

Bill 23, More Homes Built Faster Act

Implications for the Region of Peel

Regional Council
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Janice Baker, Chief Administrative Officer

Gary Kent, CFO & Commissioner of Corporate Services

Sean Baird, Commissioner of Human Services

Kealy Dedman, Commissioner of Public Works

Bill 23 - Background

- Introduced Bill 23, *More Homes Built Faster Act*, on Oct. 25th
- Province's stated goal: 'build 1.5 million homes over 10 years'
- Sweeping changes to Planning Act and Development Charges Act
- Legislation received Royal Assent on Nov. 28th
 - Some provisions have already come into effect
- Provincial consultation process underway for related legislative, regulatory and policy changes

Bill 23 - Key Concerns & Themes

- Bill 23 imposes significant changes to land use planning & municipal governance framework
- Supportive of Province's housing goal, however serious concerns with unintended consequences
- Key areas of concern:

Financial impacts on delivery of growth-related services

Impact on Housing Services & Region's affordable housing developments

Land use planning roles & responsibilities

Infrastructure planning & delivery to support growth

Bill 23 - Financial Implications

Municipal Affairs & Housing Letter to AMO, November 30, 2022

- Minister Clark has committed to:

“ensuring that municipalities are kept whole for any impact to their ability to fund housing enabling infrastructure because of Bill 23.”

Bill 23 - Financial Implications

***"Growth Should Pay for Growth"* - Development Charges (DC) Principle**

DCs are an important source of funding for growth infrastructure

- Pipes bring safe drinking water to residents and businesses
- Roads in new communities allow people and goods to move from place to place
- Affordable housing for Peel's most vulnerable populations
- New paramedic facilities to meet the increase in call volumes

DC Performance (2012 - 2021)

DC revenues: **\$2.5 Billion**

DC expenditures: **\$2.5 Billion**

Rapid Growth (2011 - 2021)

Peel population growth:
12% or **154,213 persons**

Peel employment growth:
5% or **34,200 jobs**

Future Growth (2022 - 2031 Capital Plan)

49% of Capital Budget to be funded by DCs

\$5.5 Billion in Investments to be funded by DCs

Bill 23 - Financial Implications

Preliminary Estimates of DC Revenue Shortfall from Bill 23

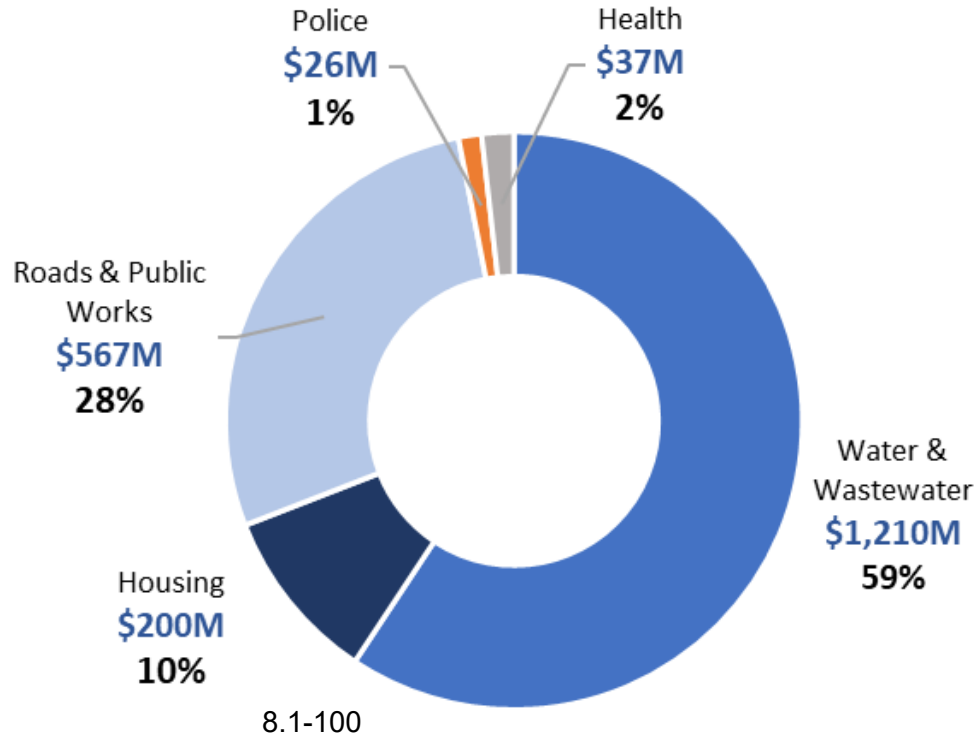
Bill 23 - Proposed Changes to the DC Act	10-Year Estimates* (\$millions)
Remove Housing Services from DC Eligibility Immediate DC Rate Reduction of 5.4% Loss of dedicated growth funding source	\$200
Remove Studies and Lands from DC Eligibility	\$370
DC Rates Phase-In	\$190
DC Exemptions Definition of "Affordability" is not tied to income level	\$1,200
Others (Rental reduction, interest rate)	\$80
Total	\$2,040

