC Discounts for Rental Housing A building with four or more units used as rental residential are discounted based on the number of bedrooms in each unit: reduced by 25% for any unit with three or more bedrooms, by 20% for a unit with two bedrooms, and 	 No immediate impact as the Town's current DC By-laws were passed before Jan 1, 2022; This is potentially a major financial impact to the timing of collection of DC's for future major growth-related capital projects (i.e. WPCP upgrades) as new/updated DC By-laws will need to be passed to incorporate these costs; These changes will reduce DC revenues but the magnitude of impact is unknown at this time and will depend on the volume and type of future residential apartment housing and other developments for which DC's are
 by 15% for any other unit. Maximum DC Interest Rate Capped at average prime rate +1% This change does not apply to DC's payable before Bill 23 came into effect 	deferred or collected in installments • For these developments, DC interest revenues will be reduced as the Town's DC interest rate policy is 5% plus current Bank of Canada rate
 Use of DC Reserves Must spend or allocate at least 60% of the parkland reserve annually beginning in 2023 and each year thereafter, for water 	It is unclear how this will work for larger infrastructure projects that may take many years to establish sufficient funding reserves in DC's to initiate the

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Development Charges Act Changes	Staff Comments / Potential Impacts
supply services, wastewater services, roads/public works, and	project, though "allocate" suggests the funds can be
any other services prescribed	earmarked for such projects

Amendments to Conservation Authorities Act

The summary below focuses on amendments made to the *Conservation Authorities Act* by Bill 23 that came into effect either upon Royal Assent (on November 28, 2022) or on January 1, 2023. Some amendments come into effect on July 1, 2023; these pertain primarily to ss. 24–27 of the Act, regarding matters such as the recovery and apportionment of project capital costs and of operating expenses.

Conservation Authorities Act Changes	Staff Comments / Potential Impacts
 Minister responsible for administration of the Act The term "Minister," as it is used in the Conservation Authorities Act, now refers to the Minister of Natural Resources and Forestry and not the Minister of the Environment, Conservation and Parks. 	
 Reviewing and commenting on applications As of January 1, 2023, conservation authorities are no longer authorized to review and comment on a proposal or application made under a prescribed Act – of note, including the Condominium Act, the Drainage Act, the Ontario Heritage Act, and the Planning Act. A conservation authority may still provide municipal programs and services within its area of jurisdiction under a memorandum of understanding or similar agreement, so long as those programs and services do not contravene this prohibition on reviewing or commenting on applications. 	 Currently, the Town relies upon and has a Memorandum of Understanding with the NVCA for review of Planning Act applications by providing ecological expertise such as the review of Environmental Impact Studies (EIS). Outside subject-matter experts will need to retained by the Town to provide these services for environmental matters to review these components of planning applications going forward.

^{*}Changes not yet in effect – subject to proclamation date

Amendments to Ontario Heritage Act

Ontario Heritage Act Changes
 Ontario Heritage Act Changes Municipal Heritage Register As of July 1, 2023, the Municipal Heritage Register must be accessible to the public on the municipality's website. For properties that were listed on the Register as of January 1, 2023, Council must give notice of intention to designate the property within two years or remove the property from the Register. Similarly, Council must give notice of intention to designate any property added to the Register on or after January 1, 2023, within two years of the property being added to the Register or remove the property from the Register. A property can only be listed on the Register if it meets the criteria set out in Section 1 of O. Reg. 9/06 under the Act. A listed property must be removed from the Municipal Heritage Register if: Council withdraws its notice of intention to designate; Council does not pass a bylaw to designate the property within 120 days of publishing the notice of intention to designate (or within any othe prescribed period of time, as the case may be); or Council passes a designating by-law but subsequently repeals that by-law, either on

^{*}Changes not yet in effect – subject to proclamation date

Ontario Heritage Act Changes	Staff Comments / Potential Impacts
 Council is not required to consult with the Municipal Heritage Committee before removing the property from the Register if one of the above circumstances applies. If a listed property is removed from the Register under one of the above circumstances, it cannot be added back to the Register for at least five years. If a property is removed from the Register because Council has not issued notice of intention to designate, Council must wait another five years before it can list the same property again (so seven years from the original date on which the property was first listed or from Jan. 1, 2023, for properties that were already on the register before Bill 23). 	
Designation after prescribed	
 Council can only give notice of intention to designate a property after an event prescribed for the purposes of subs. 29 (1.2) has occurred (i.e., notice of complete application has been given for an OPA, ZBA, or plan of subdivision) if the property was already listed on the Municipal Heritage Register when the "prescribed event" occurred. 	
Heritage conservation districts	
 Council can only designate an area as a heritage conservation district if the area meets the criteria set out in Section 3 of O. Reg. 9/06 under the Act. 	

^{*}Changes not yet in effect – subject to proclamation date

Ontario Heritage Act Changes	Staff Comments / Potential Impacts
 Those criteria require that at least 25 percent of the properties in the area to be designated have cultural heritage value or interest: properties must satisfy at least two of the nine attributes listed in the regulation. To amend or repeal a by-law passed to designate a heritage conservation district, Council must follow any processes as may be prescribed by regulation (none at present). 	

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