

# Staff Report

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To	<b>City Council</b>
Service Area	Office of the Chief Administrative Officer
Date	Tuesday, November 22, 2022
Subject	<b>Analysis of Bill 109 (More Homes for Everyone Act, 2022) and Bill 23 (More Homes Built Faster Act, 2022) - 2022-349</b>

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## Recommendation

1. That staff be directed to use the key themes in the Analysis of Bill 109 (More Homes for Everyone Act, 2022) and Bill 23 (More Homes Built Faster Act, 2022) - 2022-349 report to respond to the various consultations related to Bill 23, More Homes Built Faster Act, 2022; and

2. Whereas Bill 23, More Homes Built Faster Act, 2022, significantly affects municipal financing, infrastructure planning and funding, climate change strategies and staffing levels without meaningful pre-consultation and has the potential for unintended impacts to municipalities; and

Whereas the current timing for input on these substantial changes in legislation and regulation is not adequate for the municipal sector to provide fulsome, effective, and constructive feedback or to identify the unintended consequences and serious implications that may arise from these proposed changes.

Therefore, be it resolved that Guelph City Council requests the Province of Ontario extend the comment period for all 30 and 31-day postings for feedback on potential legislative, regulatory, policy and other changes, to 66-day postings, to allow for robust and meaningful municipal consultation; and

3. That in response to Bill 109, By-Law Number (2017)-20216, be amended in accordance with the Planning and Development Fees outlined in Attachment 1 as an interim step to protect Planning and Development Fee revenue until a full fee review can be completed; and

4. That in response to Bill 109, Council directs staff to undertake a Planning and Development Fee review in 2023 with the intent of supporting full cost recovery; and

5. That in response to Bill 109, and the urgency to get in place appropriate staffing to meet the shortened, mandated development application timelines, and the challenges experienced with recruiting contract/temporary resources to support this work, Council approves an investment of \$1,010,000 for staffing and related costs, and consulting fees for a Planning and Development Fee study in 2023, funded as follows:

- a. \$558,000 in one-time funding from the Tax Rate Operating Contingency reserve with the intention of full cost recovery for these positions through fees beginning in 2024; and
  - b. \$452,000 in tax levy impact, comprised of \$274,000 (0.10%) in additional payments in lieu and taxes to be levied above what is included in the 2023 approved budget and \$178,000 that is already included in the 2023 approved budget; and
  - c. That the City of Guelph calls on the Government of Ontario to provide ongoing funding for costs associated with complying with Bill 109 that are not able to be recovered through Planning and Development fees.
6. That in response to Bill 23, and recognizing that with the changes proposed by this legislation that the gap between the cost of growth infrastructure and capital growth revenue streams will increase, the City of Guelph calls on the Government of Ontario to fund the financial gap for municipalities; and
  7. That in response to Bill 23, and with no demonstrable evidence that the proposed legislative changes will result in lower housing prices, the City of Guelph calls on the Province of Ontario to review policies and penalties related to approved, unbuilt housing units targeting approved, unbuilt units where 18 months or more has passed since the issuance of building permits or approval of zoning amendments; and
  8. That a copy of this report, and all related public correspondence and feedback from Guelph residents, be forwarded to the Honourable Doug Ford, Premier of Ontario, the Honourable Steve Clark, Minister of Municipal Affairs and Housing, the Provincial Standing Committee on Heritage, Infrastructure and Cultural Policy, Mayor Drew Dilkens, Chair, Housing Supply Action Plan Implementation Team, Grand River Conservation Authority, Wellington County, MPP Mike Schreiner, the Honourable Ted Arnott, Speaker, MPP Wellington-Halton Hills, Colin Best, President of the Association of Municipalities of Ontario (AMO), and Ontario's Big City Mayors (OBCM).
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## **Executive Summary**

### **Purpose of Report**

The purpose of this report is two-fold. First to bring forward analysis and recommendations from staff related to Bill 109, More Homes for Everyone Act, 2022 (part A). Secondly, this report is an initial analysis of Bill 23, More Homes Built Faster Act, 2022 (part B), and a platform for staff and Council to develop a shared understanding of the guiding principles to support responses on behalf of the City of Guelph to several upcoming consultations.

The Province of Ontario introduced Bill 109, More Homes for Everyone Act, 2022 on March 30, 2022, and it received Royal Assent on April 14, 2022, before the commenting period lapsed. The City of Guelph provided its [response](#) to the Bill 109 provincial consultation on April 29, 2022.

The Province of Ontario introduced Bill 23, More Homes Built Faster Act, 2022 one day following the municipal election, on October 25, 2022. The stated goal of the legislation is to facilitate the construction of 1.5 million new homes in Ontario by 2031. The omnibus bill proposes amending several existing statutes including: the Planning Act, Ontario Heritage Act, Development Charges Act, Conservation

Authorities Act, and Ontario Land Tribunals Act, amongst others. At the time of writing, the Bill has passed second reading and has been sent to the Standing Committee on Heritage, Infrastructure and Cultural Policy for review.

Together, Bill 109 and Bill 23 propose significant changes to how development applications are to be processed, the policy framework that underpins the associated decision-making, and as written, will transfer significant and long-term financial impacts of growth from developers and homebuilders to existing tax and ratepayers of the City.

## **Key Findings**

As a complex omnibus bill touching on so many technical facets of planning policy and process, municipal finance and law, staff and the municipal sector is only beginning to understand the implications of Bill 23.

Taken together, Bill 109 and Bill 23 have municipalities wrestling with a plethora of new and changing processes, expedited timelines, cost and resource pressures, rework of budgets, plans and master plans to understand implications of new targets, and much more.

The City of Guelph is very much aligned with the desire to increase housing supply. As the order of government closest to our residents, we take seriously our responsibility to build communities where people can thrive. These pieces of legislation have been developed without substantial partnership and/or consultation from the municipal sector and as result there are concerns about affordability for new and existing tax and ratepayers, and unease about the implications related to critical infrastructure, including greenspaces. As we move to more density in our communities, there are important conversations to be had about quality of place, equity, and affordability.

The recommendations in response to Bill 109 include identification of additional resources and changes to development related fees. It should be noted that the City of Guelph has also taken advantage of the Provincial Streamline Development Approvals Fund and is simultaneously working to modernize, digitize and streamline our development application process. This is important work, that will support expediting approvals to increase housing supply, but it requires many of the same human resources to execute on this project and respond to continually changing legislation.

For many years, communities have been concerned about the costs of growth. Currently, growth-related revenue streams cover approximately 85% of the cost of growth-related infrastructure. This is not consistent with the principle that growth should pay for growth. Bill 23 stands to intensify this gap, at a time when taxpayers and municipalities alike are struggling with affordability, and it is imperative that the Province of Ontario partner with municipalities to fill this funding gap.

## **Strategic Plan Alignment**

This report supports the priority area of Building our Future, specifically increasing the availability of housing that meets community needs. It is also tied to the goal of maintaining community assets and securing new ones. In addition, this report is connected to Sustaining our Future where we aim to plan and design an increasingly sustainable city as Guelph grows. Lastly, there are connections in this

report to Working Together for our future as we consider the financial impacts of proposed changes.

## **Financial Implications**

### **Bill 109 Impacts**

The financial implications of Bill 109 are twofold. First, is a significant risk that application fees for Zoning By-law amendments, Site Plan applications, and combined Official Plan amendments and Zoning By-law amendments will need to be refunded under the current fee structure, representing a loss of approximately \$840 thousand in fee revenue. A new fee structure is proposed to address this, increasing pre-consultation fees to better reflect actual cost of staff time with an offsetting decrease in complete application fees. A Planning and Development Fee study is recommended to be undertaken in 2023 in advance of the 2024-2027 multi-year budget.

Second, additional staff are required to meet the intent of the legislation (to get Planning approvals processed more quickly). Staff recommend adding 7 permanent, full-time positions across various divisions in 2023. A 2023 investment totaling \$1,010,000, inclusive of consulting fees for a Planning and Development Fee study is recommended, with funding of \$558,000 from the Tax Rate Operating Contingency reserve and \$452,000 from property taxes.

### **Bill 23 Impacts**

While growth targets are provincially mandated, the City of Guelph is committed to the principle that “growth pays for growth” to the extent this is possible. However, municipalities are limited by legislation in the amount they can recover from developers. Prior to the most recent by-law update in 2019, it was calculated growth revenues supported approximately 85 per cent of the capital cost of growth in Guelph.

