
REPORT TITLE: **Growth and Infrastructure Planning Update Related to Bill 23**

FROM: Kealy Dedman, Commissioner of Public Works

RECOMMENDATION

1. That a copy of the report of the Commissioner of Public Works, listed on the April 27, 2023 Regional Council agenda titled “Growth and Infrastructure Planning Update Related to Bill 23”, be forwarded to the Minister of Municipal Affairs and Housing, accompanied by a letter from the Regional Chair requesting that the Minister provide clarity on issues identified in this report related to Bill 23, *More Homes Built Faster Act, 2022*, to allow for infrastructure planning to proceed in the Region and support accelerated development; and
2. That a copy of the subject report be forwarded to the Cities of Mississauga and Brampton and the Town of Caledon for the purpose of advising local municipal staff of the critical timelines associated with updating the future growth distributions for each municipality and identifying strategic priority areas for accelerated growth.

REPORT HIGHLIGHTS

- Progress has been made to advance the growth management tactics outlined in the March 9, 2023 report titled “Infrastructure Planning and Requests of the Province to Support Bill 23, *More Homes Built Faster Act, 2022* Housing Targets”.
- Peel has effective and strategic infrastructure planning practices in place to ensure efficient and sustainable delivery of infrastructure services; however, the timely receipt of information and resources to undertake the work will be critical in addressing the new growth targets.
- The Region has initiated discussions with local municipal staff to update growth distributions since their finalization is required by August 2023 to input into master servicing plans and maintain the workplan for completion in 2025.
- Region staff will seek opportunities to accelerate and/or amend existing approved 10-year capital plans for alignment to strategic priority growth areas, provided those areas are identified by the local municipalities by August 2023.
- Strategic growth areas may also be candidates for new capital projects (ie. projects not identified in the existing 10-year capital plan.) Early adoption of new capital projects identified through this process will be included in the 2024 Capital Budget provided the local municipalities confirm these strategic growth areas by August 2023. As an example, these projects may include major local servicing works in MTSA areas along major arterial corridors.
- On April 6, 2023, the Province introduced Bill 97, *Helping Homebuyers, Protecting Tenants Act, 2023*, which proposes additional changes to Provincial planning policies and introduces a new Provincial Planning Statement for consultation. This would replace the current Provincial Policy Statement, 2020 and A Place to Grow, 2019. The proposed

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Provincial Planning Statement proposes an implementation plan, among other changes, that states that:

- Municipalities continue to plan for 2051 growth forecasts included in the Regional Official Plan or municipalities can adopt a higher forecast; and
 - Changes to the *Planning Act* to remove Regional planning responsibilities will not come into effect until Winter 2024 at the earliest.
 - The Province also proclaimed in force certain provisions in the Planning Act that were included in Bill 23, to be effective April 6, 2023. These provisions give the Minister new powers to amend municipal official plans if the Minister is of the opinion that the plan is likely to adversely affect a matter of provincial interest.
 - The introduction of legislative and provincial policy changes continues to create uncertainty and significant delays in several initiatives related to infrastructure planning, undertaking the second phase of the Regional Official Plan/Municipal Comprehensive Review, fulfilling Peel's role as the approval authority for local official plan updates, and continuing the Regional Major Office Incentives Program.
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DISCUSSION

1. Background

This report is a follow up to the March 9, 2023 report to Regional Council from the Commissioner of Public Works, titled "Infrastructure Planning and Requests of the Province to Support Bill 23, *More Homes Built Faster Act, 2022* (Bill 23) Housing Targets" and provides Regional Council with an update on planning initiatives and master servicing plans. The March 9th report summarized the challenges and costs required to fully meet the 2031 local municipal Housing Targets released by the Province. The report also introduced three tactics to plan water, wastewater and transportation infrastructure to meet the 2051 growth forecast in the approved Region of Peel Official Plan (RPOP) and to identify areas where there may be an opportunity to accelerate growth to build more homes in the short term. The report also outlined provincial commitments required to support the local municipal Housing Pledges. The three tactics are summarized below:

