

Date: 2022-11-21

Subject: **Bill 23 – More Homes Built Faster Act and Implications for the City of Brampton**

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Report Number: Planning, Bld & Growth Mgt-2022-1001

Recommendations:

1. That the Recommendation Report titled, “Bill 23 - More Homes Built Faster Act and Implications for the City of Brampton”, be received;
2. That Council endorse the City’s comments and proposed recommendations to the Province contained and appended to the report as the City’s formal response to Environmental Registry Postings referred to in this report, and authorize staff to prepare additional detailed comments on Bill 23 and any associated regulations, as needed; and
3. That the City Clerk forward this report to the Ministry of Municipal Affairs and Housing; Brampton’s Members’ of Provincial Parliament, the Association for Municipalities of Ontario, and the Region of Peel

Overview:

- With a 10-year target of 113,000 new households for the City of Brampton, Bill 23 presents an aggressive and unprecedented rate of required housing growth for the City of Brampton. This would represent an annual increase in total housing growth nearly three times the City’s historical average over the past 20 years and an increase in annual rental housing growth at a pace which is over seven times the level produced over the past two decades.
- The City of Brampton currently has 9,000 units approved and 19,000 in the development pipeline. Brampton was ranked 4th by the Building and Land

Development Industry (BILD) out of 16 Greater Toronto Area (GTA) municipalities for the fastest average approval timelines across all development application types. Despite this, it is not reasonable to assume that the City of Brampton will be able to achieve this level of new annual housing construction.

- If Bill 23 goes through as written, based on impacts to DCs, CIL Parkland and additional infrastructure needs, the City would lose the accumulated equivalent revenue of a property tax increase of approximately 80%.
- It is estimated that the Bill could cost the City \$440 million in development charges alone. Without corresponding provincial grants, the City of Brampton would need to recover that revenue through the tax base or by reducing service levels. In efforts to recover the DC Shortfall, the City could expect an equivalent to a one-time increase of property taxes by about 9%.
- Additional impacts to development charges may also result from the proposed threshold of 80% of average market value to define affordable housing which could result in additional loss of revenue of between \$260M and \$800M depending on what % of development meets this threshold. This would be equivalent to a one time property tax increase of between 5%-16%.
- The targets set by the Province for the number of housing units will result in additional infrastructure needs beyond what is being described in the current DC background study. This is estimated at over \$2B beyond the current infrastructure needs equivalent to a one-time 40% tax increase.
- The potential CIL Parkland revenue loss for the City of Brampton is estimated to be \$700M to \$1.05 billion over the next ten years. In efforts to recover the CIL Parkland shortfall, the City could expect an equivalent to one-time increase of property taxes by 14%-21%.
- The proposed regulatory change leads to a housing price that is almost double what the City currently defines as “affordable” using the income-based approach. The proposed change to the definition does not reflect the true affordability challenges in the City and does not solve the affordability crisis facing residents in the housing market.
- Bill 23 proposes changes which put in jeopardy the ability for the City to protect Natural and Cultural Heritage resources.
- Bill 23 proposes that development of 10 units or less is exempt from Site Plan Control city-wide. This lessens the ability for the City to control infill development in stable neighbourhoods and creates conditions that could result in future instances similar to the “Big Blue House”.

Background:

Bill 23 (hereinafter referred to as “the Bill”) works to implement some actions contained in Ontario’s Housing Supply Action Plan, with the goal of increasing housing supply in

Ontario by building 1.5 million new homes by 2031. On October 25, 2022, the Honourable Steve Clark, Minister of Municipal Affairs and Housing (the Minister) introduced the Bill to the legislature with sweeping changes to 10 Acts, including the ***Planning Act, Municipal Act, Development Charges (DCs) Act, Ontario Heritage Act, Conservation Authorities Act, Ontario Land Tribunal (OLT) Act*** and the ***Ontario Building Code***. The Province has also proposed further consultation on a range of provincial plans, policies and regulations. This includes revoking the ***Parkway Belt West Plan***, merging the ***Growth Plan for the Greater Golden Horseshoe (the Growth Plan)*** with the ***Provincial Policy Statement (PPS)*** and changing the boundaries of the ***Greenbelt Plan***. Comment periods on the proposed changes (via 19 Environmental Registry of Ontario postings and 7 Ontario Regulatory Registry postings) close between November 24 and December 30, with the majority closing on November 24, 2022.

Current Situation:

Outlined below is a preliminary analysis of the most significant impacts that the changes proposed by the Bill will have on the City of Brampton. Staff have summarized key changes into 5 themes:

- Growth Implications;
- Growth Funding Implications;
- Undermining Neighbourhood Character;
- Loss of Accountability/Community Engagement;
- Brampton's Heritage, Natural Environment & Climate Change Implications.

Brampton's detailed comments and recommendations are included in the Appendix 1, Registry responses.

1) GROWTH IMPLICATIONS

THE CITY OF BRAMPTON IS REQUIRED TO PLEDGE TO BUILD 113,000 HOUSING UNITS IN 10 YEARS.

Through the Bill the province has assigned 10-year municipal housing targets to 29 of Ontario's largest and generally fastest growing single/lower tier municipalities, including the City of Brampton. The municipal housing targets collectively account for 1,229,000 housing units, representing about 82% of Ontario's overall 1.5 million new homes target. It is important to recognize that the municipal housing targets are based on current and future housing needs. In other words, 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. 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. As currently drafted, Bill 23 does not require other key partners in the development process, including the development industry, to make such pledges.

