

Sent via email to: schicp@ola.org

November 16, 2022

Laurie Scott, MPP, Haliburton—Kawartha Lakes—Brock
Chair, Standing Committee on Heritage, Infrastructure and Cultural Policy
c/o Isaiah Thorning, Committee Clerk
Whitney Block, Room 1405
99 Wellesley Street W
Toronto, ON
M7A 1A2

Re: AMO Submission on Bill 23, *More Homes Built Faster Act, 2022*

Dear Committee Chair Scott and Members of the Committee,

Attached is AMO's submission to the Committee on Bill 23.

The submission reiterates the municipal commitment to working with the Government to increase the supply of housing and to improve housing affordability in Ontario. It acknowledges positive aspects of the Bill and plan. It also outlines serious concerns about the Bill, which will have the effect of undermining the financial capacity of municipalities to support growth and diminishing essential environmental protections.

Preliminary analysis of the Bill indicates the transfer of up to \$1 billion a year in costs from private sector developers to property taxpayers without any likelihood of improved housing affordability. Similarly, the bill's provisions designed to reduce environmental protection will benefit developers in the short term, with costs to the public and homeowners that cannot be calculated.

Members of the Committee and all Members of the Provincial Parliament will need to consider in whose interest they govern. Bill 23, as drafted, benefits private interests at the expense of public interests – at the expense of property taxpayers and Ontario's natural environment.

The submission recommends that certain provisions be removed or deferred pending focused consultation.

AMO's submission concludes with an appeal to the Government, noting that solutions to the housing crisis can be found in collaboration, cooperation, and innovation. It is time for Ontario to work with all of its housing partners toward advances in land use planning and an integrated approach to environmental, social and economic policy that allows Ontario to take its place ahead of competing jurisdictions.

Yours truly,

A handwritten signature in black ink, appearing to read "Colin Best", with a long, sweeping horizontal flourish extending to the right.

Colin Best
AMO President
Halton Regional Councillor

c. Ontario MPPs
AMO Board of Directors



Bill 23, More Homes Built Faster Act, 2022 and plan

AMO Submission to the Standing Committee on Heritage,
Infrastructure and Cultural Policy

November 16, 2022

Summary

The Association of Municipalities of Ontario (AMO) commends the government for recognizing it has a role to play in addressing the national housing crisis.

AMO and its member municipal governments have been sounding the alarm on housing affordability for years. That's why AMO released the ["Blueprint for Action: An Integrated Approach to Address the Ontario Housing Crisis"](#) in February 2022. It contains 55 recommendations for provincial action to address housing supply and housing affordability along with many other recommendations for the federal and municipal governments, and the development industry.

Municipalities are eager to increase the supply of housing, especially housing options that have been historically ignored by the development industry.

Bill 23 includes several important provisions that will advance provincial and municipal housing supply goals including gentle density and increased capacity at the Ontario Land Tribunal. AMO supports those elements of the Bill as they reflect current municipal planning practice innovations and ideas advanced by the municipal sector and others committed to improving housing supply and affordability.

AMO also supports elements of the Plan that address much needed provincial action to address the gaps in provincial services that limit growth, such as access to schools.

AMO looks forward to working with the government's new Housing Supply Action Plan Implementation Team on measures intended to improve housing supply and affordability.

Provisions of the bill that advance and modernize Ontario's land use planning framework are supported. Those that turn back the clock on planning, access to affordable housing, environmental protection, green building practices, and sustainable infrastructure financing are not supported and should be removed from the Bill or deferred pending focused consultation.

Current residents and businesses, the next generation of homeowners and renters, and the hundreds of thousands of newcomers who will make Ontario home will demand livable and safe communities with adequate amenities and a healthy and sustainable environment in which to thrive and prosper. That is not the future that Bill 23 will provide.

The province has offered no evidence that the radical elements of the bill will improve housing affordability. It is more likely that the bill will enhance the profitability of the development industry at the expense of taxpayers and the natural environment.