The financial implications of Bill 23 if enacted as written, will have a significant impact on the ability of the City to fund growth related capital costs. Accelerated City growth will require an accelerated infrastructure plan and the City’s fiscal capacity to support this growth would be challenged even without the revenue loss from Bill 23.

Staff are working with Watson & Associates Economists Ltd. to obtain estimated financial impacts from these changes. Based on current information, the most significant impact in 2023 with additional Development Charge exemptions and future financial impacts will be reflected in the 2024-2027 Multi-year Budget once the impacts are known.

Other financial impacts expected from Bill 23, including increased staffing requirements to support nearly double the volume of planning and building activity will be brought to Council as part of the 2024-2027 Multi-year Budget in late 2023.

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## **Report**

### **Part A – Bill 109 – More Homes for Everyone Act, 2022**

Bill 109 amended the Planning Act to require municipalities to refund development application fees if a decision is not made within legislative timelines and require

complete applications for Site Plan Control applications. These changes come into effect January 1, 2023.

Bill 109 introduces application fee refunds where decisions are not made on Zoning By-law Amendments, Official Plan Amendments and approvals are not made on Site Plans, for applications received on or after January 1, 2023, in accordance with Table 1: Phased Fee Refunds for Zoning By-law Amendment and Site Plan Applications, below.

Table 1: Phased Fee Refunds for Zoning By-law Amendment and Site Plan Applications

Refund	Planning Application		
	Zoning By Law Amendment	Combined Official Plan Amendment and Zoning By-law amendment	Site Plan Application
No refund	Decision made within 90 days	Decision made within 120 days	Decision made within 60 days
50% refund	Decision made within 91 and 149 days	Decision made within 121 and 179 days	Decision made within 61 and 89 days
75% refund	Decision made within 150 and 209 days	Decision made within 180 and 239 days	Decision made within 90 and 119 days
100% refund	Decision made 210 days or later	Decision made 240 days or later	Decision made 120 days or later

The City’s response to the legislative changes requires a fundamental shift in how the City processes applications and engages with the community and applicants in the processing of development applications.

Many of the existing application review processes allow for an iterative process with multiple re-submissions that require re-circulation to commenting departments and agencies. This process of working with applicants to refine an application means the time between application and approval is extended beyond the statutory timelines. With the introduction of an inflexible refund requirement tied to the application approval/denial with no regard for how long an application is with the applicant to prepare a response, resubmission or satisfy conditions, the City will not be able to continue this time-consuming process in the legislative time frame, nor will be able to process concurrent applications (e.g., Zoning Amendment and Site Plan).

It is anticipated that significant changes will be required to existing work processes, resources available for reviewing planning and development applications and

Ontario Land Tribunal appeals. The changes are required to mitigate future fee refunds under Bill 109 and avoid any tax levy impacts.

Given that Council has consistently operated under the principle that development should pay for itself, and therefore the guiding principle in developing the City's response to the legislative changes was that refunds of development application fees should be avoided to the maximum extent possible. The total gross annual development application fee revenues that would be "at risk" if refunds are required is approximately \$840,000.

In response to these pressures, the City will initiate a comprehensive review of all fees related to the development approvals process to ensure that the City is recovering fees. However, with the introduction of Bill 109, there are some immediate fee updates required to address the potential decline in revenues, increase in costs, and to increase capacity (i.e., headcount and consultants) to manage these applications and provide decisions before the required timeline to refund fees. Increasing review and processing capacity will not only result in less fees being refunded but will also likely result in fewer appeals to the OLT and therefore a reduction in costs borne by the municipality for those appeals. Without an increase in fees, the additional costs will be borne by the taxpayer.

In an effort to reduce the amount of refusals and thus potential OLT appeals, we are amending our process that would allow an applicant to go through an alternative process outside of the "complete application" process that would allow for a complete review of an applicant's Pre-submission materials to receive a full set of review comments that would give an applicant time to revise their application prior to submitting a complete application and having the clock start that could result in a refusal.

These fees proposed with this alternative process are interim until a comprehensive fee review can be completed. With the introduction of a new Pre-submission fee, the final complete application fee will be reduced.

High level Proposed Fee Changes - Full details can be found in Attachment 1:

- Increased fees for initial Pre-consultation based on cost recovery
- Current Mandatory Pre-consultation: \$485.00
- Proposed Mandatory Pre-consultation: \$3,000.00
- Add fees for a Pre-submission meeting: \$5,000.00 per review
- Reduce fee for ZBL and OP by \$5,000.00
- Reduce the max site plan fee by \$5,000.00

These proposed fee changes move the City closer to a cost recovery model and give applicants an option outside of the complete application process to refine their application and help offset any refunds from the City. It is important to note the fee changes do not increase staff capacity to approve applications and is still not addressing the time it takes to process an application.

The current by-law which prescribes fees for the processing of development applications is adjusted annually based on the Statistics Canada quarterly Construction Price Statistics. The Q3 Construction Price Statistics was 15.6%. Due to a resulting large increase in planning application fees staff have put forward in the attached Fee-By-law the use of the September Consumer Price Index of 6.9% starting January 1, 2023. Staff feel that this annual adjustment is more appropriate given the significant increase in the construction price index.

In total, the City has identified a need for 21 additional staff over two years to meet the timelines set out in Bill 109. Given current budget constraints, impacts of Bill 109 still to be discovered, staff have recommended adding 7 permanent, full-time positions in various departments in 2023, allowing us more time to fully understand the impacts and return with a more complete ask as part of the 2024-2027 multi-year budget. Through this report staff are recommending in-year approval of these seven positions. One of the seven positions, a Development Planner, is included in the 2023 budget approved by Council in 2021; advance approval is requested to move forward with recruiting this position immediately. Another position, a capital accounting analyst in Finance, is part of the Capital Program Resourcing Strategy, and is proposed to move forward from the 2025 forecast to 2023. The remaining five positions are in Planning, Development Engineering, and IT. This recommendation does not account for Bill 23. Additional resources, such as development engineers, planners, site plan coordinators, plans examiners, building inspectors, and support staff in corporate services may be required as the industry ramps up in response to housing development goals proposed in Bill 23.

## **Part B – Bill 23 – More Homes Built Faster Act, 2022**

Bill 23 was introduced by the Provincial Government as a measure intended to advance the province's plan to address the housing crisis in Ontario by building 1.5 million homes over the next 10 years. This is part of the government's longer-term strategy to increase the supply of housing across Ontario. The City of Guelph's Strategic Plan acknowledges the need for more attainable and affordable housing and is broadly in agreement with this objective.

While increasing housing supply is a laudable goal, the municipal sector is concerned about the potential for significant lost development revenue related to Bill 23. The effect of this lost revenue is that the burden of development servicing is shifted from the development industry to existing municipal taxpayers and ratepayers. Additionally, with an increased emphasis on intensification and density in development, the need for parkland, greenspaces and shared outdoor amenities increases while the related funding decreases. In the implementation of this Bill, we risk important quality of place amenities that nurture community and economic well-being.

Staff, industry experts, and municipal organizations continue to review and assess the specifics of the proposed changes. A high-level summary of the proposed changes as understood at the time of writing is outlined below.

Bill 23 proposed changes to three sources of growth revenue: Development Charges, Community Benefit Charges, and Parkland Dedication. Reductions in any of these will have a negative impact on the capital funding availability and would mean that a larger portion of the cost of building growth related infrastructure is supported by existing property tax and utility ratepayers. There is potential that this shift could increase the ongoing costs of home ownership at a time of rapidly rising inflation.