Brampton Plan 10-Year Housing Forecast

Over the past two decades, the City of Brampton has represented one of the fastest growing municipalities in Canada, with an annual population growth rate of 3.6% between 2001 to 2021. To accommodate this population growth, the City has grown by approximately 4,250 households per year over the past 20 years in accordance with Statistics Canada Census data between 2001 and 2021. Looking forward over the next 10 years, the City of Brampton new Official Plan (OP), “Brampton Plan”, identifies that the City of Brampton will, require an additional 54,600 households, or 5,460 households per year between 2021 and 2031 to accommodate anticipated housing demand. This represents a 22% increase relative to the annual amount of housing growth achieved during the past 20 years, and a 39% increase relative to the annual amount of housing growth achieved during the past 10 years.

Of the City’s identified total 10-year forecast housing need, approximately 46% (24,500 households or 2,450 households per year) are identified as rental units. This represents a significant increase in the amount of required new rental housing construction relative to amount of rental housing stock added to the City over the past 20 years, which averaged approximately 880 new rental dwellings per year.

Bill 23 10-Year Forecast versus Brampton Plan Forecast

With a 10-year target of 113,000 new households for the City of Brampton, the Bill presents an aggressive and unprecedented rate of required housing growth for the City of Brampton. Comparably, this target requires an increase of approximately 58,000 households over and above the City’s housing forecast as per the City’s new Draft OP. Staff, and its economic consultants, Watson & Associates, have strong concerns associated with the magnitude of housing growth identified for the City of Brampton as well as the assumptions regarding housing need attributed to existing and new Brampton residents as per the Bill.

Percentage of Housing Needs Associated with Unsuitable Housing

Rapidly rising housing costs in recent years have placed increasing pressures on households, particularly in low to moderate income ranges within the City of Brampton.

Similar pressures also exist more broadly across the Province as a whole. For low-income households, rising housing costs across Brampton and Peel Region are placing increasing pressure on the need for subsidized rental housing. As of December 2021, the number of households on Peel Region's centralized waiting list reached over 28,000, which presents a 16% increase from 2020. Of the total number of households on Peel Region's Centralized waiting list, approximately 28% (7,700 households) were represented by Brampton residents.

Rising housing prices in Brampton are resulting in a greater share of Brampton households experiencing challenges finding suitable housing. In accordance with Statistics Canada, approximately 1 in 5 of Brampton residents are considered to be living in unsuitable housing, which represents approximately 132,000 persons. Comparatively, the percentage of persons living in unsuitable housing conditions at the national level was approximately 1 in 10 as of 2021, based on Statistics Canada data. It is noted that this statistic regarding unsuitable housing is highest in Brampton for "Other Census Family Households", which includes multi-family, multi-generational households, and one-family households with additional persons. In 2021, approximately 14% of Brampton households were categorized as multi-generational households, compared to 4% for the Province as a whole.

As a long-term goal, it is recommended as a starting point that the City of Brampton strive to reduce the percentage of households living in unsuitable housing conditions to levels more consistent with national trends. Achieving this target will require actions and programs to increase the supply of affordable housing options which are suitable to low to moderate-income households across the City of Brampton. More specifically, to achieve this goal the City of Brampton would require approximately 19,000 additional affordable rental households just to accommodate the needs of existing residents, not including demands associated with population growth over the next 10 years.

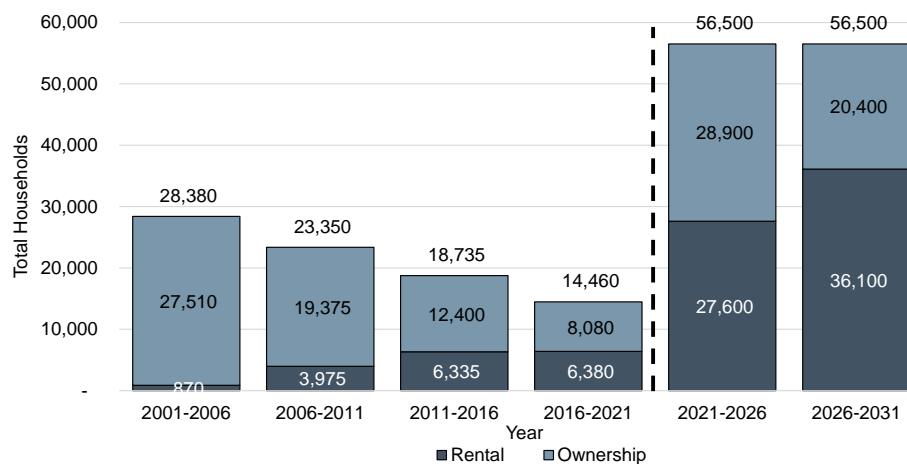
It is noted that a target of 19,000 additional affordable rental housing units to accommodate the needs of existing residents is an ambitious target, however, it is far below the 10-year housing target established through the Bill to address the City's existing structural housing deficit. It is also important to recognize that due to the considerable differences in the structure of households in Brampton by family type relative to provincial and national trends (i.e. greater share of multi-family and multi-generational households), this target for the City of Brampton related to housing suitability may be subject to further refinement. Based on an initial assessment, approximately 83% (94,000) of the total households prescribed through the Municipal Housing Pledge, as set out through Bill 23, would drive additional population growth in the City of Brampton. The remaining 17% of future housing needs over the next decade would be attributed to the City's estimated structural deficit in existing suitable housing options.

