Meeting Date: February 21, 2023

Subject: Caledon's Housing Pledge to the Province of Ontario (Bill 23)

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## RECOMMENDATION

That Caledon's Housing Pledge to the Province of Ontario ("the Province"), be approved as outlined in Staff Report 2023-0128, and as shown on Schedule B, to demonstrate alignment with the housing target assigned by the Province in conjunction with Bill 23, the *More Homes Built Faster Act*;

That a copy of Staff Report 2023-0128 and attachments be provided to the Minister of Municipal Affairs and Housing; and

That a copy of Staff Report 2023-0128 and attachments be provided to the Region of Peel, the City of Brampton, the City of Mississauga, Metrolinx, the Ministry of Transportation, Ministry of Infrastructure, Peel District School Board, Dufferin-Peel Catholic District School Board, Peel Chapter of the Building Industry and Land Development Association, and the Honorable Sylvia Jones, Deputy Premier, MPP, Dufferin-Caledon.

## REPORT HIGHLIGHTS

- In conjunction with Bill 23, the *More Homes Built Faster Act*, 2022, Ontario's Minister of Municipal Affairs and Housing (MMAH) has assigned the Town of Caledon a housing target of 13,000 new homes by 2031.
- This growth is generally aligned with what Caledon planned to deliver in accordance with Regional and Town Official Plans. However, much of Caledon's growth is greenfield, and is contingent on essential infrastructure being in place – roads, transit, utilities and water and wastewater servicing.
- The Province has requested that Caledon sign a 'Housing Pledge' reflecting the target, and explaining the initiatives the Town will undertake to meet the target, as well as the barriers the Town could face in the process.
- The Province has indicated that there will be a connection between the housing pledges and provincial support for housing-enabling infrastructure funding.
- Staff have consulted with Provincial staff, the Region of Peel and School Board staff. The Town participated at the Rural Ontario Municipalities Association (ROMA) and had dialogue with the Minister of Municipal Affairs and Housing, Hon. Steve Clark, which has informed the Housing Pledge.

- Staff have completed a feasibility analysis for the Housing Pledge and recommend signing it as it demonstrates a commitment towards the Province's goal of improving the housing supply systems.
- Caledon's Housing Pledge attached as Schedule B, lists the various initiatives the Town is committed to, how each of these will support housing growth and the risks and considerations the Town is faced with due to the lack of comprehensive planning, infrastructure as well as the disproportionate impact of Bill 23 on the Town's finances.
- The Housing Pledge requests the Province's support in completing comprehensive planning in new growth areas and respecting the way Caledon would like to phase its future growth to create new communities in greenfield areas.
- Town Council endorsed the Housing Pledge at the February 21, 2023 Planning and Development Committee meeting. However, at the subsequent Council meeting on February 28, 2023, Council voted to defer approval of the Housing Pledge to allow the Region of Peel time to put forward Regional requests to the Province as well as give Town staff more time for fine tuning.
- Joint asks for Provincial commitments has been prepared with the Region of Peel, City of Brampton, Town of Caledon and City of Mississauga and have been attached as Schedule C to this report.
- If approved by Council, the updated Housing Pledge and the joint asks will be submitted to the Province by the new extended deadline of March 22, 2023**.**

## DISCUSSION

### Purpose of this Report

The report provides an overview of the context and requirements of a Housing Pledge and a draft Housing Pledge for Council's consideration (**Schedule B**). The draft Pledge includes several initiatives, concerns and mitigative solutions that will be required for Caledon to meet its housing target of 13,000 new housing units by 2031.

### Background on Bill 23, the *More Homes Built Faster Act*, 2022 ("Bill 23")

Bill 23 received Royal Assent on November 28, 2022 and is part of the Province of Ontario's ("the Province") plan to address housing supply and affordability and follows previous initiatives such as the *More Homes More Choice Act* (2019) and the *More Homes for Everyone Act* (2022). Under the new Bill 23, the Province is looking to address the housing crisis by constructing 1.5 million homes over the next 10 years. To implement this Bill 23 introduces several changes to a total of 10 Acts, including but not limited to, the *Planning Act*, *the Development Charges Act*, the *Ontario Land Tribunal Act* and *the Conservation Authorities Act*. Preliminary analysis shows that the changes proposed through Bill 23 will require significant revisions to the Town's land use planning policies and development processes. These legislative changes will impact the environmental, social, and economic health and wellbeing of the Town.