- *Tactic #1 – Align Growth to Available Infrastructure:* Maximize development of new homes in the short-term by focusing growth in areas where there is existing and planned infrastructure capacity by 2031.
- *Tactic #2 – Update Population Growth Distribution:* Region and local municipalities collaborate to:
 - Implement the RPOP forecasts by confirming the timing and location of population and employment growth across Peel Region to 2051; and,
 - Identify local municipal priority growth areas to be reviewed through the master servicing plan updates to determine if growth can be accelerated to help support Bill 23 targets.
- *Tactic #3 – Complete Master Servicing Plans and Review Advancement Options:* This step involves updating the master servicing plans based on the growth distributions from *Tactic #2*. Opportunities to provide infrastructure that would accelerate growth will be brought to Regional Council for direction.

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2. Strategic Initiatives in Support of the Local Municipal Housing Pledges

Regional staff continue to advance various initiatives in support of the three tactics outlined in the March 9 report. These initiatives are outlined below.

a) Align Growth to Available Infrastructure (*Tactic #1*)

Regional staff have met with each of the local municipalities to communicate the importance of aligning growth with available infrastructure to build more homes quickly. On April 17, 2023, staff met with the Development Industry Working Group and delivered the presentation that was given to Regional Council on February 23, 2023, titled Infrastructure Planning to Support Bill 23 Targets. Furthermore, Regional infrastructure staff are undertaking a further assessment to identify areas where additional capacity could be realized in the short term to facilitate accelerated growth.

b) Collaboration and Updates to the Growth Distributions (*Tactic #2*)

In mid-April, Regional staff met with local municipal staff to discuss the short, mid- and long term population and employment growth distributions to 2051 as per the RPOP. Discussions are also underway to identify strategic growth areas for infrastructure acceleration in response to Bill 23. Agreement on these matters is required to be reached by August 2023 as these will serve as inputs into the master servicing plans, which need to be completed by 2025. These critical timelines have been shared with local municipal partners including senior staff.

Upon identification of strategic priority growth areas and phasing plans by the local municipalities, Region staff will review existing infrastructure capital plans for opportunities provided capacity allocation. Opportunities will be reviewed in the following context:

- **Existing 10-year capital plan acceleration and/or modification** – Region staff will review opportunities to accelerate and/or strategically amend existing approved 10-year capital plans for alignment to new growth areas as identified by the local municipalities. For example, this may include advancement of new/expanded water and wastewater treatment plans, large water pipelines and trunk sanitary sewer where possible.
- **New capital projects to align to strategic growth areas** – Strategic growth areas may be candidates for new capital projects (ie. projects not identified in the existing 10-year capital plan) and/or may be integrated into Master Servicing Plans. Early adoption of new capital projects identified through this process will be included in the 2024 Capital Budget provided the local municipalities confirm these strategic growth areas by August 2023. As an example, these projects may include major local servicing works in MTSA areas along major arterial corridors.

c) Completion of Master Servicing Plans (*Tactic #3*)

Current master servicing plans include infrastructure requirements to accommodate growth to 2041. With the approval of the RPOP, including growth forecasts to 2051, master plans must now be updated to plan for additional growth to 2041 and extend the plans to 2051. Updates to master plans were commenced but were paused to evaluate

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the implications of Bill 23, which was introduced in late 2022 and includes ambitious growth targets to 2031 and significant changes to Peel's roles and responsibilities.

Master servicing plans will advance using the growth distributions and identify opportunities to facilitate accelerated growth as per *Tactic #2*. This approach is consistent with the information provided by the Province on April 6, 2023 (outlined in Section 4) which states that municipalities continue to plan for the 2051 growth forecasts included in the RPOP or municipalities can adopt a higher forecast. Opportunities to accelerate growth will result in financial and other implications and will require approval from Regional Council.

