



Township of Scugog Staff Report

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Report Number: CAO-2022-008

Prepared by: Ken Nix, Chief Administrative Officer

Department: Administration

Report To: Council

Date: December 5, 2022

Reference: Strategic Plan Direction #2 Financial Sustainability “Improve financial sustainability through innovative funding and delivery of services”.

Strategic Plan Directions 4: Municipal Services “Provide services that are efficient and effective”

Report Title: **Comments on Bill 23 – More Homes Built Faster Act**

Recommendations:

1. **That** Report CAO-2022-008, Comments on Bill 23, be endorsed as the Township of Scugog’s comments on the key elements of the Province of Ontario Bill 23 – the More Homes Built Faster Act, 2022, and other proposed changes;
 2. **That** the Township of Scugog Clerk forward a copy of this report to the Honourable Steve Clark, Minister of Municipal Affairs and Housing, and Durham Area MPP’s.
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1. Background:

- 1.1. On October 25, 2022, the Province introduced Bill 23– the More Homes Built Faster Act, 2022. This is an omnibus bill includes significant changes to the Planning Act, Development Charges Act, Conservations Authorities Act, Heritage

Act, and many other pieces of legislation that will have a significant impact on development, public input opportunities, revenues, and existing property taxpayers within Scugog.

The commenting period for the legislation was initially scheduled to close on November 24, 2022, however the Province extended the commenting period for this legislation until December 9, 2022.

On November 28, 2022, the Province passed Bill 23 and gave it Royal Assent prior to the close of the commenting period.

2. Discussion:

- 2.1. Bill 23 is part of the Province's focus to add 1.5 million homes over the next 10 years through reduced barriers, reduced red tape, and reduced fees to enable developers to expedite home construction.

Although the Township strongly supports the policy objective of Bill 23 to increase housing supply and affordability, there are serious concerns with the implementation measures including planning oversight, long term environmental impacts, restricted public input on planning issues and a shift in costs from the developers to existing property taxpayers.

This omnibus bill affects many pieces of legislation, and the full impacts will not be known until all the associated legislative impacts and regulations are complete and analyzed.

In general, the legislation reduces municipal checks and balances in many areas for development.

It downloads planning responsibilities from the regional level to local municipalities, and reduces the municipality's ability to plan and manage development to address the local communities' expectations and requirements for design, appearance, soft services, livability, and sustainability.

It reduces the existing resident's ability to participate in influencing development or appealing development decisions.

Bill 23 limits oversight responsibilities and commenting abilities for Conservation Authorities beyond their core mandate, shifting the responsibility to municipalities.

This bill also reduces the ability for municipalities to collect the revenues from development that are needed for growth to occur. Municipalities are always challenged with the cost of delivering and maintaining services, asset management and dealing with growth. Any dollar not collected from development gets added to the tax base, shifting the cost of growth to existing property taxpayers. The challenges of allocating scarce resources to service delivery requires choices that will be further complicated by growth related infrastructure costs.

This legislation may have unintended consequences for property owners, municipalities, the environment, and development, in the short and long-term including,

- The one size fits all approach penalizes small municipalities that have minimal ability to impact the Province's 10-year housing target and face limited financial resources;
- The affordability of home ownership does not improve by shifting costs to the property tax base since sales prices for residential properties are based on the market value, not cost;
- The cost of property ownership, both for existing and new property owners, will become more expensive once you own the home due to escalating property tax rates, rather than an affordability consideration when they are purchasing the property;
- Municipalities are forced to decide between tax increases, paying for growth, maintaining assets, or service delivery levels. Without funding available, municipalities may not be able to afford the cost of maintaining our existing infrastructure, may not be able to provide the additional infrastructure required for growth in a timely manner, or may need to impact the services and service levels currently provided;
- Reductions in grant in-lieu revenues related to parkland, or other changes to the park in-lieu provisions may reduce the municipalities' ability to provide parks, recreation, and open space opportunities to new developments, which may impact the quality of life for residents;
- Eliminating a regional planning role may impact the coordination of key infrastructure that requires coordination and planning among municipalities, which may delay some infrastructure such as water, sewers, and major roads required for growth to occur. This raises questions in terms of the opportunity, or timing for servicing Scugog's employment lands;
- Reducing the requirements for regulatory oversight by Conservation Authorities may have unforeseen impacts on the natural environment and

impacts of climate change, and result in greater costs in the future to mitigate the impacts;

- Making it easier to build residential homes, may not improve the number of units coming to the market in a timely manner. Developers often are part of the delay in the process, and release units in the market at a time to maximize profits. The current economic environment and interest rates may affect demand and the profitability for the development industry, resulting in delayed residential construction in the near term.