Is the 10-Year Target Assigned to Brampton Reasonable?

No, based on an assessment for future housing needs in the City of Brampton to accommodate existing and future residents over the next 10 years the housing target assigned to the City of Brampton under Bill 23 is not considered to be reasonable. Over the past two decades between 2001 and 2021, the City of Brampton’s total housing stock has increased by approximately 84,900 occupied dwellings, or approximately 4,250 households per year. Of this total number of new occupied dwellings added to the City’s housing base approximately 67,400 were ownership households (79%), while the remaining 17,600 were rental households (21%). The 10-year housing target for the City of Brampton of 113,000 new households represents an annual average of 11,300 new households per year. **This would represent an annual increase in total housing growth nearly three times the City’s historical average over the past 20 years.** Based on current housing affordability trends, if the City were to target an increase of 113,000 households over the next 10 years, approximately 63,800 (56%) of these households would need to be in the form of rental housing. **This would represent an increase in annual rental housing growth at a pace which is over seven times the level produced over the past two decades.** When considering historical trends as well as available ownership and rental housing actively under review within the City’s residential development pipeline, **it is not reasonable to assume that City of Brampton will be able to achieve this level of new annual housing construction.**

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City of Brampton

Bill 23 Housing Target, 2021 to 2031 vs. 2001 to 2021 Census Housing Growth
(Forecast by Housing Tenure Derived by Watson & Associates Economists Ltd.)



Source: Historical data from Statistics Canada Census. Housing forecast derived from Bill 23. Housing forecast by tenure prepared by Watson & Associates Economists Ltd, 2022.

Increasing Housing Stock in Brampton and Impacts on Housing Costs

Significantly increasing the supply of new housing across the City of Brampton and beyond is unlikely to result in lower housing costs for Brampton residents. This is because housing affordability is determined by a range of community, regional, provincial and national level factors that influence supply and demand for housing, cost of residential development, ownership carrying costs, and rental market rates. Many of these factors are related to macro-economics and federal policy which the City of Brampton and the province have limited influence over. This includes such factors as trends in the economic outlook for the Canada and its provinces, immigration levels to Canada by province, federal trade policy, the relative strength of the Canadian dollar, monetary policy, Bank of Canada prime interest rates, and the regulatory environment related to residential mortgages.

When considering the impact of housing supply on housing prices for the City of Brampton it is important to examine both the near-term supply of housing options available in the market (i.e. inventory of dwellings for sale or rent) as well the medium to longer-term supply of dwellings in active development approvals, residential intensification potential through infill and development as well as developable vacant greenfield residential lands within the City's corporate municipal boundary. With respect to the supply of ownership housing in the City of Brampton currently on the market for sale, the supply of housing has notably increased since January 2022, as the local ownership housing market has notably cooled following an increase to the overnight lending rate from 0.25% in January 2022 to 3.75% in October 2022. With respect to the rental housing market, the City's 2021 rental housing vacancy rate was approximately 3.0%. Comparatively, the 2021 rental housing vacancy rate for Ontario as a whole was 3.4%. Typically, a rental vacancy rate of approximately 3% is considered healthy.

With respect to Brampton's medium to longer-term supply of active housing development vacant urban land and opportunities for residential intensification, the City broadly meets the requirements of the PPS to supply a three-year supply of housing in active developments in registered but unbuilt and draft approved plans as well as through residential intensification to fulfill its OP forecast. The City also broadly meets the requirements of the PPS to supply a 15-year supply of housing on vacant designated urban lands as well as through residential intensification to fulfil its OP forecast. It is noted however, that while the City broadly meets these PPS housing requirements, the City will require an increase in the supply of purpose-built rental housing opportunities to meet anticipated rental housing demands over the 10 years and beyond, in accordance with housing needs identified through the City's OP and the City's forecasted rental housing needs determined by Watson & Associates. When considering the housing target for

Brampton associated with the Bill, the City has a significant shortfall of purpose-built rental housing options.

Implications of the Bill 23 10-Year Housing Target on Brampton

Achieving a target of 113,000 new households in the City of Brampton over the next 10-years would generate a significant increase in the City's rate of population and employment growth. As such, accommodating this magnitude of urban development over the decade would have significant impacts on the City in the following ways:

- **Housing Implications** – As previously noted, a target of 113,000 households over the next 10-years would require an increase in total annual housing construction at a level nearly three times historical levels achieved over the past 10 years. With respect to the rental housing market, the required level of new housing would be approximately seven times the historical level achieved over the past decade. The majority of the City's identified rental housing needs would need to be accommodated through the primary rental market (i.e. purpose built rentals having at least three rental units). Purpose-built rental housing is an important component of a well-balanced housing inventory because primary rental market units are not subject to the broader market fluctuations of the secondary rental market, which may affect longer-term availability in the rental market. Accordingly, providing a greater share of purpose-built rental housing units would help ensure greater stability and certainty with respect to the City's availability of rental housing stock over the longer term. Purpose-built rental units also tend to have lower market rents when compared to most rental units provided through the secondary market. Purpose-built housing also offers greater opportunities to integrate both non-market and market housing units within developments.

The City of Brampton faces two key challenges regarding its ability to accommodate a sharp increase in the level of purpose-built rental housing over next decade and beyond. First, accommodating a greater supply of purpose-built rental housing opportunities in the City of Brampton would require greater participation from the private sector development community to construct such housing types. A key challenge related to this effort is that purpose-built rental housing typically is less financially profitable when compared to the construction of condominium developments and freehold ownership housing. Simply put, the anticipated financial risk is generally higher and anticipated return on investment is generally lower when comparing purpose-built rental housing to ownership housing. The second challenge the City of Brampton faces in providing a greater inventory of purpose-built rental housing is the supply of labour related to the housing construction industry in the Greater Toronto Hamilton Area (GTHA).

