

MEMO / NOTE DE SERVICE



To / Destinataire	Mayor and Members of Council	
From / Expéditeur	Don Herweyer, Interim General Manager, Planning, Real Estate and Economic Development Department	
Subject / Objet	City of Ottawa Comments on Bill 23, <i>More Homes Built Faster Act 2022</i>	Date: November 7, 2022

Background

The Ontario Housing Affordability Task Force was appointed by the Province to help the government identify and implement solutions to quickly increase the supply of market housing in Ontario. On February 8, 2022, the Task Force published a report containing 55 recommendations. Council Report [ACS2022-PIE-EDP-0008](#) outlined the City's response to those recommendations, which was sent to the Minister of Municipal Affairs and Housing for their consideration.

Bill 109, More Homes for Everyone Act, 2022 received Royal Assent on April 14th, 2022. The Bill made changes to the Planning Act and other statutes to implement some of the 55 recommendations in the Task Force Report. Impacts on the City included the delegation of approval for Site Plans to staff, mandatory refunds for Site Plan and Zoning Applications that exceed statutory timelines, removed councillor concurrence and imposed mandatory timelines for development approvals, and the introduction of a new "Community Infrastructure and Housing Accelerator" tool. The City is currently rewriting development review processes to respond to the financial and timeline requirements of Bill 109, with a provincial implementation date of January 1st, 2023.

Bill 23, More Homes Built Faster Act, 2022, was introduced at the Provincial Legislature for First Reading on October 25th, 2022 and implements additional recommendations from the Task Force Report. The Bill proposes extensive changes to a number of Acts and regulations including the Development Charges Act, Planning Act, Municipal Act, and others. If passed as proposed, in combination with Bill 109 these changes would have significant impacts on municipal financing, processes and operational matters across multiple business units.

Bill 23 Amendment Highlights

Bill 23 includes recommendations from the Task Force and introduces a number of new additional changes. The proposed amendments include in summary:

- Overriding municipal zoning by-laws to allow up to 3 "gentle intensification" principal units on any urban-serviced residential parcel, including in a detached, semi-detached or townhouse and prohibiting a zoning by-law from restricting such from occurring;

- Prohibiting, in respect of the units identified above, a zoning by-law from regulating minimum unit size or requiring more than 1 parking space per unit;
- Exempting the above “gentle intensification” units from Development Charges (DC), Parkland and Community Benefit contributions;
- Exempting affordable, attainable and inclusionary zoning units from Development Charges, and discounts to Community Benefits and Parkland Dedication;
- Setting a maximum parkland dedication cap of 10% for sites less than 5 ha in area, and 15% for larger sites;
- Halving the maximum parkland dedication rates for land and cash-in-lieu;
- Allowing the possibility of encumbered lands and privately-owned parks to be counted for parkland credit;
- Requiring 60% of DC and Parkland funds to be spent or allocated to be spent on an annual basis;
- Requiring a discount on development charges for purpose-built rentals, and a greater discount for larger units;
- Requiring a phase-in period for introduction of new or revised development charges;
- Removing cost of studies (including background studies for roads and infrastructure) as an eligible item for development charge recovery;
- Requirements to implement all necessary zoning within one year of designating a Protected Major Transit Station Area;
- Prohibiting municipalities from seeking details through Site Plan Control on matters of exterior design, including the building elements, materiality or appearance of buildings;
- Prohibiting municipalities from seeking details through Site Plan Control on matters of sustainable design for a proposed building;
- Prohibiting municipalities from commenting through Site Plan Control on the appearance of provided landscaping features in the right-of-way, except where comments are on functional matters of health, safety and accessibility;
- Exempting buildings of up to 10 residential units from Site Plan Control entirely;
- Removing all third party appeals on planning decisions from consideration by the Ontario Land Tribunal;
- Increasing the threshold requirements for new Heritage Conservation District Plans;
- Requiring a non-designated property listed on a Heritage Register to be removed within two years if no notice to designate has been provided within that timeframe; and
- Changes to Conservation Authorities to amend levels of responsibility and oversight.

Additionally, a number of regulations and bulletins have been proposed that will further impact several areas of interest to Ottawa, including:

- Assigning a housing target of 151,000 new homes within 10 years, to be achieved through a “Municipal Housing Pledge”;
- Changes to the registration and designation process for heritage buildings and areas;
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- Limiting Inclusionary Zoning to a maximum cap of 5% and a maximum term of 25 years;
- Changes to the Provincial Policy Statement (PPS) to integrate this with the GTA-focused “Place to Grow”, including allowing more flexibility in rural development; and
- Changes to the Ontario Wetland Evaluation System to remove wetland complexing.

A list of more detailed comments regarding the proposed amendments are provided in Appendix A attached to this memorandum.