2.2. The following is a high-level overview of some of the key aspects of the legislation, as understood at the time of writing.

Planning Act

- Overriding municipal zoning by-laws to promote "gentle density" housing to permit up to 3 units per lot to increase housing options
 - Potential for concerns related to oversight on safety, accessory building setbacks, lot coverage, on street parking, privacy, etc.
- Restricting third party appeals to the Ontario Land Tribunal (limited to applicants, province, and public bodies)
 - Limits appeals from residents, neighboring landowners, and other bodies
 - Limits conservation authority's rights to appeal impacts on natural heritage
 - Potential for the Township to participate in more appeals to represent residents on behalf of Council which may increase costs
- Limiting conservation authority appeals to matters that affect land they own or where the authority is the applicant
 - Municipalities rely on conservation authorities to provide expertise that is not available in house and to protect the natural environment
- Removes upper tier planning policy and approval responsibilities from the County of Simcoe, and the Regions of Halton, Peel, York, Durham, Niagara, and Waterloo
 - Shifts approval process to lower tier and staff requirements to lower tier staff
 - Increases resource requirements and costs at the lower tier level
 - Potential for lack of uncoordinated planning for broader community infrastructure
 - Unknown impact on Durham's Official Plan
- Statutory public meetings are no longer required for draft plans of subdivision

- Limits public participation and input on plans of subdivision
- Exterior design and residential proposals of up to 10 units would no longer be subject to site plan control
 - Prevents municipal design practices encouraging environmental/green standards/sustainability
 - Reduces ability for municipalities to work with developers to create desired urban design, appearance, and pedestrian friendly environments.
- Reduction in parkland requirements
 - Reduces parkland dedication requirements by approximately 50%
 - Certain types of development are exempt from parkland dedication requirements (Not for profit housing, second and third units) which transfers cost to the property tax base
 - Developers may be able to include encumbered parkland as part of parkland requirements which may create a future liability on the municipality
 - Municipalities required to spend or allocate 60 percent of funds each year which may not coincide with appropriate capital planning and funding strategies
 - Increased demand from growth may result in lower levels of service or shift additional costs to residents on the property tax base
 - Cash in-lieu to be determined earlier in the process at either the site plan or zoning application stage rather than at the time of building permit which leads to the potential of lost revenues and a shift of costs to the property tax base

Development Charges Act

- Exemptions for affordable housing
 - Less development revenues shifts costs to the tax base and existing property taxpayers
- Reductions in DCs for rental construction and additional units based on the number of bedrooms
 - DC rates are discounted for rental units with 2 or 3 bedrooms, which shifts the cost to the tax base and existing taxpayers
 - No development charges apply to second and third residential units in existing or new detached, semi-detached and rowhouses as well as third residential units in an ancillary structure which shifts the cost to the property tax base
- Five-year Phase in of DC rates starting with 80% of new DC rates the year DC By-laws are updated, for by-laws passed from June 1, 2022, forward

- A delay in the collection of DC revenues required to fund growth means less funding is available to pay for growth and shifts costs to the property tax base
- The focus of Bill 23 is on housing, but the phase-in also applies to non-residential development, further limiting the funds available to pay for growth
- Reductions in Municipal DC eligible costs
 - Municipal costs for land to support new roads and facilities to support population growth are expected to be ineligible for DC funding which further shifts the cost of development from growth to the property tax base
 - Cost of studies related to growth, planning, stormwater master plans, environmental assessments among others, are no longer eligible for DC funding which further shifts the cost of development from growth to the property tax base
- An increase in the need of a service attributable to an anticipated development will only be permitted where the increase in need does not exceed the average service level provided by the municipality over a 15-year period rather than the current 10 years
 - As growth occurs, municipalities typically do not upfront municipal soft services. This has the effect of lowering the level of service eligible for DCs and erodes the ability of the municipality to collect funds from development
- Municipalities are required to spend or allocate at least 60% of development charge reserve funds annually
 - Municipalities required to spend or allocate 60 percent of funds each year which may not coincide with appropriate capital planning and funding strategies
- Development charge by-laws to be renewed every 10 years rather than every 5 years
 - Extending the timeframe for DC bylaw updates does not allow the bylaws to stay current with projects and costs required to service growth and has the potential to limit the funds available from development

Heritage Act

- New non-designated properties will be required to meet additional prescribed criteria to be placed on the register
 - This creates more difficulty meeting the requirements for a heritage property to be placed on the registry