Within Ontario, the GTHA municipalities represent approximately 57% of the provincial 1.5 million home target, which would require a significant increase in related labour given current labour shortages in this area. While it is recognized that a direct objective of the Bill is to provide more housing to address the current labour shortage across the province, achieving the provincial 10-year housing target under the Bill would require an immediate increase in labour force supply related to the housing construction sector which is unlikely to be realized.

- **Inclusionary Zoning** – The Bill proposes to establish an upper limit on the number of units that would be required to be set aside as affordable, set at 5% of the total number of units (or 5% of the total gross floor area of the total residential units, not including common areas). A standardized, Province-wide approach does not consider the viability of Inclusionary Zoning in different market areas of the city nor does it consider the municipal investments in MTSA's to support transit-oriented development. A standardized rate of 5% limits the ability for the City to optimize municipal investment and impacts the number of affordable housing units received through new developments, influencing the achievement of the City's housing targets.

As part of the Inclusionary Zoning work being completed, the City is undertaking a co-design approach with the development industry, non-profit sector, housing advocates, the Region of Peel, and residents to determine the optimal and appropriate set aside rate for each market area of the city and transitioning this set aside rate over time (allowing the market time to adjust). This is a best practice identified through benchmarking analysis conducted of Inclusionary Zoning policies internationally. A flexible, market-based approach maximizes the use of Inclusionary Zoning as a planning tool to effectively deliver more affordable housing to residents. The Bill's proposal to dictate the set aside rate undermines the proven best practices for Inclusionary Zoning. This also enables the City to effectively use the background work conducted to date, including the Assessment Report, Peer Review, and Additional Analysis, to evaluate development viability with Inclusionary Zoning applied in different market areas.

- **Planning Implications** – Over the next several decades, the focus of residential development within the City of Brampton is anticipated to continue to shift from greenfield to intensification as the City's remaining vacant greenfield areas continue to steadily develop. From a planning policy perspective, Strategic Growth Areas (SGAs) including the City's Urban Growth Centre (UGC) and Major Transit Station Areas (MTSA's) represent priority locations for residential development given the amenities that these locations provide with respect to access to high-order transit, retail, and other community services. Accordingly, increased housing

targets in the City of Brampton associated with the Bill would be largely directed to the City's SGAs within the City's built-up areas (BUAs).

Starting in 2019, the City of Brampton began developing its new OP following extensive study and public engagement during 2017 and 2018, which resulted in the Brampton 2040 Vision. A substantial increase to the City's 10-year housing target, as set out through the Bill, would require a complete re-examination of the City's approach to planning and long-term growth management over the 2051 planning horizon, as well as interim periods.

- **Impacts on Infrastructure and Municipal Service Needs** – Additional population growth associated with the higher housing targets as set out through the Bill would require significant increases across all Regional and local infrastructure and municipal services, particularly within the BUA where the majority of increased housing demand is anticipated to be directed. While small scale infill or redevelopment can benefit from existing capacity associated with hard municipal services, large scale intensification projects can come at a high cost given costs associated with the replacement, improvement and maintenance of existing services which have not been planned to accommodate significant increases in housing, population, and employment growth. This would impact both hard and soft infrastructure, including: schools, hospitals, day cares, transit, streets, water, wastewater, etc.
- **Implications of Increased Employment Growth and Non-Residential Building Space Needs** - Increased population growth is anticipated to generate a direct increase in the need for population-related employment such as retail, accommodation and food services, and health care and social services and education. Increased employment will also place further demands on infrastructure needs as well as commercial and institutional building space requirements. Similar to residential development, non-residential space needs are anticipated to be greatest within the BUA.
- **Increased Employment Area Conversion Pressure** – Increased demand for housing and non-residential building space associated with greater population-related employment growth will increase pressure for the conversion of Employment Areas, of which the City has a limited and finite supply. Employment Areas form a vital component of the City of Brampton's land use structure and represent an integral part of its local economic development potential and competitiveness. 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.

- **Financial Implications** – Broadly, the Bill is anticipated to result in lost development charge (DC) revenues by phasing-in new DC charges over five years (starting with 80% of the calculated charge), introducing new D.C exemptions and discounts, removing funding related for studies (including master plans and environmental assessments) and potentially removing costs for land for certain services (yet to be prescribed). This potential loss in DC funding noted above must then be passed on to existing tax/rate payers. This comes at a time when municipalities must implement asset management plans under the *Infrastructure for Jobs and Prosperity Act, 2015* to maintain existing infrastructure. Significant annual rate increases in property taxes and user rates may then limit funding to the capital budget and hence delay servicing of additional developable lands for housing.

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| <ul style="list-style-type: none">• <i>Request that the Province meet with the City of Brampton to revisit the 10-year housing pledge requirement of 113,000 housing units for Brampton.</i> |
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2) GROWTH FUNDING IMPLICATIONS

BILL 23 - GROWTH NO LONGER PAYS FOR GROWTH.

Through the Bill, it is clear that the financial burden of financing growth related infrastructure and studies is proposed to be shifted from proponents of development to the taxbase by increasing property taxes or reducing services to make up the elimination of revenue sources. This will ultimately make housing less affordable for existing residents. Additionally, in the absence of provisions to replace the loss in DC revenues, the proposal will erode the ability of municipalities to pay for growth-related infrastructure.