### **Development Charges**

The following are the changes proposed to the Development Charges Act, and staff's preliminary assessment of the financial impact of those changes:

Table 2: Preliminary Impact Assessment of Proposed Development Charge Changes

Change	Preliminary Impact Assessment
<p>Mandatory phase-in of a Development Charge – requires a 5-year phase in period where 80% of the maximum charge can be charged in year one, 85% in year two, 90% in year three, 95% in year four, and 100% in year five.</p>	<p>High – the phase-in does not refer to a phase in of the increase in a Development Charge rate. As currently written in Bill 23, it applies to the entire rate. This would mean that every time a Development Charge rate is updated, the City would have an immediate loss of 20% of Development Charge revenue in the first year, 15% in year two, and so on. This would apply even if the rate increase was less than 20% and could result in decreasing Development Charge revenues with increased related capital costs.</p> <p>This change is not expected to impact the City in 2023, however the City is in the midst of a Development Charge background study to support an updated By-law to take effect in January 2024.</p> <p>Watson &amp; Associates’ preliminary estimate is that this could result in a potential loss of 10% - 15% of Development Charge funding. In 2021 Development Charge inflows totaled \$21.2 million; 10% of this would be a \$2.1 million annual impact to the City’s Development Charge collections.</p>
<p>New Development Charge By-law discounts and exemptions – residential rental units in new and existing residential buildings, affordable units (owned or rental), attainable units, inclusionary zoning units, and non-profit housing developments</p>	<p>High - all mandatory (legislated) and discretionary (Council decision) exemptions are funded through property taxes and utility rates per Council approved <a href="#">Development Charge Exemption Policy</a>. In 2021 tax and utility rate funded exemptions totaled \$4.1 million, a 25% increase over 2020.</p> <p>The precise impact of these additional exemptions can be difficult to determine as historical data on the volume of these unit types is not readily available and future exemptions may exceed historical exemptions.</p>



Change	Preliminary Impact Assessment
	<p>For more information on Development Charge exemptions, please refer to the <a href="#">2021 Long-term Financial Statement – Reserves and Debt</a>. The implementation date of these changes is to be determined.</p> <p>Watson &amp; Associates’ preliminary estimate is that this could result in a potential loss of 10% – 15% of Development Charge funding. A 10% loss equates to approximately \$2.1 million of the \$21.2 million of Development Charge collections in 2021.</p>
<p>Historical level of service – increase in need for service is limited by average historical service level. This is currently calculated over the 10 preceding years but will be increased to 15 years.</p>	<p>Medium – With a 10-year service cap, any new services built are essentially averaged over the service level for 10 years. For example, if a new recreation centre is built in 2022 the City’s recreation space is increased significantly. The service standard calculation uses an average of the last 10 years of recreation space as a cap. Changing this average to 15 years will lower the amount of Development Charges able to be collected.</p>
<p>Eligible capital costs – land will no longer be an eligible capital cost for some services and the cost of preparing studies (such as master plans and Development Charge Background Studies) will no longer be eligible.</p>	<p>High (land) – this is potentially a high impact, but we need to know the services impacted for land restriction. Land costs for facilities are likely included, but services such as land appropriation for new roads or sidewalks could be impacted and would be much more costly.</p> <p>Low (studies)– there are several studies that could be currently funded by Development Charges. While we would want to recover the cost of these studies, the dollar impact is less significant than other capital projects included in the study.</p> <p>Ironically, growth studies were only recently added as a Development Charge eligible service in Bill 108 in 2019. The City has not yet included the</p>

Change	Preliminary Impact Assessment
	change from Bill 108 and it is changing again.
Development Charge By-law expiry – proposed to change from current 5 years to 10 years	Low – Development Charge By-laws are supported by a Development Charge background study; extending this to 10 years would give the City the option, but not the requirement to update the background study less frequently and the cost of the background study could be spread over a longer period. A longer period of time between background studies would increase the importance of robust capability for long-term planning and forecasting for growth related infrastructure.
Maximum interest rate for installments and determination of charge for eligible site plan and zoning By-law amendment applications is prime rate plus one percent	Low - the current interest rate per Council’s approved <a href="#">Development Charge Interest Rate Policy</a> is the non-residential construction price index year over year percentage change as of September 30 <sup>th</sup> of the prior year (plus 2% if no security is provided). For context, the year over year increase in the non-residential construction price index from September 30, 2021, to September 30, 2022, is 15.6%, for a maximum rate of 17.6%. The prime rate, as defined in Bill 23 would be 5.95%, resulting in a maximum interest rate of 6.95% for installments. While this is a significant difference, the historic uptake for installments has not been significant. This impact could potentially change if more developers opt for this installment option with a lower rate.
Requirement to allocate funds received – beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year for water, wastewater, and services related to a highway.	Low, but more clarity is required on the definition of “allocated”. By definition, all Development Charges are allocated as Development Charges are collected based on growth projects identified in the Development Charges background study. The City’s Development Charges reserve funds collectively had commitments of \$71.5 million in excess of the current balance at the end of

Change	Preliminary Impact Assessment
	<p>2021, offset by \$80.4 million in Development Charge funded debt outstanding, leaving a net positive balance of \$9.9 million. The uncommitted balances in the Water, Wastewater and Services Related to a Highway reserve funds as of December 31, 2021, were:</p> <p>Water Services: \$15.5 million  Wastewater Services: \$22.6 million  Highway Services: (\$10.6) million</p> <p>There are major growth-related capital projects for both Water and Wastewater services in the 10-year capital forecast that these funds are intended to support.</p>
Removal of Housing as an eligible service	No impact – Housing is not currently included in Guelph’s Development Charge. Staff have been investigating the possibility of including housing in future background studies, but it is unlikely we could have collected Development Charges due to lack of planned new social housing units and large existing backlog.

**Community Benefit Charges**

The City’s Community Benefits Charges By-law provides funding for the growth-related capital costs of facilities and services that are not able to be collected through Development Charges, for example, municipal parking, public art, and cultural and entertainment space. This charge is limited to high-density developments. The proposed changes to the Planning Act regarding Community Benefits Charges are:

Table 3: Preliminary Impact Assessment of Proposed Community Benefit Charge Changes

Change	Preliminary Impact Assessment
New statutory exemptions for affordable, attainable, and inclusionary zoning units.	Low – this will reduce the Community Benefits Charges amount, but it is not expected to be a significant financial impact.
Incremental development – Community Benefits Charges on development or	Low to Medium – this will reduce the Community Benefits Charges amount,

Change	Preliminary Impact Assessment
redevelopment on land with existing buildings can only be charged on the incremental parcel of land under development or redevelopment.	but Community Benefits Charges are not a significant generator of revenue and this is not expected to be a significant financial impact. This could change with future development.

**Parkland Dedication**

The [City’s Parkland Dedication By-law](#) provides resources (land or cash-in-lieu of land) for parks and greenspace in the City. The City currently collects Parkland Dedication at two rates. At the subdivision stage, Parkland Dedication is collected at 5% of the land value for low density developments. The alternate rate applies to high density developments and provides Parkland Dedication of 1ha per 300 units for land or 1 ha per 500 units for cash in lieu. The Official Plan rate is 3.1 ha per 1000 people, which works out to about 3.1 ha per 500 units (depends on people per unit). The following changes are proposed to the Planning Act regarding Parkland Dedication.

Table 4: Preliminary Impact Assessment of Proposed Parkland Dedication Changes

Change	Preliminary Impact Assessment
New statutory exemptions for affordable, attainable, inclusionary zoning and additional residential units as well as non-profit housing development.	Medium – this is difficult to determine as it will be based on the definitions of attainable, affordable, etc. Historical data on these unit types is not readily available and may not be a reliable guide as past volume may not be indicative of future volume.
Maximum alternative dedication rate reduced to 1ha/600 units for land and 1 ha/1000 units for cash in lieu.	<p>High – As shown above, this is approximately 50% of what we can currently collect. In 2021, the City collected \$5.7 million in Parkland Dedication. A loss of half of this amount would equate to \$2.9 million. The current Parkland Dedication collection rate is far below the Official Plan target, and this will increase that gap significantly.</p> <p>In addition, increased densities are projected for future growth and will decrease the funding availability for parkland for future residents.</p> <p>It is worth noting that residents of high-density developments will not have backyards and limited available space so demand for parks will intensify</p>

<b>Change</b>	<b>Preliminary Impact Assessment</b>
	with density while funding for parkland decreases.
The maximum amount of land that can be conveyed or paid in lieu is capped at 10% of the land or its value for sites under 5 ha, and 15% for sites greater than 5 ha.	High – We currently cap at 30% of land value in downtown. There was significant discussion at Council about the impact of these caps on parkland funding and this would reduce the amount collected by half to two thirds for those properties. For other properties that are not subject to caps this impact could be even greater.
Municipalities will be required to spend or allocate 60% of parkland reserve funds at the start of each year.	Medium – at the end of 2021 the Parkland Dedication reserve fund had an uncommitted balance of \$13.1 million. Development of a Parks Master Plan is currently in progress and this reserve fund is expected to be a significant source of funding for that plan. Similar to the Development Charges language, the impact will depend on the definition of “allocate”.  It is worth noting that the purchasing power for parks funding tends to decrease. For example, the \$13.1 million collected for parks would likely buy a much smaller parcel than at the time of collection.
Parkland rates frozen as of the date that a zoning by-law or site plan application is filed. The freeze remains in effect for two years following approval. If no building permits are pulled during that time the rate in place at the time the building permit is pulled would apply.	Low to Medium – we currently freeze Parkland Dedication at the subdivision stage. This would increase the gap between when land is purchased and when funds are received. The impact would depend on the pace of land appreciation. If land did not increase significantly during the freeze period, there would be little impact.
Encumbered parkland/strata parks, as well as privately owned publicly accessible spaces will be eligible for Parkland credits.	Low – while the financial impact is limited, what this means in terms of greenspace in the City needs to be analyzed. This would be a major shift in how we count parkland and would also require additional administrative burden for Parkland inventory management. Specific operating budgets may be