This submission outlines key areas of concern and recommends that a number of provisions should be removed, including those that shift the costs of growth to property taxpayers; those that undermine good planning practices and community livability; and those that increase risks to human and environmental health.

Key Areas of Concern

Many of the proposed changes under Bill 23 create more problems than they solve, and will negatively impact housing affordability across Ontario for three reasons:

1. The bill proposes changes to infrastructure financing that would shift costs from developers to municipalities based on a faulty assumption that savings will be passed on to new homeowners and renters, (i.e., that house prices are determined by the cost of inputs rather than market forces). Unless fully offset with a new source of municipal infrastructure funding, this departure from the principle that growth pays for growth will result in property tax increases and service reductions. Preliminary analysis indicates that Bill 23, if enacted, would reduce the municipal resources available to service new developments by more than \$5.1 billion over the next 9 years. This estimate includes a reduction of over \$400 million for community housing during the same period.
2. By making changes to municipal governance and municipal planning approvals, the legislative proposals strip municipalities of the tools required to manage growth deliberately and responsibly, with potentially negative impacts for the liveability of Ontario's communities.
3. The legislation will create serious risks to the environment and human health at a time when the impacts of climate change are evident and urgent. The proposed changes to how municipalities approve development and manage where and how growth occurs signal a move away from environmental protection when it is needed most.

1. Shifting the Cost Burden of Growth

DEVELOPMENT CHARGES

Development charges are designed to help municipalities pay for a portion of the capital infrastructure required to support new growth. Premised on the widely accepted principle that growth should pay for growth, development charges help to ensure that existing taxpayers are not required to subsidize costs of the infrastructure or services needed to support new residents and businesses.

Bill 23 proposes a suite of changes to the *Development Charges Act*, that will shift the cost of growth onto municipalities and property taxpayers including, but not limited to:

- Removing housing services from the list of eligible development charge services
- Excluding the cost of studies and cost to acquire land for specific services from eligible costs that can be recouped by development charges
- Reducing development charges on rental housing, based on the number of bedrooms
- Requiring a mandatory 5-year phase in of development charge rates for by-laws approved after June 1, 2022
- Exempting development charges for affordable housing, attainable residential units, non-profit housing developments and inclusionary zoning residential units
- Increasing the historic service level standard period from 10 to 15 years.

The Housing Supply Action Plan sets the ambitious target of building 1.5 million homes by 2031, with 1.23 million in Ontario's 29 largest communities. If Bill 23 passes, AMO estimates that development charges in these communities will drop by at least \$5.1 billion – or \$569 million per year in today's dollars. This includes revenue losses from the following sources:

- Ineligibility of the cost of studies: \$117 million
- Ineligibility of the cost of housing services: \$426 million
- Discounts for rental units: \$1,189 million
- Exemptions for affordable units: \$3,385 million

This preliminary estimate only partially accounts for the impact of Bill 23, as tight timelines have meant AMO is unable to estimate revenue losses resulting from significant elements such as the mandatory phase-in of development charges, the ineligibility of the value of land, or the extension of the service level standard period from 10 to 15 years. When taken together, these factors could put the cost of Bill 23 for municipal taxpayers at closer to \$1 billion annually.

While AMO supports the province's stated housing objectives, changes that shift the burden of cost from developers to taxpayers, including low-income taxpayers, cannot be supported. The proposed changes will significantly impact how municipal governments fund growth, resulting either in significant increases to property taxes or cuts to existing services and a loss of frontline workers.

Without evidence that the province will fully offset the cost of Bill 23 provisions that shift costs from the development industry to municipalities, these radical changes should be deleted from the Bill including the entirety of Schedule 3.

AMO has [called upon the province](#) to provide major infrastructure funding to support the government's housing supply goals as set out in Bill 23. If the government wants to increase the supply of housing in Ontario, it will need to make a major investment in municipal infrastructure and it has the means to do so.

PARKLAND DEDICATION

Parkland dedication levies exist to ensure that municipal park systems grow alongside other community developments. Increasing the supply and mix of housing is an important goal that we all share, however, sufficient access to parks and greenspace cannot be overlooked as we try to create meaningful alternatives to single-family dwellings.