Development Charges

The key drivers of the DC shortfall are DC reductions, changes to what is DC eligible and DC exemptions. The province has proposed arbitrary phase-in reductions to all of the City's DC's. The result is costly and punitive to the taxpayers of the City of Brampton. The

intention is to reduce the price of homes; however, there is little evidence to show that the changes will deliver the intended result in the near-term. They will mean a loss of DC revenue for the City and a cost saving for builders and developers, regardless of the type of housing being constructed (market or affordable units).

The proposed changes erode the affordability of existing homes and undermine the long-established principle that growth should pay for itself. Without a new revenue stream to offset these foregone DC payments the legislation will hamper the ability of municipalities to fund and deliver growth-related infrastructure. More specifically,

- The significance of this revenue reduction cannot be overstated as there are no provisions though provincial-municipal revenue sharing, or new revenue raising tools, to make up for the loss. Instead, DC revenue shortfalls will have to be funded through increases in property taxes or reduction in services;
- With the likelihood of additional municipal property taxes being needed to cover DC shortfalls, municipal councils may need to delay the delivery of growth-related infrastructure. Such delays would not be in the interests of either municipalities or the development industry and would be contrary to the government's efforts to spur housing construction;
- The DC reductions may undermine municipal-developer infrastructure cost sharing agreements that facilitate infrastructure in high growth areas of the province. These complex agreements facilitate infrastructure using DC credits or reimbursement through future DC revenue. They often require the municipality to have DC revenue on hand before issuing reimbursements. In such cases, DC revenue shortfall arising from the Bill would delay repayment, to the financial detriment of developers who are parties to such agreements.

The following is a summary of the estimated key financial impacts to the City as a result of the Bill, based on the current growth projections currently reflected in the DC background study:

DC Reductions

- It is estimated that the Bill could cost the City \$440 million in development charges alone. Without corresponding provincial grants, the City of Brampton would need to recover that revenue through the tax base or by reducing service levels. In efforts to recover the DC Shortfall, the City could expect an equivalent to a one-time increase of property taxes by about 9%.
- Additional impacts to development charges may also result from the proposed threshold of 80% of average market value to define affordable housing which could

result in additional loss of revenue of between \$260M and \$800M depending on what % of development meets this threshold. This would be equivalent to a one time property tax increase of between 5%-16%.

- In addition to the above, the targets set by the Province for the number of housing units will result in additional infrastructure needs beyond what is being described in the current DC background study. This is estimated at over \$2B beyond the current infrastructure needs equivalent to a one-time 40% tax increase.

DC Exemptions

The blanket DC exemption for all affordable, non-profit, and purpose-built rental housing removes control from local councils to determine projects deemed worthy of DC relief based on the municipality's financial situation and housing objectives and places the financial burden back on the existing tax base. As a result of key provisions of the DC Act proposals being unclear, this could lead to unintended outcomes. For example, the exemption for affordable residential units applies when the unit price is no greater than 80% of the "average purchase price". If the average purchase price includes resales as well as new unit sales, then the scope of the exemption is potentially very broad.

The average house price (across housing types) in Brampton in 2021 according to TRREB data was \$1,041,639, meaning that applying the affordability rate proposed through this regulatory change would be affordable at a rate of \$833,311. In 2021, Brampton used the income-based approach to identify the affordability rate is \$455,656, aligning with the Provincial Policy Statement definition. The proposed regulatory change leads to a housing price that is almost double what the City currently defines as affordable using the income-based approach. The proposed change to the definition does not reflect the true affordability challenges in the City and does not solve the affordability crisis facing residents in the housing market.

DC Phase-Ins

The proposed phase-in is costly for municipalities and taxpayers. While there is little evidence to show that the changes will reduce the price of homes, at the very least in the near-term, the phase-in will mean a loss of DC revenue and a saving for builders and developers, regardless of the type of housing being constructed (market or affordable units). The phase-in does not apply only to DC rate increases but rather to the total DC rate. As such, it unnecessarily reduces the City's revenues when the DC rate is stable. Although the phase-in is intended to stimulate residential construction, it applies to all DCs, including those imposed on commercial and industrial development. There is

no apparent basis to expect that a broad application of the phase-in on non-residential development will increase housing supply.

DC Eligibility

By making Growth Related Studies and Land Acquisitions ineligible to be funded by Development Charges, the tax base would have to **incur an annual impact of \$885K or \$8.8M over the next 10 years to fund growth related studies;** and incur an annual impact of **\$21M or \$210 over 10 years to facilitate land acquisitions,** based on estimates in the 2019 study. It should be noted that land values have increased significantly since the completion of the study in 2019.

Parkland Revenue

Based on revisions to the Planning Act proposed through this ERO posting, **the potential CIL Parkland revenue loss for the City of Brampton is estimated to be \$700M to \$1.05 billion over the next ten years.** In efforts to recover the CIL Parkland shortfall, the City could expect an equivalent to **one-time increase of property taxes by 14%-21%.** It should be noted that these figures are preliminary projections, and staff require more time to study the consequences of Bill 23.