**Housing Target Assigned to Town of Caledon and Housing Pledge**

To achieve the housing construction goal noted above, the Province has assigned housing targets for 29 of the largest municipalities in Ontario. The Town of Caledon has been assigned a target of 13,000 new residential units by 2031. The Province has requested that a 'Housing Pledge' committing to this target be approved by Town Council and submitted to the Province by March 22, 2023. (See **Schedule A** for details on the pledge requirements and extension of the original deadline).

The housing targets are adapted from the housing needs assessment provided in the "Ontario's Need for 1.5 Million More Homes" report of August 2022, prepared by Smart Prosperity Institute. The Province expects that the municipalities include details on how the housing development will be enabled or supported through a range of planning, development approvals and infrastructure related initiatives. These housing pledges are not intended to replace current municipal Official Plans and are not expected to impact adopted municipal population or employment projections.

While the municipal housing targets do not specify housing form, density, or geographic location (e.g., greenfield, intensification), it is up to each municipality to determine these details. To develop effective local policies and programs to support the achievement of the housing targets, municipalities will assess their existing and future housing needs through a local lens.

The Province will use the municipal pledges to monitor and track progress towards housing targets. According to the Province, these pledges are in addition to existing, longer-term targets in municipal land use plans and will help kick-start development by highlighting the need for municipal infrastructure, such as roads and sewers.

Municipalities have identified that significant acceleration of transportation, servicing, and community infrastructure as well as additional staffing resources will be required to meet these provincial targets. The Minister has suggested that there will be a connection between the housing pledges and provincial funding support for infrastructure, as well as the release of new growth funding tools. The details of these other levels of support are unknown at this time.

Caledon's growth is primarily greenfield growth, which means that new development will occur on lands currently rural or agricultural in nature. It is critical that key dependencies are identified to enable and support this new growth. This includes, but is not limited to:

- The provision of infrastructure (roads, transit, utilities, and water/wastewater servicing);
- Ensuring that Caledon plans Caledon, focusing growth and prioritizing developments that align with the Town's Growth Management and Phasing Plan;
- The provision of community and emergency services (fire halls, works/operations yards, recreation centres, parks, etc.);
- Securing the Town's financial future;
- Retaining and increasing capacity through staffing or improving development application processes; and
- Continuing to advocate and advance the green agenda.

It is imperative that the Province understand the unique context of Caledon and the disproportionate impact Bill 23 is expected to have on the Town's (and the Region of Peel's) ability to ensure that both hard and soft infrastructure is in place for its new communities.

The housing target proposed is similar to the Region's forecast (a difference of 1,000 units). While staff believe the housing targets assigned to Caledon are achievable, and that the Town will use every initiative and action needed to support the development of new houses, the delivery of these homes is dependent upon a number of external factors including the capacity of the development industry, availability of key infrastructure, comprehensive growth planning, staff resources, etc.

On January 17, 2023, Town staff brought forward a report to Council titled 'Caledon's Initial Action Plan in response to Bill 23, the *More Homes Built Faster Act*, 2022 and Greenbelt Changes' (Staff Report 2023-0066). One of the 27 action items in response to the Bill is to address the Province's Housing Pledge request. Staff committed to undertaking a preliminary analysis of the number of units which may be achieved, as well as discussions with the Region on infrastructure projects, and sharing those findings with Council. This report is a deliverable of that action item.

**Consultation on Bill 23 and the Housing Pledge**

Staff have consulted with Provincial staff, the Region of Peel and School Board staff during the feasibility analysis for the pledge.

Provincial staff have advised Town staff to include in its housing pledge all aspects of challenges and creative solutions that Caledon can explore or suggest to the Province to help meet the targets.

The Town participated at the Rural Ontario Municipalities Association (ROMA) and met with Minister Steve Clark to discuss Bill 23 impacts. The Minister confirmed that the Province is still open to feedback on the definitions for affordable or attainable housing under Bill 23. The Minister expressed interest in continuing to receive feedback from stakeholders. The Town committed to continuing to provide feedback and following up on required infrastructure funding.

The Region of Peel, in a staff budget report, has prepared a preliminary analysis of the risks to its capital programs as a result of revenue shortfalls from Bill 23. Multiple projects in Caledon and affecting the Town are included in the at-risk list. The Region is embarking on further analysis of mitigative solutions to infrastructure delivery challenges, and Town staff will work collaboratively with the Region to address impacts to Caledon.

School Board staff have advised on challenges in receiving funding in a timely manner as new greenfield communities develop in Caledon, in securing registration of school blocks when the blocks belong to non-participatory landowners and the need for partnerships with stakeholders including the Town, for joint use and creative development agreements.

**The Feasibility of Signing a Housing Pledge for Caledon**

Town staff has completed a high-level, preliminary analysis of the existing development applications under review, including the number of units proposed, the status of the applications, the infrastructure required, outstanding critical comments and the manner of which an application would be approved (i.e. Town or Ontario Land Tribunal).