Bill 23 proposes changes that will reduce a municipality's ability to provide for local parks, negatively impacting the function and enjoyment of our communities with a number of changes, including but not limited to:

- Capping the amount of land or equivalent value at 10% or 15% for sites under or over 5 ha, respectively
- Reducing the maximum alternative dedication rate (high density development) to 1 ha/600 units for land and 1 ha/1000 units for cash in lieu
- Allowing encumbered land and privately owned publicly accessible spaces to be eligible for parkland credits.

Bill 23, as proposed, will reduce the amount of quality, safe, accessible parkland available to these growing communities and cost municipalities even more money. These provisions should be removed from the bill.

IMPACT ON HOUSING SERVICES

Changes in Bill 23 also limit the tools available to municipalities to support homeless and underhoused people and families, some of the most vulnerable people in our communities. Currently, municipal governments can include housing services in their development charge fees, which are then used to improve and increase the community housing facilities municipalities operate.

According to provincial Financial Information Return data, from 2015 to 2019, municipalities collected nearly \$150 million for housing services. Should this Bill pass unamended, that funding will no longer be available to support housing services for vulnerable populations. Unless fully offset with new provincial funding, these provisions contradict the government's goal of improving housing and addressing homelessness.

2. Undermining Planning and Community Livability

Provincial statutes and policies are implemented locally through municipal official plans and land use control instruments. Lower and upper-tier municipalities collaborate extensively on managing local planning policy matters, with upper-tier municipalities often responsible for coordinating and managing infrastructure servicing and planning.

Bill 23 fundamentally alters the municipal role and responsibilities in planning by proposing a suite of changes to the *Municipal Act*, *Planning Act*, *Heritage Act*, *Ontario Land Tribunal Act*, and *Conservation Authorities Act* that limit municipalities' ability to manage growth in a holistic and efficient way that reflects local realities. These include, but are not limited to:

- Reducing or eliminating the planning roles of some upper-tier municipalities
- Limiting local powers regarding the demolition and conversion of residential rental properties
- Proposing new rules around heritage properties
- Limiting third-party appeals to the OLT of official plans and amendments, zoning by-laws and amendments, consents, and minor variances
- Changing existing zoning by-laws to allow up to 3 residential units per lot "as of right," with no local ability to regulate minimum dwelling size or parking requirements beyond 1 space/unit
- Exempting developments under 10 units from the site plan control process
- Repealing certain provisions respecting public meetings for draft plan of subdivision.

REGIONAL/COUNTY PLANNING

The significant restrictions to the roles of some upper-tier municipalities breaks the logical link between planning for development and servicing development. These changes may lead to uncoordinated and inefficient growth with the potential for higher infrastructure costs. It also risks building housing without access to coordinated services, amenities and essential infrastructure.

Supporting rapid growth efficiently requires a high degree of coordination. This coordination ensures that investments made today can leverage future growth and that assets can be managed for maximum performance. Upper-tier municipalities do this currently by coordinating local plan alignment and managing servicing for maximum effect. Breaking this link is counterintuitive and will lead to inefficiency, confusion and potential gaps in the infrastructure required to support local growth.

Bill 23 should be amended to restore the growth management planning function for the seven named upper-tier municipalities. Consideration must be given to how lower-tier municipalities will be able to pay for the costs and build capacity associated with bringing upper-tier municipality and conservation authority expertise in-house.

DEVELOPMENT APPROVALS PROCESS

The elimination of public meetings for approval of a draft plan of a subdivision and the exemption of site plan control requirements for projects with fewer than 10 residential units will impact the ability for municipalities and the public to bring up substantial issues with planning proposals. Small, rural and remote communities will be particularly impacted by the restrictions on projects with fewer than 10 residential units given the typical scale of development in these communities.

When considered in isolation, these changes may seem to improve the process, but the cumulative impact of less public consultation, limiting third-party appeal rights, and the steep reduction of regional coordination and service planning will significantly and negatively impact how municipal governments conduct land use planning. The government should refer these provisions of the Bill to its Housing Supply Action Plan Implementation Team before they are passed into law.