The City currently has a parkland acquisition objective of 1.6ha/1000 people. Brampton's provision of parkland has historically made it a desired place to live, work and play, and has provided additional buffering to portions of the City's extensive Natural Heritage System. 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. The proposal to reduce parkland dedication rates to 1 ha/600 units for land and 1 ha/1000 units for cash in lieu will significantly impact the City's ability to meet this parkland target in new greenfield areas and in rapidly urbanizing areas of the City - placing additional burden on existing parks and recreational assets and reducing the City's ability to provide high-quality parkland in high-density areas. Operationally, the proposed site-based caps would provide an inequitable distribution of parks in a high-density context. The changes to the parkland dedication rate and alternative rate put municipalities in the position of accepting potentially undesirable land identified by developers or accepting half as much cash-in-lieu with which to try to purchase expensive parkland at market value.

The lowered 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. For example, a 5-storey development and a 50-storey development will typically provide the same amount of new parkland. Parkland/CIL in the range of 80% of its parkland goal of 1ha/1000, or alternatively it can be noted that the City would be deficient of 358 acres of Parkland. Assuming a current average land value of \$4M/ac to \$6M/ac would equate to deficit of \$1,432,000,000 to \$2,148,000,000 in 2022 dollars.

The City is concerned with the 50% of shortfall in parkland dedication revenue and how it will affect its delivery of capital programs and acquisition of parkland. The proposed Bill would accelerate the decline in parkland provision and compromise the City's ability to provide sufficient and high-quality parkland and recreation projects that would serve both growing and equity-deserving communities where gaps currently and are forecasted to exist. The proposed changes will make it exceedingly difficult to acquire parkland in intensification areas, where land is expensive and development activity is high, reducing the livability and parkland access to future residents. The proposed legislation will put additional funding pressure on property tax funding sources to make up the difference, or further erode the City's planned level of parks service.

The Bill will result in:

- less parkland per development (over 33% less parkland on large sites greater than one hectare);
- poorer quality parkland (100% parkland dedication credit for encumbered parkland and privately-owned publicly-accessible spaces and an applicant's ability to identify park parcels);
- less revenue for parks and recreational facilities (estimated minimum 15% reduction in revenue); less Council and public discretion regarding the provision of suitable parkland (developers/applicants now have appeal right if Council refuses proposed parkland dedication).
- Proposed section 42(4.38) provides extremely limited authority to the Tribunal, which can only find the proposed parkland is suitable for park purposes and order the municipality to accept it, or not.
- Privately owned Public Open Spaces (POPs) do not provide the same level of service as a public park and have limited programming ability and would rarely, if ever, include playground equipment and other needed park amenities.
- Strata parks, over private infrastructure in particular, will result in increased costs and reduced usability of parks.

- Allowing developers to determine park location interferes with municipal park delivery programs/park network plans, may result in undevelopable slivers that cannot be maintained or are costly to maintain.
- Orders given to municipalities to accept private ownership of publicly accessible spaces like POPs or to accept Strata parks may limit the legal rights the municipality has to address problems and mitigate risk and liability to the municipal corporation and members of the public with respect to such spaces. Unlike fee simple ownership of the full area of parkland, the municipality's rights and obligations (including regarding maintenance and safety matters) would be subject to easement and related agreements between the municipality and the private owner. The terms of such agreements may not be favourable to the municipal corporation or members of the public, as the private owner is likely to negotiate to protect its own property rights at the expense of public access, and the municipality's ability to negotiate in the public interest may be heavily circumscribed if it has been ordered to accept the privately owned parkland or parkland built into private infrastructure.

Delivery of City Infrastructure Programs

The 10-year housing pledge to deliver 113,000 housing units in Brampton will result in additional infrastructure needs beyond what is being described in the current DC background study. This is estimated at over **\$2B beyond the current infrastructure needs equivalent to a one-time 40% tax increase.**

If Bill 23 goes through as written, based on impacts to DCs, CIL Parkland and additional infrastructure needs, the City would lose the accumulated equivalent revenue of a property tax increase of approximately 80%.

- *Request for additional upper level government funding and or alternative revenue stream such as land transfer tax, sales tax;*
- *Lower housing targets to more realistic levels;*
- *More realistic targets and discount calculation for affordable/attainable housing;*
 - *Maintain existing CIL Parkland calculation methods;*
 - *Scrapping the proposed development charges exclusion categories, specifically, growth related studies land acquisition; and*
 - *Removal of the Phase-in provision.*
- *Meet with the City of Brampton to revisit the 10-year housing pledge requirement of 113,000 housing units for Brampton.*

3) UNDERMINING NEIGHBOURHOOD CHARACTER

RESIDENTIAL DEVELOPMENT 10 UNITS OR LESS WOULD BE EXEMPT FROM SITE PLAN CONTROL (EXCEPT LANDLEASE COMMUNITIES)

Site plan control provides a key opportunity for the City to ensure that the design of new buildings integrates into the existing urban fabric and supports the goals and objectives of the community area. There are neighbourhoods within the City where site plan control plays a critical role, especially where zoning requires updating. Site Plan Control in Brampton has played an important role to support contextually appropriate gentle intensification in the existing neighbourhood context

With the aim to address the missing middle, Site Plan Control ensures that the development of new missing middle housing typologies is appropriately integrated into the surrounding context, while protecting valued natural heritage assets.

- *Request the retention of Site Plan Control for residential development 10 units or less.*

4) LOSS OF ACCOUNTABILITY AND COMMUNITY ENGAGEMENT

PUBLIC ENGAGEMENT AND APPEAL RIGHTS ARE DIMINISHED

Changes are proposed to limit third party appeals for all planning matters (official plans, official plan amendments, zoning by-laws, zoning by-law amendments, consents and minor variances). Third party appeals are generally appeals made by someone other than the person who made the planning application. The City recognizes the important role that consultation has in the planning field, supporting an open and democratic process to decision making that provides the opportunity for the community to participate.