* Note: Various Assumptions have been used to arrive at estimates. Actual revenue shortfall would vary depending on final provisions of related revenue reduction measures and actual development activities

Bill 23 - Financial Implications

Estimated 10-Year DC Revenue Shortfall Impact on Growth Services

Total 10-Year DC
Revenue Shortfall
\$2 Billion



Bill 23 – Financial Implications

Scenario - Should the Region Maintain Service Levels and the Existing Capital Plan by Funding Revenue Shortfalls from a non-DC Source

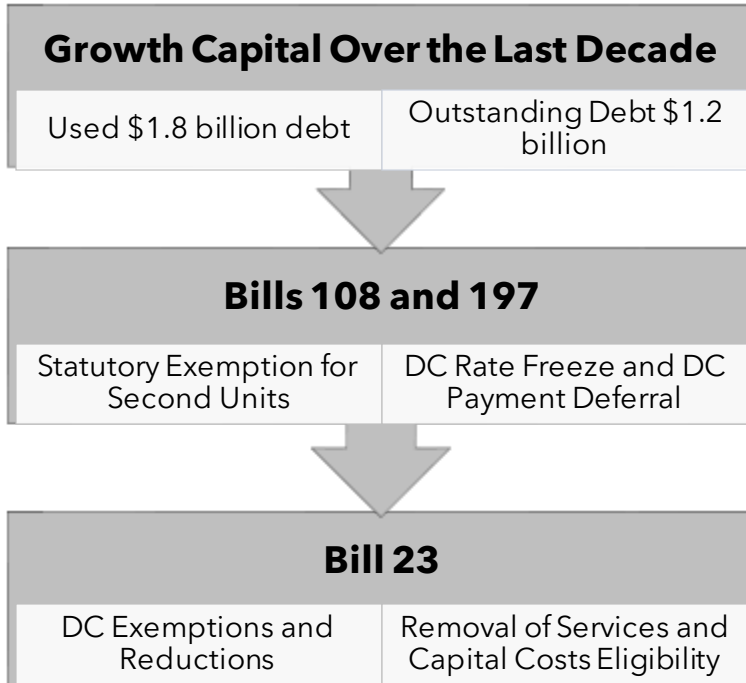
Anticipated Impacts	Property Tax Supported Program*	Utility Rate Supported Program**
Average Annual DC Shortfall	\$83 million	\$121 million
One-time Regional Portion Tax Levy/Utility Rate Increase to add to the budget base	7%	26%
Annual Increase of Regional Portion on Average Tax/Utility Bill – Residential	\$145	\$180
Annual Increase of Regional Portion on Average Tax/Utility Bill – Small Business	\$255	\$465

*Based on residential CVA of \$578,600 (tax bill in 2022 - \$2,165), small business of \$641,900 (tax bill in 2022 - \$3,833)

**Average residential utility bill is \$838 in 2022, small business \$2,145

Bill 23 - Financial Implications

DC Funding, Infrastructure, Service and Debt



The debt requirement would be doubled if the Region uses debt to finance DC funding shortfall resulting from Bills 108, 197 and 23, which would result in:

- An increase to the Region's annual debt repayment, pushing it closer to the statutory **ARL** of 25%
- An increase to the percentage of DC revenues allocated to debt servicing costs, potentially leading to levels where **DC revenue would only be sufficient to service debt**
- Putting the Region's **Triple A Credit Rating at Risk**

Bill 23 - Financial Implications

Financial Risks and Considerations

Delay in the construction of infrastructure needed for land servicing and housing development

Significant rise in property tax and utility rates

Homeowners who already paid DC will face future ongoing payment for growth

Housing affordability will likely remain a challenge

Unprecedented growth targets will create significant financial and servicing challenges

Risk of any additional debt becoming stranded should new developments not materialize

No room to absorb DC revenue shortfall in the face of budgetary pressures and other community service priorities

Key Implication

In the absence of funding from senior levels of government, the financial challenges are difficult to overcome and would lead to diminishing financial sustainability

Bill 23 - Financial Implications

Key Recommendation:

Request the Province to create a municipal compensation fund to compensate the Region of Peel and its local municipalities in order that they be made whole as a result of the impacts of Bill 23 on municipal growth funding revenues and expenditures