Caledon's housing pledge consists of four components:

1. Units approved that have not applied for Building Permits
2. Active applications under review.
3. Additional Residential Units
4. Units in Bolton 2031 Approved Urban Area and in and around the Bolton MTSA

Staff have identified that with capacity to be gained by increased staffing and efficient development processes and with the in-place planning framework, availability of infrastructure and servicing, the housing pledge can be met. Moreover, with continued comprehensive planning and delivery of all required growth infrastructure from the Province and the Region, including emergency and community services, the Town can achieve and even exceed the total target of 13,000 new units by 2031.

It is worth noting that Caledon has tremendous growth potential in its Settlement Area Boundary Expansion (SABE) which is a total of 4,647 hectares of greenfield land dedication (including 3,061 hectares of community area and 1,565 hectares of employment area). The Town is/has already received inquiries, requests for pre-consultation and application submission. As the Town would like to continue a phased and thoughtful approach to planning for growth, not all applications have been included in the housing pledge as direction is required from the Growth Management and Phasing Plan.

<u>Units Approved That Have Not Applied for Building Permits: 800 Units</u>

The Town has reviewed approved development applications against the number of Building Permits issued for those development applications. As of February 1, 2023, there were 800 building permits which could be issued.

<u>Active Applications Under Review: 6,700 Units</u>

The Town has reviewed the active development applications in process, together with delivery of infrastructure, servicing and their status to identify the number of units which are anticipated to be approved by 2031. Not all current development applications under review are included in this unit count. These units will require servicing and Regional road improvements to Airport Road and Mayfield Road, and include 5% infill growth as directed by the Region's Official Plan.

Additional Residential Units: 1,900 Units

Additional Residential Units (ARU's) include second units, garden suites, etc. in urban residential parcels. The Town has reviewed historical building permit data to identify an average number of ARU's issued annually. Based on this historical data, it is estimated that ARU's will account for approximately 200 units/year.

Units in Bolton 2031 Approved Urban Area and In and Around the Bolton MTSA: 3,600 Units

The Town has also received a number of inquiries, pre-consultation or formal development applications in the above-noted area. The Town has not identified more specific applications or locations for these units, as the location will be determined by the results of our Growth Management and Phasing Plan and ROPA 30.

This report includes a draft Housing Pledge for the consideration of Council (**Schedule B**). It includes the target numbers, highlights key growth initiatives and provides a clear picture of the need for municipal infrastructure, funding and studies, and risks and mitigative solutions, as requested by the Province. If approved by Council, the Housing Pledge will be submitted to the Province by the deadline of March 22, 2023.

**Supports Required to Meet Housing Pledge Targets**

Caledon is a greenfield (undeveloped land) growth community and requires significant investments to grow and accommodate critically needed housing. Greenfield growth has different requirements than areas which are already largely built out. Those built out areas have benefited from financial tools like Development Charges and Parkland Cash-In-Lieu to grow. Caledon is at the beginning of its growth and will be disproportionately impacted by revenue losses as a result of the changes proposed to these tools under Bill 23.

A recent Regional report indicates that the housing unit targets included in Bill 23 are substantially higher than the previous levels of growth experienced by the Region, as well as the growth planned in the Provincially approved Region of Peel Official Plan, master servicing plans and the Region's Development Charges Background Study. To achieve the Bill 23 housing unit targets in Peel, additional major water, wastewater and transportation infrastructure will be required beyond what has been planned in the master servicing plans to 2031, and larger infrastructure projects typically take more than 10 years to complete. The current 10-year Capital Plan for Regional infrastructure is $8.9 billion, whereas the infrastructure required to achieve the new Bill 23 housing targets for Peel's municipalities is estimated to cost approximately $20.4 billion.

To service growth in the Bolton 2031 Approved Urban Area and in and around the Bolton MTSA, infrastructure investment of approximately $300 million will be required, which is a fraction of the overall $20.4 billion identified as above. Given the Region's financial

constraints, Caledon requires a commitment from the Province to help fund the Bolton infrastructure.

Caledon will collaborate with the Region of Peel on its strategy to support municipal housing pledges. To pledge accelerated development by 2031, provision of infrastructure will need to be provided in advance of collecting development-related costs or collecting any new assessment exemptions. In addition, funding shortfalls are expected at the Town level too because of changes to development charges, parkland dedication and the community benefits charges resulting from Bill 23.