Third party appeal rights:

- Provide citizens with a voice in a political and regulatory field that can be challenging to navigate;
- Protect the public interest as it may relate to the environment, social circumstances of Bramptonians, and economic and cultural prosperity of the city; and
- Allow residents and developers to protect their property rights.

Appeal rights would be maintained for key participants (e.g., applicants, the Province, public bodies including Indigenous communities, utility providers that participated in the process), except where appeals have already been restricted (e.g., the Minister's decision on a new official plan). The proposed limit on third-party appeals would apply to any matter that has been appealed (other than by a party whose appeal rights are being maintained) but has not yet been scheduled for a hearing on the merits of the appeal by the Ontario Land Tribunal (OLT) on the day the bill is introduced. The City is concerned that the list of those with appeal rights is too limited and should be expanded to provide opportunities for community members to be involved.

Further, changes are proposed to completely remove the public meeting requirement for draft plans of subdivision. Public meetings play an important role in providing residents and stakeholders an opportunity to share their opinions and have a role in the planning for their communities. Public meetings provide an opportunity for staff to engage and listen to deputations on a draft plan of subdivision, with this proposed change reducing the ability for the community to participate in the subdivision process.

The Ontario Land Tribunal

The Ontario Land Tribunal (OLT) has the responsibility of providing a democratic and fair forum to resolve land use planning conflicts in Ontario and to effectively identify and determine the public interest where there are conflicting opinions on what this means. Maintaining the values of the OLT is critically important to reconciling these differences in a neutral and unbiased manner. Mandating the award of costs following the results of a hearing will have a chilling effect on the exercise of legislative approval authority and may have other unintended consequences. The City is concerned about the impact that additional costs awards could have on the tax base. In considering all the financial impacts from the proposed changes through Bill 23 and earlier changes to legislation affecting land use planning that may increase the volume of hearings, this could lead to additional administrative and financial burdens for the City to bear.

- *Request retention of third party appeals; and*
- *Request the requirement for public meetings as part of Draft Plans of Subdivisions be maintained.*
- *Request the Province maintain the current OLT costs award practice.*

5) BRAMPTON'S HERITAGE AND NATURAL ENVIRONMENT IMPLICATIONS

NATURAL AND CULTURAL HERITAGE IS UNDERMINED

The Bill proposes significant changes that impact the conservation, protection and preservation of Brampton's natural and cultural heritage resources. A number of relevant Environmental Registry of Ontario postings propose changes that would lead to the potential loss of Brampton's natural heritage system. Specifically, the Bill proposes changes to the Ontario Wetland Evaluation System that will see the down designation of Provincially Significant Wetlands. This will have the following impacts:

- Significant impact on municipal resources that will be required to fill the gaps in natural heritage planning services currently provided by the Conservation Authorities;
- Significant adjustment period for municipalities to adapt to the proposed changes to the Conservation Authorities Act; and
- Significant impacts to Cultural Heritage Conservation.

Conservation Authorities

Proposed changes to the Conservation Authority Act aim to streamline approvals by only permitting the Conservation Authorities (CAs) to focus on natural hazards impacts on people and their property, as opposed to protecting the Natural Heritage System as a whole. This could allow new developments to be built on lands that should be or were once protected. Additionally, it is proposed that municipalities would exercise sole approval when a development application is filed, which may include decision-making over hazard lands. The City relies heavily on the CAs for their technical review and analysis for both natural hazards as well as natural heritage. Conservation Authorities work on a watershed basis across municipal boundaries. This approach to protecting natural heritage is the best management practice to ensure costly planning mistakes are avoided. It takes into consideration a wide range of competing interests and impacts on natural resources and protects the quality of life and ecosystem features and functions. When downloading these kinds of responsibilities to municipalities, it will be important to understand how development in one jurisdiction can impact other adjacent or 'downstream' municipalities.

Natural Heritage System

The proposed changes to the Conservation Authority Act move Ontario from a holistic approach to protection of the environmental and social ecological values of a watershed to one focused on the protection of people and property against natural hazards. By

framing the issue this way, Ontario could stand to lose the natural functions provided by its natural heritage system in exchange for conventional infrastructure. Natural areas play a critical role in mitigating floods, reducing heat islands, maintaining local biodiversity, and improving water quality. Further loss of natural heritage areas and features such as wetlands, may result in significant repercussions like serious flooding, which puts the safety of communities at risk. Natural features are a cost-effective strategy for protecting local and downstream residents and properties.

Wetlands

The Bill proposes changes to the wetland evaluation process. It will alter the way that wetlands are identified and evaluated. The proposed changes would remove the concept of wetland complexes, which will make it more difficult for small wetlands to be evaluated. Previously, the Ministry of Natural Resources (MNR) was responsible for leading and providing oversight of the OWES. With the removal of MNR and Conservation Authority involvement, as well as limiting the ability for municipalities to review completed documents, there are concerns around the lack of oversight, expertise, and quality control of these evaluations prepared by consultants hired by developers.