Ottawa’s Actions to Support Housing Supply

Ottawa has made a number of moves over the past term of Council to address the issue of increasing housing scarcity and inequity in land supply. In May 2020, Council adopted a “balanced approach” [Growth Management Strategy](#) (GMS) that identified a need to accommodate 181,800 homes in the urban area over the next 25 years, with 51% delivered through urban infill, while providing for a measured approach to greenfield development. Council approved a new Official [Plan \(New OP\)](#) in October 2021 that implemented the GMS by setting out a vision and direction for significantly increasing the density and diversity of Ottawa’s neighbourhoods. Directions included increasing density and height permissions along hubs and corridors, and neighbourhood-specific housing supply targets. The New OP was subsequently submitted to the Province on December 9th, 2021, following Council approval and has received Ministerial approval with modifications on November 4, 2022.

Council continued to move ahead with its plan to build more diverse, healthy neighbourhoods while it waited on provincial approval of the New OP. Council approved a new Parks and Recreation Master Plan in October 2021, and a new [Parkland Dedication By-law](#) in July 2022. That Plan provided the overall strategy for how the City will provide the recreation services, amenities and parklands needed to support the increased density and housing requirements. Staff are currently preparing [Transportation](#) and [Infrastructure](#) Master Plans that will lay out the means for provision of the supportive roads, transit, water, sewer and all other necessary infrastructure and services needed to deliver on these major housing supply objectives and provide Ottawa with capacity to manage growth into the future. These plans can be summarized as follows:

- ***Quantity of Housing Matters***
Ottawa Council has directed staff to expand the **quantity** of new housing across all typologies. Ground-oriented and missing middle types will be a major contributor to future housing diversity and density objectives. In July 2022, Council approved a [Zoning Implementation Strategy](#) that would execute the vision and direction of the New OP. The strategy recognizes the need for significant upzoning across much of the City to meet density targets, including in R1 neighbourhoods, in a manner that is sensitive and takes into consideration the local context
- ***Quality of Housing Matters***

Ottawa Council has directed staff to recognize the **quality** of new housing units, including site design and the accompanying public realm, as an equally important aspect of development. Urban and community design, climate resiliency, energy efficiency and public health are all central pillars of Council's vision. This includes the provision of healthy, attractive, and sustainable designs and landscapes, incorporating trees and environmental features concurrent with development, managing stormwater solutions through low-impact design, and building resiliency to address the real and present impacts of climate change.

The materiality, scale, character, and design features of a building needs to be properly considered within its context: it has a relationship with its neighbours and with the public realm. Larger buildings in particular have a prominent role in city-building - acting as a frame for the adjacent public realm and forming a part of the city skyline, while also providing an important street-level interface that contributes to lively and desirable places.

- ***Support for Housing Matters***

Supporting Master Plans, including the recently approved Parks and Recreation Master Plan and the forthcoming Transportation and Infrastructure Master Plans, together with related studies for Community Benefits and development charges, recognize the importance of **supportive infrastructure** – both social and physical – and the need to ensure that this infrastructure can be funded, developed and maintained commensurate with the new density. Parkland, community amenities, walkable infrastructure, core services like water, wastewater and storm, and transit and road infrastructure are necessary to provide the foundation upon which all growth occurs. These services, facilities and infrastructure strategies are reliant upon the consistent long-term provision of funding sources to expand and improve these amenities in a timely manner. This is critical to ensuring that communities remain livable as new neighbours are welcomed. Recreation, community amenities and quality access to park space and transit are even more important from an equity perspective when contemplating housing for those least able to advocate for themselves.

All of these actions developed over the course of the last four years highlight the deep investments Council has already made to meet the housing supply challenge; they are based on the housing and population forecasts in the approved GMS and the projected need for 181,800 new urban housing units over the next 25 years. These population and housing forecasts for Ottawa are consistent with the Province's own estimates from the Ministry of Finance.

Concerns with Bill 23

The City of Ottawa supports the overarching objective of Bill 23, which is to address the need for housing and to provide the housing capacity and planning framework necessary to stimulate home-building across the Province. Several of the proposed amendments represent a positive step toward achieving this goal, and complement bold actions already taken by Ottawa's City Council to increase housing supply.

Bill 23 narrows the housing discussion to one of *quantity* and diminishes the critical role municipalities play in providing for *quality* and *support* for growth. In doing so, the Bill risks creating a significant imbalance with the rest of the city – where new housing is developed absent the services, amenities and infrastructure needed for long-term success. Other changes, such as the recovery of growth-related costs will further widen the funding gap that already exists. As currently worded, the adoption of Bill 23 will mean conclusively that growth will not pay for growth,

and the burden of supporting infrastructure necessitated by growth could be significantly delayed, levels of service degraded, and/or the costs passed on to existing municipal rate payers.