Listed below are some essential requests of the Province for Caledon to deliver its housing targets:

- Funding tools for all growth-related infrastructure, public facilities and amenities.
- Respect for Caledon's growth phasing plans and secondary planning processes.
- A stop to Ministerial Zoning Orders (MZOs) so Caledon's pledge is not compromised.
- Restriction on appeals for planning applications that are premature and not supported by the Town.

In addition, the Town of Caledon is recommending a number of other Provincial actions that can support the delivery of housing which are included as asks in the Pledge.

Moreover, at the February 23, 2023 Regional Council meeting, Resolution 2023-130 was passed directing Regional staff to meet with local municipal staff and report back to the March 9, 2023 Regional Council meeting with a list of caveats required for local and regional municipalities to be 'made whole' and to support the pledge process for lower tier municipalities. Caledon staff collaborated with the Region on a joint list of Provincial commitments required from a Region wide perspective to meet the housing pledge targets. This list "Joint Regional and Local Municipal Request for Provincial Commitments to Support Housing Pledges" was approved by Regional Council on March 9, 2023 and is attached to Caledon's Housing Pledge as **Schedule C** of this report.

Financial strategies to address Bill 23 related funding shortfalls for the Region of Peel for the period from 2024 - 2031 are being reviewed by the Region. Caledon will collaborate with the Region on implementation of these and additional strategies to meet the Housing Pledge.

## CONCLUSION

Prior to Bill 23 and the Province assigning housing targets, Caledon had begun to plan for a growth of 12,000 new homes by 2031, with a balanced supply of employment, retail, community amenities, parks, essential services and all elements that make up for a healthy and sustainable town. As stated earlier, the Town does not view the new provincial

targets of 13,000 new homes by 2031 as an additional encumbrance, rather as an enhancement and reinforcement of its intended growth trajectory.

Submitting a pledge to the Province demonstrates the Town's commitment to the Province's intent of improving Ontario's housing supply. Moreover, highlighting the key dependencies and shortfalls in the Housing Pledge provides a fulsome picture to the Province and other stakeholders of the types of supports that will be required to meet the targets. Caledon is confident that it can deliver on its share of the housing supply system. However, as staff had reported earlier, Bill 23 itself will make it difficult for Caledon's infrastructure and community services to be delivered in a timely manner and to allow for this growth to materialize, as Bill 23 disproportionately impacts greenfield growth communities with challenging fiscal circumstances. The housing crisis requires a comprehensive approach and the Town is eager to collaborate with the Province and municipal partners on solutions to meet the pledge targets and overcome the substantial challenges imposed by Bill 23.

The Town fully intends on creating complete communities and remains committed to embracing change and innovation as it grows without compromising the values and integrity of its existing and future communities. Caledon's Housing Pledge, therefore, highlights the provincial, regional and other contributions needed to meet its targets, aligned with the vision of Caledon plans for Caledon.

## FINANCIAL IMPLICATIONS

Preliminary analysis of Bill 23 as reported by staff to Council in Staff Report 2023-0066 indicates financial implications for the Town as the changes to both DCs and cash in lieu of parkland will create a gap between the cost of growth infrastructure and the Town's ability to fund this infrastructure. Staff anticipates a Town property tax increase of at least 20% or $414 a year for the average residential taxpayer. Clarity on the applicability of the new definition of 'affordable housing' and new exemptions for 'attainable housing' could exponentially increase the loss projections.

In addition, proposals for responsibilities being downloaded from the Region and Conservation Authorities and the need for amendments to existing policies and programs that were not in current workplans will likely impact staffing/resourcing needs. To date, the Province has not indicated that grant funding will be made available to municipalities to off-set revenue losses and to enable timely delivery of infrastructure needed to meet Provincial housing targets.

The Town is at a critical point in its growth trajectory. A new DC background study is planned for Council approval in 2024 following the completion of several key service plans and other important growth-related work in 2023. Without having this key information completed, the fulsome cost of growth remains unknown. Further, without development

charges available to fund this infrastructure, and without provisions yet to make up for this critical loss, the Town will be faced with difficult financial decisions including increases in property taxes and the reduction in services provided to the community.
In this context, Caledon's Housing Pledge is a demonstrated commitment by the Town towards the Province's housing goal. The Town requests the Province to collaborate with the Town and fully evaluate the financial and other supports and action items listed in the Housing Pledge to support the Town's growth funding sustainability.

## ATTACHMENTS

Schedule A: Ministry Letter for Town of Caledon Housing Pledge
Schedule B: Proposed Housing Pledge by the Town of Caledon
Schedule C: Joint Regional and Local Municipal Request for Provincial Commitments to Support Housing Pledges
Schedule D: Caledon's Status Update on Action Items in Response to Bill 109