Timely completion of master plans is critical to planning for future growth and development in Peel and therefore short, mid- and long term population and employment growth distributions across Peel must be agreed upon by local and Regional staff by August 2023.

3. Initiatives in Response to Bill 23

In addition to initiatives that support local municipal Housing Pledges and Peel's role as a primary infrastructure provider, Regional staff are advancing other initiatives to support the objectives of Bill 23, as described below.

a) Planning and Development Services Division Assessment

Peel has retained a consultant to undertake an Assessment which will support a transition when changes to the *Planning Act* made by Bill 23 are proclaimed.

The Assessment involves consulting with other Region departments and divisions, local municipalities, Conservation Authorities and the development industry to determine how we continue to work together to advance our respective objectives.

b) Housing Accelerator Fund

In March 2023, the Canada Mortgage and Housing Corporation (CMHC) launched the Housing Accelerator Fund (HAF), which is an application-based nationwide initiative that will provide \$4B in incentive funding to local municipal governments to accelerate housing supply and create at least 100,000 more housing permits that would otherwise not have occurred. The HAF will be open for applications in Summer 2023.

HAF funding can be used to support investments in housing action plans with growth targets, affordable housing (including land or building acquisition), housing-related infrastructure (e.g., water and wastewater, waste management), and community-related infrastructure that supports housing (e.g., roads, sidewalks, green space). In addition to base funding per unit, HAF offers top-up funding to incent multi-unit housing, particularly units that are "missing middle" and/or close to rapid transit, and an affordable housing bonus.

The HAF will provide funding that can support local municipal action plans and help create more housing options including affordable housing. This includes funds to support implementation of zoning, development permitting, and policies, such as parking requirements, disincentives for vacant units, supporting studies, climate adaptability plans, and new or enhanced processes or systems.

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The scope of the program is focused on lower/single tier municipalities. The Region can support applications made by local municipalities to advance shared priorities. Given the nation-wide scope of the program, however, it is not expected that potential funding will be sufficient to resolve estimated budget shortfalls associated with servicing accelerated growth targets from Bill 23.

4. **Bill 97, *Helping Homebuyers, Protecting Tenants Act* and the Proposed Provincial Planning Statement**

On April 6, 2023, the Province released Bill 97, *Helping Homebuyers, Protecting Tenants Act* (Bill 97) and a proposed Provincial Planning Statement (proposed PPS) to replace the current Provincial Policy Statement, 2020 and A Place to Grow, 2019 and a planned approach to implementing the proposed PPS. The deadline to provide comments to the Province is May 6, 2023 for Bill 97 and June 5, 2023 for the proposed PPS.

The Province advises that the changes included in Bill 97 are intended to “make life easier for both renters and home buyers” and proposes amendments to several statutes including:

- *Building Code Act*
- *City of Toronto Act*
- *Development Charges Act*
- *Ministry of Municipal Affairs and Housing Act*,
- *Municipal Act*
- *Planning Act*
- *Residential Tenancies Act*

At the time of writing of this report, the Province released draft materials for comment. Staff will respond by the commenting deadlines noted above. For the purposes of this report, staff advise that one of the documents released proposes an approach to implementing the proposed PPS that provides some clarification as follows:

- That municipalities continue to plan for the 2051 growth forecasts included in the RPOP or municipalities can adopt a higher forecast; and
- That changes to the *Planning Act* to remove Regional planning responsibilities would not come into effect until Winter 2024 at the earliest.

Bill 97 proposes additional Ministerial powers beyond those included in Bill 23. The authority to make regulations include specifying transition regarding the new PPS and whether a policy statement being implemented does not apply to specified matters, applications and proceedings or whether a previous policy statement continues to apply. Regional staff are assessing the implications of the ‘regulation-making authority’ proposed by the Province. Staff continue to examine the implications of the recently released proposed materials and will prepare comments to the Province and bring forward a report to Regional Council in June 2023.