Change	Preliminary Impact Assessment
	impacted to properly maintain this type of parkland.
Landowners can identify land they intend to provide for Parkland, with the municipality able to appeal to the Ontario Land Tribunal if there is a disagreement.	Direct impact is low to medium – the financial impacts are mainly expected to be potential appeal costs; however, this may impede the City’s ability to secure usable Parkland that does not come with extra work and costs to develop. As an indirect impact is that if we cannot acquire the parkland we consider best located for community purposes during the development stage and using the Planning Act process, we will need to use cash-in-lieu funds or tax dollars to purchase land which may come at greater cost and limit what we are able to attain.
Parkland Dedication will apply to new units only (i.e., no dedication can be imposed for existing units).	Low to medium, depending on the infill site.  Currently additional residential units are exempt from parkland dedication under our By-law, and one-to-one replacement of singles are exempt with up to 50% expansion of the gross floor area, but where there is redevelopment of residential units where there was no prior payment of parkland dedication, redevelopment pays at the full rate. The revenue impact will depend on the scale of redevelopment in each case; if a four-plex is redeveloped into an eight-plex for example, it would be a 50% reduction in our Parkland Dedication on that particular property. If a 16-unit apartment is torn down and replaced with 64 units, it will have a 25% impact, etcetera.

**Infrastructure**

A significant challenge in completing the construction of 18,000 new homes in a shorter time than planned for in Guelph is the demand new construction puts on essential services like water and wastewater and the infrastructure required to provide those services. The City of Guelph has an infrastructure backlog of \$289 million (pre-inflation). From an asset management perspective, and with \$100’s of millions worth of infrastructure approaching the end of service life in the next 5-10 years, this represents a serious financial pressure and represents infrastructure that

will require improvement to service new growth (e.g., in-fill). If growth does not pay for growth, then existing taxpayers will have to cover the rising costs of the increasing infrastructure backlog and the cost of new infrastructure, which is an unsustainable solution.

Funding from other levels of government is required to deal with the competing priority of backlog needs and new infrastructure to service new home construction. In addition to funding pressures, there are very real constraints in the professionals required to execute this ambitious agenda. There will be significant requirement for engineers and project managers to deliver these projects in addition to the needs for skilled trades in the construction industry.

There are other service challenges and opportunities that would require, or could benefit from, streamlining and alignment of Provincial requirements that run counter to the speed required to meet the outcomes of Bill 23. For example, further challenges could include demand for new water supply sources, which will require expedited Provincial facilitation, support and approvals to bring water sources online as quickly as possible to support the capacity to service the growth. Similarly, there are opportunities for the province to streamline, fund, and support redevelopment of brownfield properties, by updating appeal processes or consideration reductions in excess soil management requirements. There are also considerations from a water resource recovery perspective, in that Guelph's treatment plant may require an upgrade to service the growth, and the time and cost required to properly design and build of this type of infrastructure improvement is substantial.

Lastly, staff are supportive of improvements to the Ontario One Call system as impacts from delays in obtaining locates have the potential to extend project schedules significantly; however, at present, the City is concerned that Bill 93 will not address the core issues with respect to the locates industry, which will cause delays in project execution.

### **Ontario Land Tribunal**

Guelph has advocated for changes to the Ontario Land Tribunal (OLT) for some time. There is general acknowledgement among municipalities that there exists room for improvement and efficiency with the OLT.

Staff welcome the changes proposed to enhance the power of the Tribunal to dismiss proceedings which are not being advanced by the appellant. The City of Guelph has encountered situations where an appeal is taken for purposes of seeking strategic advantage without a bona fide intention of bringing them to a hearing. The changes proposed to section 19 [new subsections 1(b.1) and 1.1] are generally laudable.

The provisions of greatest concern from a municipal perspective are those in proposed subsection 20(2) which grant the Tribunal the express power to order costs based on the "success" of the proceeding. Currently, costs are addressed in the rules and are reserved for exceptional cases where they are awarded based on a party's inappropriate conduct rather than being ordered based on whether an appellant "wins" or "loses". The implication of this change to the Act implies a shift from costs being a remedy for conduct to being an expectation based on "success". If applied without restriction, and if a private developer prevails at the

Tribunal, the developer’s costs could be ordered to be borne by municipal taxpayers.

Lastly, the proposed elimination of most third-party appeals has drawn the attention of grassroots community organizations and has been criticized for limiting public engagement. The real and perceived role of Council will be impacted by the fact that parties other than the owner will be unable to appeal Council’s decisions. There is likely to be financial pressure on Council from one side to grant development applications to remove the appeal costs and risks, and from the other side, a greater challenge in getting owners and developers to work with the community where the capacity of third parties to challenge development directly has been eliminated. This is further exacerbated by the rebate of fees that was implemented in Bill 109, which will make it more challenging to solicit community input outside of what the Planning Act strictly requires, and by substantive changes to the Planning Act which remove municipal powers to require changes like exterior design and landscaping which would otherwise mitigate the impact of infill development on existing communities.

### **Conservation Authorities**

Bill 23 and the proposed amendments to the Greenbelt Plan and the Ontario Wetland Evaluation system threaten to prioritize development over environmental and conservation concerns. The stated purpose of the proposed changes to the Conservation Authorities Act is to focus conservation authorities on their core mandate, support faster and less costly approvals, streamline conservation authority processes, and help make land suitable for housing available for development.

Table 5: Preliminary Impact Assessment of Proposed Changes to Conservation Authorities

<b>Change</b>	<b>Preliminary Impact Assessment</b>
<p>Proposal to focus conservation authority’s role on reviews of development applications and land use planning policies to matters within their core mandate (i.e., protection of people and property from natural hazards) and away from natural heritage review.</p>	<p>The GRCA currently provides valuable services outside their core mandate through the review of development applications and land use planning policy matters. Therefore, aspects of the proposed legislative changes are of concern.</p> <p>The proposed changes may require the City to take on more responsibility in relation to wetland protection, which could result in additional costs through the need for additional staff.</p>
<p>Conservation authorities must issue permits for community infrastructure and housing accelerator orders.</p>	<p>Reduces authority over regulated features (floodplains, wetlands). Potential impact on City infrastructure in the future (operational and maintenance issues).</p>



<b>Change</b>	<b>Preliminary Impact Assessment</b>
<p>Proposal to remove 'conservation of land' from matters considered in conservation authority permit decisions.</p>	<p>Official Plan protections for many wetlands would be removed or lessened leaving the City no ability to ensure wetland protection through development approvals.</p> <p>The loss of GRCA regulatory oversight of wetlands would result in significant impacts to the City's Natural Heritage System and the services they provide to residents.</p>
<p>Expand the program to offset development pressures on wetlands requiring a net positive impact on wetlands.</p>	<p>Reduced protection for PSWs, impacts environment which could have negative impacts on City infrastructure in the long term. The loss of GRCA regulatory oversight of those wetlands would result in significant impacts to the City's Natural Heritage System</p>
<p>Removal of the consideration of 'pollution' from the matters considered in conservation authority permit decisions</p>	<p>This will download expertise and responsibilities to the City leading to increased costs. Water quality considerations in relation to stormwater management, wastewater treatment and erosion and sediment spills into natural areas are examples of services GRCA currently provides to the City that would be lost.</p>
<p>Proposal to enable the Minister to freeze conservation authority fees for service.</p>	<p>A freeze in fees for service could lead to increase costs to the City and taxpayers through increased municipal levy.</p>
<p>Identify conservation authority owned land that could support housing development. Streamline the process to sell or lease Conservation Authority owned land.</p>	<p>Overall impacts—allow development of protected land for housing. Reduction in conservation areas and community recreation opportunities. This could lead to loss of and/or impacts to the City's Natural Heritage System given the inclusion of wetlands and the habitat of threatened or endangered species in the discussion.</p>