3. Exacerbating Risks to the Environment and Human Health

Across the province, municipalities work closely with 36 Conservation Authorities (CAs). Those that are covered by CAs rely on their expertise to undertake watershed-based programs to protect people and property from flooding and other natural hazards, and to conserve and protect natural resources for their economic, social, and environmental benefits.

Healthy, well-connected ecosystems serve as valuable green infrastructure that provide essential services to residents (e.g., stormwater retention) and can be difficult and costly to replicate with traditional built infrastructure. Ontario's natural environment does not recognize municipal boundaries and municipalities are not well suited to monitor and evaluate ecological functions. Municipalities do not have a watershed-scale perspective that spans political boundaries and considers the impacts of changes in land use and climate change on the natural environment. As our communities grow, the demand for parkland and connected natural spaces will grow as well.

The proposed changes to the *Conservation Authorities Act* and the *Planning Act* under Bill 23 severely impact the ability of Conservation Authorities to work with municipalities to understand and mitigate environmental, human health and natural heritage risks by:

- Exempting some development from permits under the *Planning Act* where certain conditions are met
- Requiring CAs to issue permits for projects subject to a Community Infrastructure and Housing Accelerator and allowing the Minister to review/amend any conditions attached to those permits
- Prohibiting CAs and municipalities from entering Memorandums of Understanding for any program or service outside of matters relating to Mandatory Programs and Services
- Imposing limits on CA appeals of land use planning decisions to only matters with respect to natural hazard policies in provincial policy statements
- Enabling the Minister to direct a CA to maintain its fees charged for programs and services at current levels
- Eliminating the ability for municipalities to integrate their environmental green standards through site plan control.

AMO shares the concerns expressed by Conservation Ontario that the changes proposed in Bill 23 will not meet the goals for increasing housing supply and will instead increase the risks to life and property for Ontario residents. The diminished role of CAs could also lead to more development being located in natural hazards, higher costs as a result of property damage due to flooding or other climate change events, increased burden on municipal partners, and the decline of the ecosystem approach currently applied through the established integrated watershed management lens.

Municipalities have successfully relied on the benefits of a long-standing conservation authority partnership which has used local watershed science to guide decision-making. Bill 23 places new responsibilities on municipalities related to natural hazards and natural resources that they are unprepared for and under-resourced to take on.

As proposed, Bill 23 removes the ability for municipalities to shape the amount, location and type of green space in their communities through site plan control. Combined with the prohibition for municipalities to enter into a Memorandum of Understanding for CAs to deliver Category 2 and 3 municipal programs and services on behalf of the municipality will adversely impact municipal budgets and could increase the potential for delay and poorer environmental outcomes. If so, this will undo the significant recent progress to improve how CAs and municipalities work together.

AMO recommends that Schedule 2 of this bill be removed and that the productive Ministry-led Conservation Authority Working Group be re-established to consider appropriate changes to support the Housing Supply Action Plan without sacrificing the environment.

Conclusion

The assertion that the nationwide housing affordability crisis is the product of Ontario's land use planning and environmental protection framework, and municipalities slow to approve planning applications is objectively false.

For decades, Ontario's housing supply in high growth regions has been determined by developers and land speculators managing supply to optimize price, and those who view housing units as solely an investment. No one anticipated the massive shift in demand resulting from COVID-19.

Ontario's goal of an additional 1.5 million homes is laudable and probably achievable. Schemes designed to incentivize developers at the expense of property taxpayers and the natural environment will not get the job done. Previous governments have downloaded costs to municipalities and cut environmental protections to disastrous effect. At some point the bill will come due, and there will be a heavy price to pay.

Instead, the solutions can be found in collaboration, cooperation, and innovation. It is time for Ontario to work with all of its housing partners toward advances in land use planning and an integrated approach to environmental, social and economic policy that allows Ontario to take its place ahead of competing jurisdictions and to allow Ontario to maintain its status as a favoured destination for people and investment.