At the same time, the Province also proclaimed in force certain provisions in the *Planning Act* that were included in Bill 23, to be effective April 6, 2023. These provisions give the Minister new powers to amend municipal official plans if the Minister is of the opinion that the plan is likely to adversely affect a matter of provincial interest.

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5. Impacts on Initiatives Reliant on the *Planning Act*

The evolving status of Bill 23, and the recent introduction of new legislation and draft policies outlined in Section 4 of this report, has created uncertainty and delays related to initiatives reliant on the *Planning Act*.

a) Phase 2 of the Peel Official Plan/Municipal Comprehensive Review

Although the RPOP is in effect, staff have been reviewing three employment conversion requests in Mississauga and one in Caledon, and undertaking the Mineral Aggregate Resources Policy Review.

Council directed Regional staff to work with Mississauga staff to undertake a further review of three employment conversion requests submitted through the MCR and report back to Council. An additional site was submitted by the Town of Caledon which has been incorporated into the review. Regional staff continue to advance this work and plan to report back to Regional Council in November 2023. Assuming changes to the *Planning Act* to remove Regional planning responsibilities do not come into effect until after Regional staff make a recommendation on employment conversions, there would be no impact from Bill 23 on completing this work.

Prior to Bill 23, the Mineral Aggregate Resources Policy Review was proceeding as a subsequent phase of the Peel 2051 Regional Official Plan Review to update policies and mapping, ensure conformity with provincial policy, and address Regional and local policy needs. Background work to support the review, including development of a background discussion paper, transportation study, mapping methodology and resource mapping, is being conducted jointly with the Town of Caledon. In light of Bill 23 and anticipated transfer of Regional planning to the local municipalities, Regional staff are not recommending initiating public consultation on an amendment process at this time to update the RPOP. Regional staff will continue to support the Town of Caledon's Joint Aggregate Review process and local review of the Town of Caledon Official Plan.

b) Local Official Plan Conformity Exercises

The *Planning Act* requires that local municipalities update their official plans to conform with the RPOP within one year of Provincial approval. In Peel, the local municipal official plans are required to be updated by November 2023.

Caledon's current strategy is a phased approach with the first phase including required RPOP conformity elements and the second phase including policies related to matters currently under study including growth phasing and aggregate policies. Mississauga and Brampton have opted to undertake their official plan updates in two separate policy conformity exercises: Major Transit Station Area (MTSA) policies and a general update to the official plan.

When the *Planning Act* changes introduced by Bill 23 are proclaimed, Peel's planning authority will be removed and the RPOP will be deemed to be an official plan of each local municipality in conjunction with their own official plans. The Province has advised that the earliest time these changes would be proclaimed is Winter 2024. Furthermore, the Province has not indicated that they will postpone the November 2023 deadline for local municipalities to complete local official plan updates. During this period, Peel continues to be the approval authority and local official plans will need to conform to the

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RPOP. Regional staff are seeking further guidance from Ministry staff on the appropriate treatment of local official plan conformity exercises considering the ongoing changes to provincial legislation.

There has also been uncertainty related to how local official plans are to plan for the differing population and employment forecasts approved in the RPOP compared to the ambitious residential unit targets introduced by Bill 23. The Province has proposed that municipalities continue to use the 2051 forecasts provided by the Province (at a minimum) or a higher forecast as determined by the municipality. This approach is consistent with the approach proposed through the three *Tactics* outlined in Section 1 of this report.