## Planning Matters

Table 6: Preliminary Impact Assessment of Proposed Changes to Planning Matters

Change	Preliminary Impact Assessment
<p>Bill 23 proposes to amend the Additional Residential Unit regulations of the Planning Act and Ontario Regulation 299/19.</p> <p>The proposed changes will allow as-of-right permission for three residential units in a detached house, semi-detached house or rowhouse on a parcel of urban residential land, if no building or structure ancillary to the detached house, semi-detached house or rowhouse contains any residential units. This is in addition to the previous permissions introduced through Bill 108, More Homes More Choice Act, which allows:</p> <p>(a) two residential units in a detached house, semi-detached house or rowhouse on a parcel of urban residential land, if all buildings and structures ancillary to the detached house, semi-detached house or rowhouse cumulatively contain no more than one residential unit;</p> <p>(b) one residential unit in a building or structure ancillary to a detached house, semi-detached house or rowhouse on a parcel of urban residential land, if the detached house, semi-detached house or rowhouse contains no more than two residential units and no other building or structure ancillary to the detached house, semi-detached house or rowhouse contains any residential units.</p> <p>Proposed changes maintain that no more than one parking space per residential unit can be required by a municipality and parking spaces can be provided in tandem. In addition, no minimum floor area shall be required for a residential unit.</p>	<p>The City's Official Plan and Zoning Bylaw were updated in December 2020 to align with Additional Residential Unit regulations introduced through Bill 108. A future zoning bylaw amendment would be required to conform to the changes introduced through Bill 23, allowing as-of-right three residential units within a detached house, semi-detached house or rowhouse. Accessory dwelling unit policies will have to be amended to remove size caps.</p> <p>Proposed changes to the Planning Act and O.Reg. 299/19 align with the direction taken by draft Comprehensive Zoning Bylaw and proposed changes to end exclusionary zoning within the city. There are no concerns with the proposed changes.</p>

<b>Change</b>	<b>Preliminary Impact Assessment</b>
<p>Furthermore, an additional residential unit may be occupied by any person regardless of whether,</p> <ul style="list-style-type: none"> <li>i. the person who occupies the additional residential unit is related to the person who occupies the primary residential unit, and</li> <li>ii. the person who occupies either the primary or additional residential unit is the owner of the lot.</li> </ul>	
<p>Residential development proposals with less than ten units (10) are exempt from site plan approval.</p>	<p>The City’s Official Plan is clear that urban design, which includes exterior design and landscaping, is critical. The City will need to accommodate 48% of its growth primarily through intensification and redevelopment, and these forms of development require innovative and sensitive design to ensure high quality urban environments that promote compatibility, sustainability and improve sense of place. The removal site plan review process is anticipated to result in reduced built form quality and negative impact to accessibility, sustainability and tree canopy targets. Less ability to mitigate potential impacts of development. Potentially stormwater management needs may not be adequately regulated/addressed could result in flooding of roads, natural environment impacts.</p> <p>To give some specific examples, this jeopardizes the City’s ability to: to ask for bird-friendly glass, ensure non-invasive plantings are installed as part of site plan, achieve the urban canopy cover goals and ensure the character of the elevation elements (e.g., door placement, windows or materials) contribute to the surrounding neighbourhood/create a pedestrian friendly environment.</p> <p>Removal of Site Plan for less than 10 units shifts additional work to plans examiners and local guidelines will not</p>

Change	Preliminary Impact Assessment
	apply but only building code. E.g., Sidewalk width in the building code is 1.1m. This will also impact the ability to approve building permits within the legislative timeframe and have staffing impacts in the Building division.
Public meetings for applications for draft plans of subdivisions are now optional for approval authorities.	Could streamline the process, however, less public input and awareness for the community of what will be happening in their neighbourhood.
Requires zoning to be updated to include minimum heights and densities within approved Major Transit Station Areas (MTSA) and Protected MTSAs within one year of MTSA/PMTSA being approved	<p>Overall, 1 year seems to be a reasonable amount of time to update the zoning bylaw for specific policies. This would ensure that development conforms to current policy and provide certainty to developers and residents.</p> <p>The City has one MTSA, downtown, which has current zoning in place that conforms to the Downtown Secondary Plan. Minor adjustments will be needed to the bylaw to conform to the City's update Official Plan (OPA 80).</p>
<p>Amendment to affordable residential units' definition. The update for rents to no greater than 80%.</p> <p>Bill 23 proposed definition:</p> <p>Affordable residential unit rented (2) A residential unit intended for use as a rented residential premises shall be considered to be an affordable residential unit if it meets the following criteria: 1. The rent is no greater than 80 per cent of the average market rent, as determined in accordance with subsection (5). 2. The tenant is dealing at arm's length with the landlord.</p> <p>Affordable residential unit, ownership (3) A residential unit not intended for use as a rented residential premises shall be considered to be an affordable residential unit if it meets the following criteria: 1. The price of the residential unit is no greater than 80 per cent of the average purchase price, as</p>	<p>Affordability would now be determined solely based on market rents and market purchase price and does not have consideration for incomes.</p> <p>For Guelph, this represents a major change in achieving affordable units and could be detrimental to low to mid income households. This is particularly evident in affordable ownership housing.</p> <p>Annually we calculate the ownership housing benchmark using the income-based price method (1) results in a benchmark price of \$455,125. Calculating the benchmark using the average purchase price method above (2) uses the 2021 average resale price of \$702,964 for all types of dwellings sold in Guelph, which results in a benchmark price of \$632,668. The less expensive of the two methods is the income-based method (1), which sets</p>

Change	Preliminary Impact Assessment
determined in accordance with subsection (6). 2. The residential unit is sold to a person who is dealing at arm's length with the seller.	the 2022 affordable housing ownership benchmark price of \$455,125.  The definition of affordable should consider both incomes and regional market rates as set out in the Provincial Policy Statement. The update for rents to no greater than 80%, the definition should also consider incomes.
Road widenings: Remove the ability to require a road widening unless it is on a public transit right of way.	Road widenings identified in the Official Plan and/or in the Transportation Master plan may not be eligible to be provided as part of a development application. This may impact the City's ability to provide future infrastructure or to provide transit in the future.

**Ontario Wetland Evaluation Systems**

The stated purpose of the proposed changes to the Ontario Wetland Evaluation System (OWES) is to remove duplicative requirements, streamline the evaluation process, and better recognize the professional opinion of evaluators and the role of local decision makers (e.g., municipalities).

Table 7: Preliminary Impact Assessment of Proposed changes to the Ontario Wetland Evaluation System

Change	Preliminary Impact Assessment
Removal of the existing 'Approval of the Wetland Evaluation' section combined with the addition of a new section titled "A Complete Evaluation" and revisions to Appendix 1. The removal of MNR oversight of the Ontario Wetland Evaluation System and the addition of new section giving all responsibilities to wetland evaluators.	The proposed changes leave no role for local decision makers (municipalities). This means that whether a wetland is provincially significant is a decision made solely by evaluators (i.e., ecological consultants hired by landowners). Such a lack of any oversight would be unprecedented in land-use planning decisions and of major concern.
The consideration of Endangered and Threatened species, an important wetland value, is proposed for removal from the OWES to 'reduce duplication' (a stated purpose of the proposed changes) as those species and their	Significant Wildlife Habitat and Fish Habitat, two important wetland values that also receive protection through other mechanisms but are weighted lower than Endangered and Threatened species in OWES scoring, were maintained and in some cases bolstered through the proposed revisions. As

Change	Preliminary Impact Assessment
habitats are protected under the provincial Endangered Species Act.	such, this appears to be an arbitrary, non-scientific revision to purposefully result in less provincially significant wetland.
The proposed removal of provincial expertise and other important sources of information and guidance for evaluators, combined with the elimination of wetland complexing and the consideration of Endangered and Threatened species as a critical wetland value.	<p>This will likely result in most of the existing Provincially Significant Wetlands (totaling over 600 ha) in Guelph no longer being identified as such. This will lessen the existing protection for the affected wetlands through a reduction in minimum buffers and result in their degradation over time. Further, it appears likely that wetland loss will be realized in the City due to the proposed changes to the OWES (and the proposed changes outlined in ERO number 019-6141 which would eliminate Conservation Authority regulation of wetlands in planning approvals). Initial estimates indicate that up to 48 ha of wetland may lose all protection in the City in planning approvals (i.e., approximately 7% of existing wetland area in the City).</p> <p>Wetland loss will result in additional costs for the City and developers and will reduce the availability of land for development through the replacement of necessary stormwater management functions by engineered solutions.</p>

**Conserving Ontario’s Natural Heritage**

The stated purpose of the proposal is to seek feedback on how Ontario could offset development pressures on wetlands, woodlands, and other natural wildlife habitat to help meet Ontario’s housing supply needs.