- Under certain circumstances, non-designated properties would be removed from the register where a municipality does not give notice of intention to designate the property on or before the second anniversary of the date of proclamation
 - Currently, there are over 300 listed properties that are non-designated on the Township's Heritage Register
 - This substantially increases the burden on municipal resources including the Township's Heritage Advisory Committee and staff to evaluate and undertake the designation process for non-designated properties on the register
 - If a non-designated property is removed, it cannot be included on the register for five years which reduces the ability to protect properties of cultural and unique heritage character

Conservation Authorities Act

- Consolidate 36 authorities, each having their own development regulation, into one agency
- Conditions of a conservation authority that may be attached to a permission for development will focus only on the risks of natural hazards such as flooding and erosion
- Limit's ability for conservation authorities to comment on or review applications with respect to the natural heritage impacts
- Applicants may appeal the failure of the authority to issue a permit within 90 days to the Ontario Land Tribunal (reduced from 120 days)
- Minister to make regulations limiting the types of conditions that may be attached to a permission or permit

New Home Construction Licensing Act

- Proposals related to the protection for new home buyers including a doubling of maximum fines for unethical builders who unfairly cancel a new home project or terminate a purchase agreement
- Recent example was in the Town of Innisfil where the builder requested more money from the purchasers to continue with their contracts

Ontario Land Tribunal Act, 2022

- The OLT will have increased powers to dismiss appeals and order costs against a party who loses a hearing at the OLT

- Parties who bring forward appeals in good faith may be penalized which may discourage public participation and may increase costs for municipalities

Proposed Amendments to the Greenbelt Plan

- Three areas in the Region of Durham within the greenbelt (including Pickering, Ajax, and Clarington) will now be open for development
- Scugog is not directly affected by the proposed changes to the Greenbelt
- The Township has for many years advocated for the development of the property located at 14611 Old Scugog Road (lands located between Old Scugog Road and Regional Road 57) in Blackstock.

Blackstock was at one time identified as a town/village and then redesignated as a Hamlet. Due to a policy change to the Greenbelt Plan (2017), the rounding out of hamlets was no longer permitted. Since the Province is proposing to remove several parcels from the Greenbelt that according to the Province should not have been included in the Greenbelt given their location and ease of servicing, the Township recommends that the subject property in Blackstock is similarly suitable for development. Blackstock is more akin to a town/village than a hamlet. It has a recreation complex (arena and community hall), two neighbourhood parks with playgrounds, a fairground, an elementary school, a church, and a cemetery. In addition, it has a small business centre including a variety/beer store, pharmacy, restaurant, and a hairdresser. Under the current policy regime, if Blackstock was redesignated as a town/village, the subject property could accommodate more housing within Blackstock and be in keeping with the policy objective of Bill 23.

Other

- Reducing the cost of development, removing barriers and oversight in the development process will not automatically lead to meeting the target of 1.5 million homes in ten years without a shared responsibility residing with the development industry. The development industry is in the business to maximize profits and will not supply not-for-profit or affordable housing unless it is profitable or required by policy. This form of housing accommodation is desperately needed in the province.

The totality of the impacts of the legislation are significant, and opportunities to minimize the impacts are limited, however municipalities are vocal in expressing the need for additional consultation and consideration of the impacts from Bill 23.

3. Financial Implications:

- 3.1. The full financial impact will not be known until the final legislation and associated regulations are known and reviewed.

Many of the items in the new legislation result in shifting the cost of growth from development to the property tax base. In addition, there is a need for additional staff resources at local municipalities to manage the implications of the legislation, and cost pressures are expected to increase in many areas

4. Communication Considerations:

- 4.1. The commenting period is still technically open. Scugog Township will submit a copy of this report in writing to the Minister of Municipal Affairs and Housing.

5. Conclusion:

The Township fully supports the government’s objective to address housing affordability in Ontario. However, meaningful consultation is required with the various stakeholders prior to any changes moving forward.

Although Bill 23 has received Royal Assent, the associated regulations need to be finalized and analyzed before the full implications of the legislation are understood.

The resulting reduction in funding from the proposed legislation will have an impact on municipal revenues, funding for growth related and existing infrastructure, and the ability to maintain service levels, and remain sustainable in the long term.

Scugog is a municipality with limited growth potential over the long term, however the Township is affected by the “one size fits all” legislation proposed to accelerate development for growth areas in the province.

Ultimately the legislation impacts the development process, regional and local municipalities, residents, regulatory agencies, environmental areas, and shifts costs to the local tax base and property taxpayers.

Respectfully Submitted by:

Ken Nix
Chief Administrative Officer

Attachments: n/a

Report Approval Details

Document Title:	Comment on Bill 23 More Homes Built Faster Act.docx
Attachments:	
Final Approval Date:	Nov 30, 2022

This report and all of its attachments were approved and signed as outlined below:



Kenneth Nix