Bill 23 - Housing Implications

Housing affordability crisis in Peel

- About 91,000 households estimated to live in core housing need
- Nearly 4,000 people used emergency shelters in 2021
- At least half of supportive housing demand is not being met
- Takes about **30 years** for average income household to save for a down payment on an affordable 25-year mortgage at today's prices

Bill 23 - Housing Implications

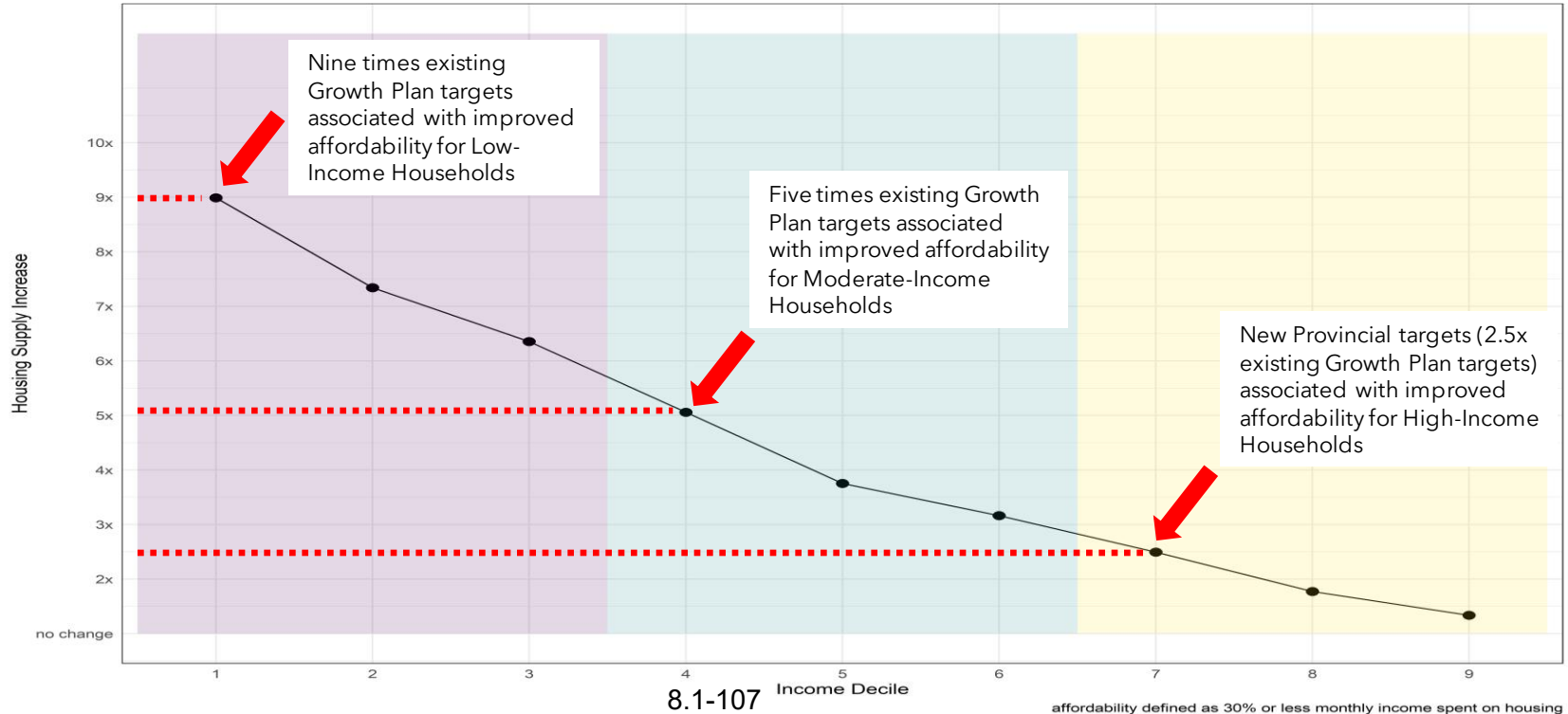
Bill 23's 'supply-first' approach

- Doubling housing building targets will not create affordable conditions in near or medium-term
- DC funding for critically needed non-market housing projects - both underway and planned - is eliminated