Table 8: Preliminary Impact Assessment of Changes to Natural Heritage Policies

Change	Preliminary Impact Assessment
The development of an ecological offsetting policy.	Consistent with the City’s Community Plan and Strategic Plan, Guelph protects its natural heritage through strong Official Plan policies that, in some cases, go beyond the minimum requirements of the Provincial Policy

Change	Preliminary Impact Assessment
	<p>Statement. Those policies do not accommodate offsetting.</p> <p>The City is preparing for climate change through adaptation and mitigation plans, and that protecting natural assets is aligned to our climate change goals and our asset management programs in compliance with Ontario Regulations. Provincial offsetting policies put our goals at risk.</p> <p>An ecological offsetting policy being imposed on the City without the ability for local decision making would be of major concern as it is likely to result in negative ecological impacts and the loss of natural heritage features and functions.</p> <p>While off-setting of complex features is not supported by the City, we are not opposed to offsetting in the right situations. The City has introduced a draft off-setting policy in proposed Official Plan Amendment 80 that the province is currently reviewing. This policy would apply to municipal infrastructure projects and require the demonstration of no negative impacts and a net benefit to the City's Natural Heritage System. Additionally, we may support offsetting with a net gain for the simplest of features (e.g., small marsh or plantation with limited diversity) and those that can be relatively easy to reproduce (e.g., Monarch Significant Wildlife Habitat) in conjunction with private development approvals.</p> <p>Offsetting policies are most successful when they have an area multiplier and are focused on achieving ecological function. As the proposal allows for a net gain in area <u>or</u> function, it will likely fail in preventing a net loss in natural heritage value.</p> <p>The proposal includes the possibility of paying into a fund rather than providing</p>

Change	Preliminary Impact Assessment
	<p>an offsetting project and indicates that this fund would contribute to projects elsewhere in the watershed if possible. The Grand River Watershed in which Guelph is located is very large. Therefore, it is conceivable that an offsetting project for the removal of a natural feature in Guelph is replaced 100 km or more from the city and represent a significant impact to the City's Natural Heritage System.</p>

**Heritage Act**

Bill 23 proposes major changes to the Ontario Heritage Act with respect to the Municipal Register of Cultural Heritage Properties. Fundamentally, the changes to the Ontario Heritage Act detailed in Bill 23 contradict the provincial government's own heritage policies in the Provincial Policy Statement, specifically Section 2.6.1 that states, "Significant built heritage resources and significant cultural heritage landscapes shall be conserved." The changes proposed to municipal heritage registers makes certain that significant built heritage resources and cultural heritage landscapes will not be conserved but erased by unfettered demolitions that will not necessarily provide more housing.

Table 9: Preliminary Impact Assessment of Proposed Heritage Act Changes

Change	Preliminary Impact Assessment
<p>Non-designated properties listed on the Register must meet at least one criteria from Ontario Regulation 9/06.</p>	<p>Heritage Planning staff use Ontario Regulation 9/06 to screen properties for listing on the Register. This change is consistent with best practice.</p>
<p>A Property will be removed from the register if council has issued a Notice of Intention to Designate and:</p> <ul style="list-style-type: none"> <li>• Withdrawal of the Notice of Intention to Designate</li> <li>• Let 90 days lapse without designation</li> <li>• If by-law is passed, but repealed by OLT</li> </ul>	<p>There are no concerns with this process, if a Notice of Intention to Designate is withdrawn or repealed, the property has been considered for designation and decisions were made about designation.</p>
<p>Non-designated properties listed in the Register will be removed on the second anniversary of their listing, or on the</p>	<p>This represents a fundamental change to the Ontario Heritage Act and to the conservation of built heritage resources. This removes a tool for conservation and essentially reduces</p>



<b>Change</b>	<b>Preliminary Impact Assessment</b>
<p>second anniversary of Bill 23 coming into force.</p>	<p>heritage conservation to designated properties only. This will have significant impacts to Heritage Conservation in the City. Rather than being proactive with Listings, staff will now have to be reactive. This is not regarded as good heritage planning.</p> <p>Listing buildings on the Heritage Register is generally considered good planning practice. It has provided property owners, developers, and property buyers with a level of certainty about the status of their property and the expectations under the Ontario Heritage Act. Listing only affects a property owner's ability to demolish a building (in which case, the owner must provide the City with 60-days' notice, at which point the City may designate the building to deny the demolition permit).</p> <p>In terms of a strategy going forward, staff will need to review the existing Heritage Register to determine a course of action for prioritizing designations over the next two years. It is important to note that we have 1713 non-designated properties on the municipal register. It is unlikely that new properties will be added to the Heritage Register, likely resulting in the loss of buildings which may be significant.</p>
<p>Council is not required to consult Heritage Committees before removing property under proposed S.27(14-16) (the two points above).</p>	<p>The Act proposes to automatically remove properties from the register in a two-year time frame or with respect to certain decisions being made. As noted above, we do not agree with the proposal to have properties removed from the register after two years of being listed.</p>
<p>Property removed from the register will not be eligible for re-listing for a period of five years.</p>	<p>While we appreciate the inclusion of a clause to allow for re-listing, a five-year time frame is not appropriate. This could lead to the loss of significant heritage resources and alter the character of communities. This proposed regulation effectively ensures</p>

<b>Change</b>	<b>Preliminary Impact Assessment</b>
	that the majority of the City of Guelph’s significant built heritage resources will have no heritage protection by 2025.
<p>If a prescribed event occurs council may give a Notice of Intention to Designate only if the property is listed in the register under subsection 27 as of the date of the prescribed event.</p>	<p>This limits Council’s ability to conserve cultural heritage resources that have not previously been assessed. This assumes that full inventories of resources have been completed and that all resources are known. The risk posed to heritage resources by changes to the register are further compounded by this prohibition from issuing a Notice of Intention to Designate after a prescribed event if a property is not listed on their municipal register. This proposed regulation should be removed.</p>
<p>Part IV and Part V Designation Criteria To designate a Heritage Conservation District, the defined area must meet certain prescribed criteria for determining whether the area is of cultural heritage value or interest. A regulation is anticipated outlining the criteria for Part V designation.</p> <p>Part IV designations must meet 2 of the criteria outlined in O.Reg 9/06.</p>	<p>Staff agree that an HCD should have clear guidance for determining cultural heritage value or interest. Further information about the proposed criteria is needed to properly comment on this.</p> <p>The proposed changes to O.Reg 9/06, that properties meet two of the criteria to be eligible for designation, fundamentally changes the way the Province of Ontario has defined cultural heritage since the regulation was introduced in 2005. Municipalities across Ontario have made great strides to address diversity, equity, and inclusion in heritage conservation through the recognition and protection of heritage resources that convey the histories of marginalized communities. The requirement for properties to meet two of the criteria will thwart such initiatives and continue to overvalue the architecture and well-documented histories of wealthy European settlers.</p>

Table 10: Proposed updates to the regulation of development for the protection of people and property from natural hazards in Ontario - ERO number 019-2927

Change	Preliminary Impact Assessment
Proposal to repeal individual conservation authority regulations and replace with a single regulation.	A single regulation that focuses permitting decisions on matters related solely to the control of flooding and other natural hazards would likely lead to significant wetland loss in the City as the City’s site alteration bylaw’s intended purpose is not wetland or watercourse protection.
Proposal to change the definition of “other areas” in which the prohibitions on development apply to within 30 m of all wetlands.	This proposal would result in no change to the City, provided that potential impacts to wetlands may continue to be addressed through the existing “adjacent lands” framework in our Official Plan.
Unspecified changes to streamlined approval process.	Depending on what the unspecified rules that must be followed are, impacts to wetlands or watercourses in the City’s Natural Heritage System may result.