Regarding MTSA planning, Mississauga Council adopted their draft MTSA-related OPAs in August 2022 and Regional staff brought forward a report to Regional Council in February 2023 that recommended that Council approve the amendments with modifications. Regional Council deferred this report to await the results of a report planned to Mississauga Council that recommends an approach for accepting amendments in MTSA. Subsequently, communication was received from the Minister of Municipal Affairs and Housing related to the ability of local municipalities to include maximum heights in MTSA. Regional Council directed Regional staff to confer further with local municipalities and the Province and report back to Regional Council with an update. Regional and local staff met with Ministry staff on March 23, 2023 and presented the rationale for recommending approval of the Mississauga MTSA Amendments, including implementing maximum heights as follows:

- Inclusion of maximum heights allows for development applications to advance quickly which supports the objectives of Bill 23 to build more homes faster. If an application is submitted that is within height permissions, the application can progress quickly as technical reports to justify the proposed height would not be required.
- The *Planning Act* includes provisions that contemplate maximum heights in MTSA and protect them from appeal to facilitate growth in a coordinated and efficient manner and allow municipalities to plan complete communities to meet the needs of the high-density areas.
- As a primary infrastructure provider, establishing maximum heights and densities in the 91 MTSA within Peel provides the Region with the level of certainty necessary to plan and budget for the large-scale infrastructure improvements required to service long term growth.

Ministry staff advised that they will provide a letter clarifying their position related to the ability of local municipalities to implement maximum heights. At this time, the follow up letter from the Ministry has not been received.

c) Regional Major Office Incentives Program

To support and encourage large office developments in Peel, the Regional Major Offices Incentives Program was established in April 2021. The program is a partnership program between Peel and the three local municipalities where Peel contributes funding to the local municipalities' Community Improvement Plan (CIP) programs. The amount is determined in a manner that is similar to a Tax Increment Equivalent Grants for qualifying major office developments in locations identified by local municipal CIPs.

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The program was established in accordance with the *Planning Act* and was reliant on policies included in the RPOP. Once the changes to the *Planning Act* introduced by Bill 23 are in full effect, the Region will no longer be able to participate in local Municipal CIPs under the current program structure.

Regional staff are examining opportunities to continue the program through alternative legislation and will prepare a follow up report to Council.

6. Next Steps

As summarized in this report, the three *Tactics* first identified in the March 9 report to Regional Council are underway to complete the master servicing plans and identify opportunities to accelerate growth.

Staff are continuing collaborations with local municipal staff where discussions have begun to confirm the growth areas in the short, mid- and long term and on areas where growth could be accelerated to respond to Bill 23 targets.

As part of a proactive response to Bill 23, staff will continue to work with the consultant retained to complete a Regional Planning Responsibility Assessment to understand the best way to integrate Peel's role in growth management and development within the future municipal framework. The results of this work will be presented to Regional Council.

As the regulations stemming from changes to the *Planning Act* by Bill 23 have not yet been enacted, and the Province has indicated that changes to planning responsibilities will not take effect until Winter 2024 at the earliest, the Planning and Development Services Division continues to operate under the current legislative framework and maintains planning responsibilities and Regional Council maintains planning authority. Furthermore, Regional staff are continuing to seek additional guidance from Ministry staff on the appropriate treatment of local official plan conformity exercises in light of the ongoing changes to provincial legislation.

RISK CONSIDERATIONS

Peel continues its commitment to advance the three growth management tactics to provide infrastructure to support the forecasted growth and advance initiatives reliant on the *Planning Act*. However, ongoing changes in provincial legislation have resulted in uncertainty that is causing delays that impact staff's ability to execute core Regional functions related to growth management and infrastructure planning which are integral to the Region's efforts to advance development.

Regional and local staff will continue to work together to confirm the short, mid- and long term growth distributions to 2051 as per the RPOP and discussions are ongoing to identify strategic growth areas across the three local municipalities for infrastructure acceleration in response to Bill 23. If the growth distributions are not confirmed by August 2023, there is a risk that master servicing plans will be delayed which will delay development. Regional staff have shared these critical timelines with the local municipal partners including senior staff.

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FINANCIAL IMPLICATIONS

The complete financial implications of capital plans for infrastructure to service the growth approved in the RPOP will be provided to Council once the master servicing plans are complete and all associated costs are known, including debt servicing costs, the impact of inflation, land acquisitions or other soft costs. Staff will also report back to Council with a recommendation and associated costs related to accelerated growth.



Kealy Dedman, Commissioner of Public Works

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