Bill 23 - Housing Implications

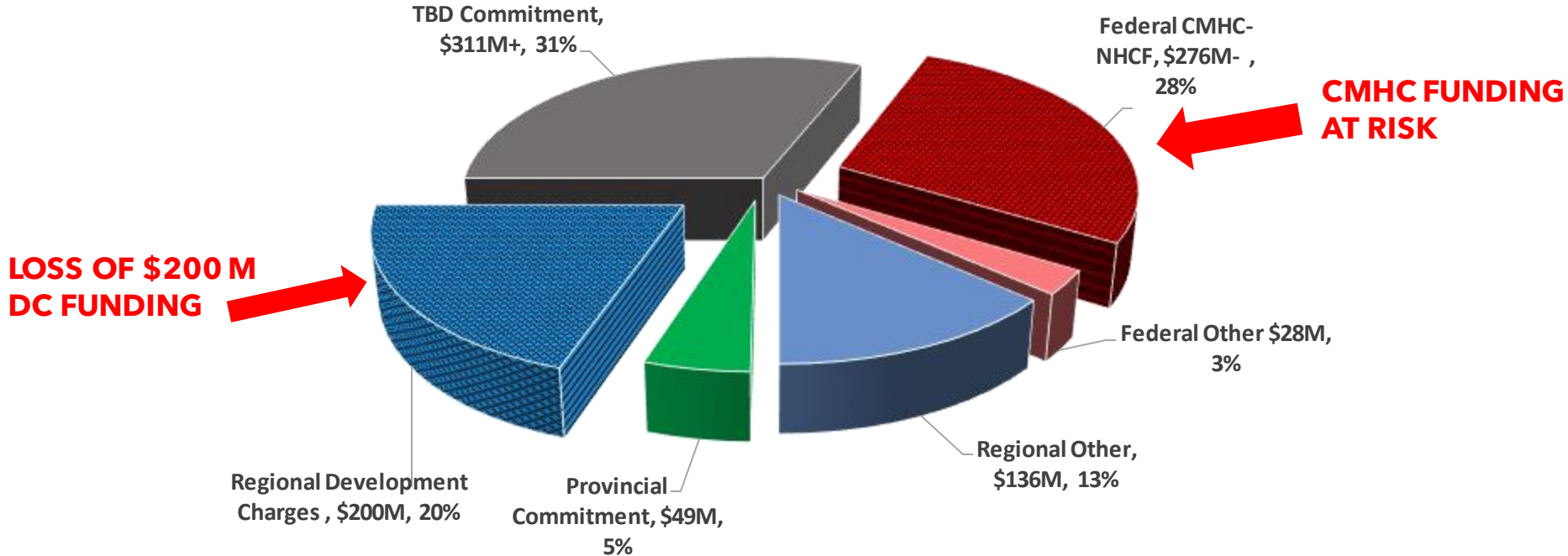
Housing Supply Requirements for Affordability by Income Decile
Multiple of Realistic Supply Projections Required to Achieve Housing Affordability in 10 Years

Income low moderate high



Bill 23 - Housing Implications

Impact of Bill 23 on Housing Master Plan Commitments (\$M)



Bill 23 - Housing Implications

Additional Implications

- Municipal non-profit housing corps (e.g. Peel Housing Corporation)
 - Not eligible for DC & Parkland Fee Exemptions
 - Ineligibility would cost the Region \$400 M more over next 5 years
- Inclusionary Zoning
 - Proposed changes: set-aside rate of 5%, 25-year affordability & 80% of avg resale/rent
 - Units won't be affordable for low-moderate income households
- Municipal Rent Replacement By-laws
 - 1 in 5 households live in rental housing
 - Giving control to Province risks loss of current market affordable rental units

Bill 23 - Planning Implications

Removing Regional Planning Authority

- Significantly limits ability to coordinate cross-boundary infrastructure and services for new development
- Risks the provision of essential services and potential for delays and pressures at local municipal level

Changing Conservation Authority Roles & Responsibilities

- Limits commenting and permitting to core mandate (natural hazards)
- Negatively impacts environmental and watershed planning

Bill 23 - Planning Implications

Limiting Appeal Rights to Ontario Land Tribunal (OLT)

- Could limit valuable information available to OLT to support infrastructure and servicing decisions
- Public Input is key element of good planning
 - Limiting appeals could create delays and put pressure on local municipalities

Bill 23 - Infrastructure Planning & Delivery Implications

- Increase to housing targets (2.5 times the forecast) does not align with Region's ability to provide infrastructure
- Combined with removal of planning authority, it could:
 - Erode the coordination between the Region and the local municipalities
 - Create confusion about how to resolve conflicts between local official plans and regional infrastructure plans and capital investment programs
 - Impact the ability to assess the impacts of growth to provide Regional infrastructure

Next Steps

- Additional Bill 23-related consultations are ongoing; staff reviewing and developing comments
 - Review of Growth Plan and Provincial Policy Statement
 - Rent to Own Arrangements
- Monitoring the in-force date for Bill 23's key provisions
 - E.g., removal of Regional planning powers
- Work with the Province to ensure sufficient funding to offset revenue losses/increased costs