### **Ontario Building Code (OBC)**

Code changes related to Bill 109 (More Homes for Everyone Act, 2022) came into effect throughout 2022, starting in April. These were mainly technical changes to the Code requirements and included allowing for the early and partial occupancy of super tall buildings; removing barriers to unit-modular housing construction; supporting the creation of municipal building official internship programs; and to exempt certain size sheds from OBC requirements. Consultation on further proposed Code changes from Bill 23 (More Homes Built Faster Act, 2022) is underway and also primarily relates to the technical requirements of the OBC. These changes would further harmonize the Ontario Building Code with the National Building Code (NBC) and also proposes to change some requirements related to Encapsulated Mass Timber Construction, mid-rise wood construction and stacked townhouses. There are some life safety concerns with the proposed exemption for standpipe installation in combustible four storey sprinklered stacked townhouse units. There are also other separate proposed Code change consultations occurring right now, separate from Bill 23, and are related to further harmonization between the OBC and NBC, as well as updates to sewage system requirements.

### **Inclusionary Zoning**

The proposed amendments to O. Reg 232/18 would 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). It would also establish a maximum period of twenty-five (25) years over which the affordable housing units would be required to

remain affordable. Amendments would also prescribe the approach to determining the lowest price/rent that can be required for inclusionary zoning units, set at 80% of the average resale purchase price of ownerships units or 80% of the average market rent (AMR) for rental units. These proposed amendments would only apply on lands within Protected Major Transit Station Areas (PMTSA).

The City of Guelph has one PMTSA as delineated through OPA 80, and it is the downtown. While the proposed prescribed time frame for affordability could provide certainty, setting it at 25 years does not allow municipalities to consider local needs or provide for affordable units for the long term. While we have not examined the use of this tool in the City of Guelph, staff note that the provision of 5% of units as affordable is very low and is insufficient to make any substantial change to affordability in our community. The requirements to develop and use the program, along with the limited geographic area that it can apply to, and the proposed new program limits make this tool less desirable and less effective than intended.

#### Review of A Place to Grow and Provincial Policy Statement

The government is proposing to integrate the Provincial Policy Statement and A Place to Grow into a new province-wide planning policy instrument. The stated purpose of this review is to create a new document that:

- Leverages the housing-supportive policies of both policy documents;
- Removes or streamlines policies that result in duplication, delays or burden in the development of housing;
- Ensures key growth management and planning tools are available where needed across the province to increase housing supply and support a range and mix of housing options;
- Continues to protect the environment, cultural heritage and public health and safety; and
- Ensures that growth is supported with the appropriate amount and type of community infrastructure.

The province states that the intent of this consultation is to identify potential opportunities that will complement other provincial priorities and plans.

Staff are reviewing the consultation questions and will be providing a response prior to the December 30 deadline.

The city has been in a constant review cycle over the past 5 years as the province has updated and released multiple amendments/updates to A Place to Grow, modified planning horizons and population targets and released a new Provincial Policy Statement in 2020. Staff are supportive of reducing duplication, removing potentially conflicting policy directions, and providing clarity on matters of provincial interest. A Place to Grow is a prescriptive plan that is challenging for municipalities because it presents one approach to planning for a large geographic area and sets growth targets without consultation with municipalities. Staff would be supportive of greater local autonomy through a combined provincial planning framework that respects local growth constraints and fiscal impacts.

#### **Municipal Housing Targets**

The Bill also introduces municipal housing targets based on population size and growth for 29 municipalities, including the City of Guelph. The City of Guelph has been assigned a housing target of 18,000 by 2032 as part of the provincial goal to

build 1.5 million homes in 10 years. Municipalities will be required to develop pledges outlining how they will help kick start development to meet the target. No consultation with the City occurred and this target is not in keeping with the recent Official Plan work or Master Plans recently completed to meet the Ministry’s housing targets that were released in 2021. Concerns with the inability to provide infrastructure to meet the new housing target compounded with a reduction in development charges will make this difficult.

18,000 new units is close to double what was projected in the Land Needs Assessment provided to the Province in July 2022. Staff remain concerned that reduction in barriers to development through a reduction in fees and refundable applications will not bring on double the number of housing units based on other factors including rising interest rates, supply chain constraints, a shortage in skilled trades and the time it takes to ramp up production. Council has already approved Additional Residential Dwelling units, which may require some minor amendments based on proposed legislation, and staff have presented three units as of right through the draft comprehensive zoning by-law, which will help to reach that target.

It is important to note that on November 16, 2022, staff received notice that the Minister of Municipal Affairs and Housing has suspended the 120 day minister review timeline for Guelph Official Plan Amendment 80, which was adopted on July 11, 2022 and received by the Ministry of Municipal Affairs and Housing on August 18, 2022. Without the approvals for increased densities proposed in OPA, it will be even more cumbersome to meet the new housing unit targets.

This topic of a housing pledge will be the subject of a Council report scheduled for late February 2023 if the legislation passes.

### Consultations

With the introduction of the legislation, a significant number of consultations were initiated with commenting periods varying from 30 to 66 days. The changes being proposed by Bill 23 are significant and the deadlines for several of the consultations is extremely short given the complex analysis required. The City of Guelph, along with other municipalities across the province, is very concerned that these timelines will not allow staff and newly elected municipal councils the opportunity to provide fulsome feedback. There are over 18 pieces of legislation and postings to review for Guelph. Staff have also worked to assess the proposed changes in close collaboration with several organizations. This includes the Regional Planning Commissioners of Ontario, the Regional Public Works Commissioners of Ontario, the Regional/Single-Tier Chief Administrative Officers, and Ontario’s Big City Mayors. For the City’s draft consultation response to item #2 in the table below, kindly see Attachment 2.

Table 11: Bill 23 consultations of most significant interest to the City of Guelph

	<b>Bill 23 Consultations</b>	<b>Commenting Period</b>
<b>1</b>	Proposed Planning Act and City of Toronto Act Changes (Schedules 9 and 1 of Bill X - the proposed More Homes	October 25, 2022 - November 24, 2022 (30 days)

	Built Faster Act, 2022): <a href="https://ero.ontario.ca/notice/019-6163">https://ero.ontario.ca/notice/019-6163</a>	
<b>2</b>	Proposed Planning Act and Development Charges Act Changes: Providing Greater Cost Certainty for Municipal Development-related Charges: <a href="https://ero.ontario.ca/notice/019-6172">https://ero.ontario.ca/notice/019-6172</a>	October 25, 2022 - November 24, 2022 (30 days)
<b>3</b>	Legislative and regulatory proposals affecting conservation authorities to support the Housing Supply Action Plan 3.0: <a href="https://ero.ontario.ca/notice/019-6141">https://ero.ontario.ca/notice/019-6141</a>	October 25, 2022 - November 24, 2022 (30 days)
<b>4</b>	Proposed Updates to the Ontario Wetland Evaluation System: <a href="https://ero.ontario.ca/notice/019-6160">https://ero.ontario.ca/notice/019-6160</a>	October 25, 2022 - November 24, 2022 (30 days)
<b>5</b>	Proposed updates to the regulation of development for the protection of people and property from natural hazards in Ontario: <a href="https://ero.ontario.ca/notice/019-2927">https://ero.ontario.ca/notice/019-2927</a>	October 25, 2022 - December 30, 2022 (66 days)
<b>6</b>	Conserving Ontario's Natural Heritage (Policy): <a href="https://ero.ontario.ca/notice/019-6161">https://ero.ontario.ca/notice/019-6161</a>	October 25, 2022 - December 30, 2022 (66 days)
<b>7</b>	Proposed legislative amendments to the Ontario Underground Infrastructure Notification System Act, 2012 under the More Homes Built Faster Act, 2022: <a href="https://www.ontariocanada.com/registry/view.do?postingId=42912&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42912&amp;language=en</a>	October 25, 2022 - November 25, 2022 (31 days)
<b>8</b>	Proposed Changes to the Ontario Heritage Act and its regulations: the Proposed More Homes Built Faster Act, 2022: <a href="https://ero.ontario.ca/notice/019-6196">https://ero.ontario.ca/notice/019-6196</a>	October 25, 2022 - November 24, 2022 (30 days)
<b>9</b>	Proposed Building Code Changes to Support More Homes Built Faster: Ontario's Housing Supply Action Plan: 2022-2023 (Phase 3 - Fall 2022 Consultation for the Next Edition of Ontario's Building Code): <a href="https://www.ontariocanada.com/registry/view.do?postingId=42787&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42787&amp;language=en</a>	October 25, 2022 - December 9, 2022 (45 days)
<b>10</b>	General Proposed Changes for the Next Edition of Ontario's Building Code (Phase 3 - Fall 2022 Consultation): <a href="https://www.ontariocanada.com/registry/view.do?postingId=42888&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42888&amp;language=en</a>	October 25, 2022 - December 9, 2022 (45 days)

