

Information Report



Service Area	Infrastructure, Development and Enterprise Services
Date	Friday, May 26, 2023
Subject	The Proposed Provincial Planning Statement: A Review of the Key Changes to the Provincial Policy Statement and A Place to Grow

Executive Summary

Purpose of Report

The Province is consulting on a proposed Provincial Planning Statement, 2023 that has some significant revisions to Ontario's current land use planning policy framework. This report provides a summary of the key policy revisions (Attachment 1) and identifies their potential implications for the City of Guelph.

Key Findings

On April 6, 2023, the Province released its proposed Provincial Planning Statement, 2023 (PPS 2023) for review and public consultation through the [Environmental Registry of Ontario \(ERO\) posting 019-6813](#).

The Province has indicated that the proposed PPS 2023 takes policies from the current Provincial Policy Statement (PPS) and A Place to Grow: Growth Plan for the Greater Golden Horseshoe (GP) to support the achievement of housing objectives through a more streamlined policy document that would apply province-wide.

The proposed PPS 2023, if approved, has the potential to significantly alter Ontario's current land use planning system. Key policy revisions include:

- Enabling municipalities that have been identified as "large and fast-growing" (including Guelph), to set population and employment growth forecasts; currently, the Province provides these forecasts.
- Enabling municipalities to consider settlement area expansions at any time with reduced requirements around whether an expansion could be permitted. Under the current PPS and GP, requirements include that expansions may only be considered as part of a Municipal Comprehensive Review, initiated by the City of Guelph, and a municipality must demonstrate that there are insufficient opportunities to accommodate the forecasted growth through intensification.
- Enabling municipalities to consider an employment conversion request at any time with reduced requirements around a municipality's ability to approve or deny a conversion request. A decision on an employment conversion may still be appealed to the Ontario Land Tribunal.
- Removing mandatory intensification and density targets, except for the density targets in identified Strategic Growth Areas (SGAs) and Major Transit Station Areas (MTSAs), which, in Guelph's case, is the Downtown. The proposed PPS

2023 would “encourage” municipalities to establish targets based on local conditions.

- Revising the definition of “employment area” to prohibit any commercial uses that are not associated with the primary employment use and institutional use. Currently, municipalities have discretion over what types of uses could be included in an employment area.
- Eliminating the Provincial definitions of “affordable housing” and “low and moderate income households.” The removal of these definitions means that municipalities would no longer have a clear Provincial standard or benchmark to facilitate the construction of affordable housing.

The intent of the proposed PPS 2023 is to provide municipalities with greater flexibility and control over how, when, and where to accommodate future growth. Exploring the long-term implications of the proposed policy revisions presents some challenges with respect to coordinating growth and infrastructure planning. Without some form of provincial standardization of growth forecasts, there could be a lack of coordination across municipalities, potentially leading to inter-municipal land challenges and access/sufficiency of shared resources amongst municipalities. Further, service Master Plans updates could be more difficult even within a municipality and could become uncoordinated without clear internal governance structures over long-term planning.

The revised vision of the proposed PPS 2023 emphasizes the need to make more land available for residential uses in a municipality that has already identified an abundant supply through the Growth Management Strategy (July 2022). The revised vision for growth in Ontario is at the potential expense of creating desirable, inclusive, climate-ready, thriving complete communities.

The City of Guelph is a desirable place to live and will continue to be, particularly with a sound, consistent, and strategic Planning Statement that reflects an inclusive, environmentally-sound, economically sustainable, and a balanced approach to land use planning. With some suggested revisions, the proposed Planning Statement can more effectively facilitate the creation of new housing, which Guelph has pledged to ensure permissions are in place to support the construction of more housing, and more importantly, housing that is affordable, while also adhering to the fundamental principles of good community planning.

Strategic Plan Alignment

The Province has indicated that the proposed Planning Statement, 2023 takes policies from the Provincial Policy Statement (PPS) and A Place to Grow: Growth Plan for the Greater Golden Horseshoe (GP) to support the achievement of housing objectives. The comments provided by staff in this report support Guelph’s Corporate Strategic Plan, and more specifically the pillars Sustaining our Future and Building our Future. The comments in this report highlight the need to continue to build affordable residential units so that current and future citizens of the city can continue to have a sense of belonging.