Ecological Offsetting

The Province is consulting on a newly proposed "Ecological Offsetting" policy. Staff are concerned that such a policy could result in Brampton's natural heritage features and functions, that would otherwise be protected in-situ, being proposed for removal and replaced elsewhere, including outside of the city, region and/or watershed. Staff are concerned that this proposal could lead to a steady reduction in the amount of natural space covered by the City's Natural Heritage System, weakening the entire system, with no mechanism to require that suitable compensation be provided within the city and/or assurances that an equal asset is provided elsewhere. The government must be prudent when considering changes like offsetting, which could negatively affect the ability of municipalities to protect a robust natural heritage system and to reduce impacts like flooding.

Heritage Conservation Impacts

The Bill proposes a change that requires municipalities to remove a property from a heritage register if staff fail to issue a notice of intention to designate in a 2-year timeframe. There are currently 385 Listed Properties that are valuable to the City and should be designated. However, in amongst other requirements through these proposed

changes and existing workloads, the capacity to effectively evaluate and designate all properties requires additional time and flexibility to avoid a “designate it or lose it” approach to irreplaceable cultural heritage, focusing on administrative-based criteria to meet timelines (within the two-year window) rather than prioritizing the protection of Brampton’s unique heritage. Currently, listing a property on the register provides Brampton the time to consider its heritage value and allow for other means of conserving and interpreting its heritage and history without going through the formal designation process. The proposed changes increases the threshold to designate a property and removes the capacity for staff to issue a notice of intention to designate a property if a prescribed event occurs (this term is not defined), freezing the designation process unless the property is already on the Register. This places a significant administrative burden on staff to conduct a thorough review of properties in the city that have potential heritage interest and ensure they are on the Register prior to the Act coming into effect to ensure that no heritage properties are lost.

Greenbelt Plan Impacts

The Bill proposes unlocking some lands within the Greenbelt for development. It is unclear at this point as to whether lands within the City of Brampton will be impacted by this legislation.

- *Request a rethink of the proposed natural system changes and the downloading of Conservation Authority approvals;*
- *Request more time to evaluate heritage designation.*

Corporate Implications:

Financial Implications:

The changes identified in Bill 23 will have significant financial impact on the City of Brampton including the following:

- If Bill 23 goes through as written, based on impacts to DCs, CIL Parkland and additional infrastructure needs, the City would lose the accumulated equivalent revenue of a property tax increase of approximately 80%.
- It is estimated that the Bill could cost the City \$440 million in development charges alone. Without corresponding provincial grants, the City of Brampton would need to recover that revenue through the tax base or by reducing service levels. In efforts to recover the DC Shortfall, the City could expect an equivalent to a one-time increase of property taxes by about 9%.

- Additional impacts to development charges may also result from the proposed threshold of 80% of average market value to define affordable housing which could result in additional loss of revenue of between \$260M and \$800M depending on what % of development meets this threshold. This would be equivalent to a one time property tax increase of between 5%-16%.
- The targets set by the Province for the number of housing units will result in additional infrastructure needs beyond what is being described in the current DC background study. This is estimated at over \$2B beyond the current infrastructure needs equivalent to a one-time 40% tax increase;
- The potential CIL Parkland revenue loss for the City of Brampton is estimated to be \$700M to \$1.05 billion over the next ten years. In efforts to recover the CIL Parkland shortfall, the City could expect an equivalent to a one-time increase of property taxes by 14%-21%;
- Additional staffing/consultant costs to address downloading of duties from Conservation Authorities, the Regional of Peel, and Cultural Heritage work is unknown at this time but will need to be considered;
- Additional potential costs from OLT Hearings; and
- The full cost and administrative burden of Bill 23 cannot be determined without additional details that will be found in the Regulations and Bulletins, when these are released.

Other Implications:

- A potential re-work of Brampton Plan may be required should Bill 23 pass;
- A review of development review processes may be required to account for downloading of responsibilities from the Region and Conservation Authorities.

Term of Council Priorities:

Bill 23 will have impact upon numerous 2018-2022 Term of Council Priorities, including but not limited to the following:

- Well run City – Fiscal Responsibility/Community Engagement
- Mosaic – Innovative Engagement
- Green – Sustainable Growth/Environmental Innovation

Conclusion:

The City of Brampton supports the provincial effort to create more housing, and more specifically, a variety of housing options to make home ownership and renting more affordable. To this end, the City has already begun to implement recommendations from

the recently approved “Housing Brampton” strategy. Brampton further supports the commitment to cut red tape and is currently engaged in streamlining its development review processes as well as creating a streamlined policy regime through Comprehensive Official Plan and Zoning By-Law Reviews.

The City is committed to working with the Province to overcome challenges and work towards the ambitious goal of delivering more housing. However, we need to ensure that targets are realistic. The development industry is dealing with all manner of costs and constraints – including labour, construction costs, rising interest rates, financing, development phasing and so on. Without addressing these issues it is unlikely that the housing targets will be realized. Further, Bill 23 is overly focused on fee reductions that would apply to market rate developments with no guarantee that savings will be passed on to renters and homebuyers. These savings to the development industry will be funded by the City of Brampton and without additional funding support from provincial and/or the federal governments, it will lead to significant tax hikes or service cuts.

Given the potential financial impacts as well as the potential impacts on the natural environment, community infrastructure, parks, transit, affordable housing and the quality of our urban environments, it is recommended that the Province continue further dialogue with municipal partners like the City of Brampton prior to final approval of the proposed legislative changes. This will result in a more balanced and strategic plan aligned with provincial and municipal outcomes.

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Attachments:

Appendix 1 Bill 23 - ERO Posting Responses

Appendix 2 Bill 23 Postings for Comment

Appendix 3 Response to Bill 23 – Assessment of Brampton's 10-Year Housing Target