<b>11</b>	Proposed Changes to Sewage Systems and Energy for the Next Edition of Ontario's Building Code: <a href="https://ero.ontario.ca/notice/019-6211">https://ero.ontario.ca/notice/019-6211</a>	October 25, 2022 – December 9, 2022 (45 days)
<b>12</b>	Proposed Amendments to the Ontario Land Tribunal Act, 2021: <a href="https://www.ontariocanada.com/registry/view.do?postingId=42913&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42913&amp;language=en</a>	October 25, 2022 - November 25, 2022 (31 days)
<b>13</b>	Seeking Feedback on Municipal Rental Replacement By-Laws: <a href="https://www.ontariocanada.com/registry/view.do?postingId=42808&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42808&amp;language=en</a>	October 25, 2022 - November 24, 2022 (30 days)
<b>14</b>	Seeking Input on Rent-to-Own Arrangements: <a href="https://www.ontariocanada.com/registry/view.do?postingId=42827&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42827&amp;language=en</a>	October 25, 2022 – December 9, 2022 (45 days)
<b>15</b>	Proposed Amendment to O. Reg 232/18: Inclusionary Zoning: <a href="https://ero.ontario.ca/notice/019-6173">https://ero.ontario.ca/notice/019-6173</a>	October 25, 2022 – December 9, 2022 (45 days)
<b>16</b>	Review of A Place to Grow and Provincial Policy Statement (Policy): <a href="https://ero.ontario.ca/notice/019-6177">https://ero.ontario.ca/notice/019-6177</a>	October 25, 2022 - December 30, 2022 (66 days)
<b>17</b>	Proposed Changes to Ontario Regulation 299/19: Additional Residential Units: <a href="https://ero.ontario.ca/notice/019-6197">https://ero.ontario.ca/notice/019-6197</a>	October 25, 2022 – December 9, 2022 (45 days)
<b>18</b>	Amendments to the New Home Construction Licensing Act, 2017 to protect purchasers of new homes: <a href="https://www.ontariocanada.com/registry/view.do?postingId=42927&amp;language=en">https://www.ontariocanada.com/registry/view.do?postingId=42927&amp;language=en</a>	October 25, 2022 - November 24, 2022 (30 days)

## Financial Implications

While growth targets are provincially mandated, the City of Guelph is committed to the principle that “growth pays for growth” to the extent this is possible. This means that new growth is financially sustainable when growth revenue sources support the cost of servicing that growth. This should apply to both the capital infrastructure as well as ongoing operating costs associated with growth to minimize the impact on existing taxpayers.

There are several sources of funding for growth, including Development Charges, Community Benefit Charges, Parkland Dedication, building permit fees, planning and development application fees, user fee growth, property tax assessment growth, and utility rate growth. The City's [Growth Strategy](#) formed part of the 2022 and 2023 budget documentation and can be referenced for more information.

Municipalities are limited by legislation in the amount they can recover from developers. Prior to the most recent By-law update to conform to legislation passed in 2019, it was calculated that growth revenues supported approximately 85 per cent of the capital cost of growth in Guelph. The remaining 15% of capital cost is expected to be funded by tax and ratepayers. The 2019 legislated updates worsened this situation and left municipalities slightly worse off overall. Municipalities are facing additional financial challenges with Bill 23 on all capital growth revenue fronts as legislation moves further away from the “growth pays for growth” principle.

The financial implications of Bill 109 are twofold: first, there is a significant risk that application fees for Zoning By-law amendments, Site Plan applications, and combined Official Plan amendments and Zoning By-law amendments will need to be refunded under the current fee structure, representing a loss of approximately \$840 thousand in fee revenue. A new fee structure is proposed, increasing pre-consultation fees with an offsetting decrease in complete application fees.

Second, a need for 21 additional staff over two years to meet the timelines set out in Bill 109 have been identified. Given current budget constraints, impacts of Bill 109 still to be discovered, and not having received the province’s complete application requirements, staff have recommended adding seven permanent, full-time positions in 2023, allowing us more time to fully understand the impacts and return with a more complete ask as part of the 2024-2027 multi-year budget. A 2023 investment totaling \$1,010,000 is recommended, with funding of \$558,000 from the Tax Rate Operating Contingency reserve and \$452,000 from property taxes.

The financial implications of Bill 23 if enacted as written, will have a significant impact on the ability of the City to fund growth related capital costs. Significantly increased growth targets combined with reductions in the available revenue tools will put the City in a challenging position to implement the infrastructure requirements to support that growth over the next 8 years. Debt capacity limits and cash flows are also a concern, and the City may not be able to finance future infrastructure needs before development revenues begin.

Staff are working with Watson & Associates Economists Ltd. to obtain estimated financial impacts from these changes. Staff’s opinion based on current information is that the most significant impact in 2023 will be the additional Development Charge exemptions and will bring a recommendation to Council as part of the 2023 budget update to begin to address this. While the proposed Phase-in of Development Charge rates and making land an ineligible cost are expected to be the most significant financial impacts from Bill 23 overall, the phase-in will not impact the City until the updated Development Charge By-law is adopted (currently expected in January 2024).

In addition to lost revenue, there are other financial impacts expected from Bill 23, including increased staffing requirements to support nearly double the volume of planning and building activity and then subsequently double the pace of services expansion needs not just at the City, but also the health care sector and school boards to meet the demands of these new populations. However, it will take time for the development community to increase activity and for staff figure out a plan to respond to this required increase in volume to meet the new provincial targets;



budget requests to resource this will be brought to Council as part of the 2024-2027 Multi-Year Budget in late 2023.

The timeline for the Development Charge background study that is currently underway may also be impacted by Bill 23. The City's current by-law expires in March 2024, so a new by-law is required to be in place before that time. Staff initially planned to present it to Council in draft in May 2023, kicking off community engagement on the study over the summer, and bringing it back to Council for approval along with an updated Development Charge By-law in September 2023 for implementation in January 2024. This timeline would meet the requirements of current Development Charges legislation to update the City's By-law every five years. Bill 23 proposes to change the requirement to update the By-law to ten years, but Staff are not sure if this applies to current By-laws. Additional time may be required as the projects in the background study have been based on building infrastructure to support the provincial growth targets outlined for Guelph in the Places to Grow Act; Bill 23 would nearly double that level of growth and with that will come a requirement to re-assess the timelines for growth infrastructure. Staff will provide an information update on the timeline for this work when known.

The City has recently completed a fiscal impact assessment for the Clair Maltby Secondary Plan as well as the Municipal Comprehensive Review based on previously mandated growth targets. With the expectation of a pledge for greatly accelerated growth requirements, the related infrastructure timing and the impact to growth revenues, staff expect that both assessments will need to be redone to reflect the growth implications of Bill 23.

Staff also recognize that the level and pace of growth proposed through Bill 23 will increase property tax assessment growth and this will provide an additional source of funding to contribute to growth-related capital and operating costs associated with providing services to a significantly expanded community. More work is required to understand the potential property tax impacts.

## **Consultations**

This report was developed in consultation with all Service Areas across the corporation. Analysis and preliminary feedback from professional and municipal associations as well as industry consultants has also been considered in the development of Guelph's response.

## **Attachments**

Attachment 1 – 2022-2023 Development Application Fees

Attachment 2 - Consultation Response to Proposed Planning Act and Development Charges Act, 1997 Changes

## **Departmental Approval**

Gene Matthews, General Manager, Parks Department

Terry Gayman, Acting General Manager, Environmental Services

Steve Anderson, Acting General Manager, Engineering and Transportation Services

Allison Thornton, Associate Solicitor, Legal and Legislative Services

Daniel Beemsigne, Acting General Manager, Strategy, Innovation and Intergovernmental Service

## **Report Author**

Jodie Sales, Acting General Manager, Strategic Communications & Community Engagement

Krista Walkey, General Manager, Planning and Building Services

Shanna O'Dwyer, Acting General Manager, Finance Department

## **This report was approved and recommended by:**

Scott Stewart

Chief Administrative Officer

Office of the Chief Administrative Officer

519-822-1260 extension 2221

scott.stewart@guelph.ca

Colleen Clack-Bush

Deputy Chief Administrative Officer

Public Services

519 822 1260 extension 2588

colleen.clack-bush@guelph.ca

Jayne Holmes

Deputy Chief Administrative Officer

Infrastructure, Development and Enterprise Services

519 822 1260 extension 2248

jayne.holmes@guelph.ca

Trevor Lee

Deputy Chief Administrative Officer

Corporate Services

519 822 1260 extension 2281

trevor.lee@guelph.ca