Financial Implications

The intended goal of the proposed PPS 2023 is to provide municipalities with greater flexibility and control over how, where, and when to grow. From a financial perspective, greater flexibility and control over local development can be positive if

intentionally managed by the City, however additional resources may be required to forecast and monitor future population growth. The key to good financial planning is the use of common/standardized assumptions across every service area for the same time-period. There is risk with the elimination of the provincial targets and certain planning policies, that long-term financial planning will become uncoordinated and more difficult to align, especially in an environment where development approvals may occur outside of what had originally been considered in the plans. The proposed PPS 2023 may give rise for the need to check in and update Master Plans more frequently to ensure infrastructure service resourcing remains accurate and appropriate. Overall, with these changes, it is expected that infrastructure investment will increasingly become the key control mechanism for the pace and location of growth within the city as certain planning policies are relaxed as proposed in the PPS. Additional processes to accommodate decision making in this type of environment would need to be considered.

More directly, specific changes to source water protection and the sewage and water servicing system policies have more significant financial impacts. These policies give rise to expanded scope of the municipal oversight related to source protection and private communal systems and would require a budget investment, both for operating the expanded program but also potentially to construct new water supply sources or quicken the timeline on a new wastewater treatment plant. Further, there are increased risks related to development occurring outside of the Guelph boundary creating additional complexity for our system due the integrated nature of our water supply system and sanitary system. This may lead to increased budget investment to monitor and address water quality and within Guelph and quicken pace of capital investment for new water supply.

Report

Details

The Province of Ontario approved Places to Grow: Growth Plan for the Greater Golden Horseshoe (Growth Plan) in 2006. The cornerstone of this policy initiative was to manage growth in a comprehensive and coordinated manner to:

- reduce urban sprawl,
- support the creation of more compact, transit-supportive communities, and,
- optimize existing land and infrastructure.

The City of Guelph has been actively working to achieve these objectives and most recently completed a Growth Management Strategy ("Shaping Guelph") (July 2022) and Council-adopted Official Plan Amendment 80 (OPA 80) (July 2022), which introduced new planning policies and density targets to align with the current Growth Plan. The Province approved OPA 80 on April 11, 2023 with eighteen modifications.

In October 2022, the Province introduced their intent to streamline the land use policy framework in Ontario, more specifically through a merging of the Provincial Policy Statement and the Growth Plan, to further the effort towards accelerating the development of housing. The City of Guelph submitted comments to the Province for consideration on December 23, 2022 regarding this effort. In addition, the City

of Guelph made a pledge to the Province in March 2023, affirming a commitment to facilitate the creation of housing supply.

On April 6, 2022, the Province released the proposed PPS 2023, providing a commenting period until June 5, 2023. Should the Province adopt the proposed PPS 2023, the existing PPS and GP would be revoked, and the current policies would no longer apply. The proposed PPS 2023 was introduced at the same time as Bill 97 (Helping Homebuyers, Protecting Tenants Act, 2023); the commenting period for Bill 97 closed on May 6, 2023. Bill 97, if passed, would grant additional Ministerial powers to make transition regulations for the proposed PPS 2023.

The proposed PPS 2023 keeps two key pieces of policy relatively untouched, namely:

- requirements for municipalities to plan for a minimum 25-year horizon, while maintaining a 15-year residential land supply and a three-year supply of residential units with servicing capacity, and
- requirements to establish and meet minimum density targets for Major Transit Station Areas, Urban Growth Centres, and other strategic growth areas such as nodes and corridors.

The proposed policy changes identified in the Key Findings section, above, are in addition to the following changes that are also included in the proposed PPS 2023:

- enable municipalities to consider the removal of lands from an employment area at any time,
- prohibit any commercial uses that are not associated with the primary employment use and/or institutional uses to locate in an 'employment area',
- require that where the Minister has made a zoning order, the resulting development shall be in addition to projected needs over the planning horizon established in the official plan and this additional growth shall be incorporated into the municipalities next official plan and related infrastructure plans,
- delete the concept of Provincially Significant Employment Zones (PSEZs) (areas protected from conversion to non-employment uses except where it has been demonstrated to be appropriate in the context of a municipal comprehensive review). The Province is seeking feedback on the need to identify PSEZs to protect exclusively through an alternative approach,
- delete the requirement for municipalities to establish targets for affordable housing. The City would be directed to address housing affordability more broadly with Wellington County (Service Manager),
- permit new multi-lot residential development on rural lands where appropriate sewage and water servicing (private wells) can be provided and removes the justification test for when infrastructure is proposed to be expanded for rural development, providing greater flexibility for private servicing,
- expanded responsibility to ensure there is an adequate quantity and quality of water available for private water supplies, coupled with a potential increased responsibility to fix or maintain these systems,
- less regulatory support for climate change mitigation. Municipalities would no longer be encouraged to develop targets to reduce greenhouse gas emissions, or development greenhouse gas inventories, and,

- removal of the requirement to maintain or increase pervious surfaces resulting in a less sustainable municipal drinking water supply sources. The City would need to explore new water supply sources to meet existing and future demand.

A full suite of proposed policy changes and potential implications can be found in Attachment-1 and a response to the Minister of Municipal Affairs and Housing regarding ERO posting 019-6813 can be found in Attachment-2.

Please note that the revisions to the Natural Heritage System policy framework and related definitions are still being considered by the Province. Once available for review and comment and they will be made available through a separate posting on the Environmental Registry of Ontario. A review of the proposed changes and potential implications will be provided through a separate report to Council.

Financial Implications

The Province has been very clear and consistent about the need to build 1.5 million homes over the next 10 years and the stated objective of the proposed PPS 2023 is to provide municipalities with greater flexibility and control over how, where, and when to grow. The greater flexibility and control over local development can be positive if intentionally managed by the City with financial assistance from the Province, however the concern is that the direct download of population forecasting, which will increase staff or consultants to manage forecasting across the Province, with the potential of 444 municipalities using different methods to calculate which will be different from the numbers the Province and Minister of Finance use to forecast has potential implications of increasing the degree of fragmentation of land use planning in various jurisdictions.

The key to good financial planning is the use of common/standardized assumptions across every service area for the same time-period. There is risk with the elimination of the provincial targets and certain planning policies, that long-term financial planning will become uncoordinated and more difficult to align, especially in an environment where development approvals may occur outside of what had originally been considered in the plans. The proposed PPS 2023 may give rise for the need to check in and update Master Plans more frequently to ensure infrastructure service resourcing remains accurate and appropriate. Overall, with these changes, it is expected that infrastructure investment will increasingly become the key control mechanism for the pace and location of growth within the City as certain planning policies are relaxed as proposed in the PPS. Additional processes to accommodate capital investment decision-making in this type of environment would need to be considered.

More directly, specific changes to source water protection and the sewage and water servicing system policies have more significant financial impacts. These policies give rise to expanded scope of the municipal oversight related to source protection and private communal systems and would require a budget investment, both for operating the expanded program but also potentially to construct new water supply sources or quicken the timeline on a new wastewater treatment plant. Further, there are increased risks related to development occurring outside of the Guelph boundary creating additional complexity for our system due the integrated nature of our water supply and sanitary systems. This may lead to increased

budget investment to monitor and address water quality within Guelph and quicken pace of capital investment for new water supply.

Consultations

Planning staff have consulted with Finance, Economic Development, Engineering and Transportation Services, Environmental Services, and Strategy, Innovation and Intergovernmental Services on the contents of this report, in addition to the Planning Advisory Committee (PAC). The PAC provided some high-level considerations for the Province, specifically around maintaining policy language for climate action, providing more consistency between employment and housing policy language, and providing more specific direction on financial support that municipalities will receive to advance the objectives of the Province with respect to housing. The minutes from the May 10, 2022 PAC meeting can be found [here](#).

For next steps, the Province has indicated that it will release a final draft of the PPS 2023 for a brief period of time before the document comes into force to give municipalities another opportunity to further understand the implications of the revisions. The Province is targeting fall 2023 for release of the final PPS 2023. Council will be alerted to when the final PPS 2023 is released by the Province and any additional implications resulting from the revisions will be communicated by staff.

Attachments

Attachment-1 Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Implications

Attachment-2 Response to the Province on the Key Policy Revisions to the Provincial Policy Statement and Growth Plan

Departmental Approval

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