Detailed comments are included in the attached Appendix. Beyond the introduction of Bill 23, the full extent of the policy changes in the PPS and regulatory changes are not fully known at this time. Staff intend to submit supplementary comments for Council's attention once additional information becomes available. Overall, concerns can be summarized as follows:

- **The Provincial housing target is not aligned with Ottawa's housing needs.**

Ottawa is assigned a housing target of 151,000 new homes from 2021 to 2031. This is double the growth projections of 76,000 new homes for the same period in the Growth Management Strategy and new Official Plan. The Provincial target of 1.5 million new homes and the resulting municipal assignments do not have a population or forecasting basis to support this level of housing growth to 2031.

- **Development Charges (DC) and Parkland changes may lead to housing delays, and will reduce the ability to support growth.**

Changes to parkland and DC collection for supporting infrastructure and transportation may require a reevaluation of approved community plans. Uncertainty in long-term funding for core infrastructure may delay projects from moving forward in a timely manner. Gentle intensification that does not contribute to parkland or DCs in existing neighbourhoods may result in reduced livability and services to support this intensification and create City-wide impacts. Removal of housing services and affordable housing from DC recovery will make the provision of housing to address core housing needs more financially challenging. All of the above will contribute to increased timelines for delivery of critical infrastructure, services and facilities, delays or reductions in provided services, and impact the ability for Ottawa to support continued growth.

- **Parkland dedication changes will result in reduced livability.**

Combined with DC exemptions, Parkland rate changes may hinder the City's ability to provide and improve recreational services necessary for the function and enjoyment of neighbourhoods, and force municipalities to choose between local parks and/or community facilities, with reduced ability to provide either. Exemptions for affordable and attainable housing would impact the provision of these amenities in areas that are currently underserved damaging equity and livability.

- **Environmental and rural policy changes may lead to more sprawl and increased loss of biodiversity.**

Proposed changes to rural development policies, along with changes to wetland and other natural heritage policies, emphasize growth expansion and rural residential development at the cost of natural habitats and biodiversity. Reduced environmental oversight will result in the loss of diverse and mature ecosystems. This will have immediate and long-term environmental impacts, such as increased flooding risk. The changes are unnecessary. Ottawa has demonstrated that housing needs can be accommodated with the balanced growth management scenario, resulting in better and more sustainable outcomes.

- **Removal of exterior design review from Site Plan will not lead to better design, or more livable and attractive cities.**

Every city has examples of problematic developments that have impacted their surroundings and led staff to strive for better outcomes in context-sensitive design. These changes will compromise damage our efforts to improve the quality of buildings and the public realm, compromise the work of the UDRP, and limit staff's ability to implement good urbanism across all scales.

- **Removal of sustainable design review from Site Plan could erode the achievement of local greenhouse gas emissions targets.**

Buildings are one of the largest sources of greenhouse gas emissions. Eliminating the review of sustainable design from Site Plan severely restricts the ability of municipalities to require energy efficiency to be addressed in the design of new buildings. The cost of building higher efficiency low carbon buildings at the outset is substantially lower than retrofitting buildings after construction. Without this authority, emissions associated with new buildings in Ottawa are estimated to increase 8.6 per cent by 2030. These changes will also expose owners of these new homes to higher energy operating costs potentially costly retrofits in the future.

- **Changes to the Heritage Register could create more uncertainty and delays.**

Proposed changes require that any property on a heritage register not designated within two years must be removed and cannot be re-listed for five years. This means that the City will have to revert to its previous system of maintaining a list of approximately 4,000 properties of heritage interest and engage in reactionary listings and designations in response to threats of demolition. There will be an increase in objections and appeals to the OLT resulting in greater uncertainty and delays around proposed developments, not less.

- **If growth will not pay for growth, existing taxpayers will.**

Preliminary analysis of the financial impact and loss of revenue to Ottawa from the proposed DC phase-in periods and removal of growth-related items for DC recovery are in the range of \$26 million annually. The proposed amendment of no longer funding DC background studies would create an additional \$1.5M pressure. Based on average expenditures over the last 5 years. Exemptions for housing services from DC recovery will result in a loss of capital funding of \$741,000 annually. In addition, there would be an undetermined loss of revenue from exemptions relating to gentle intensification and attainable housing. In the absence of equivalent and consistent funding by the Province, the options would be to delay, reduce service, or seek other funding sources. The only readily identifiable source to make up the significant funding shortfall are existing rate taxpayers, who would now be asked to fund the studies and capital investments necessary to deliver services, amenities and infrastructure needed to support growth – meaning conclusively that growth will not pay for growth.

Next Steps

This legislation is moving swiftly through the Legislature, and written submissions will be accepted by the Standing Committee on Heritage, Infrastructure and Cultural Policy up to 7:00 PM on November 17th, 2022. Staff will be preparing a written response based on the contents of this memorandum and the accompanying appendices and submitting it on the City's behalf.

Given the short provincial timelines for review there are no opportunities to bring this matter through Committee to Council.

Attachments:

Please find attached:

1. Appendix A – Comments on Impact of Proposed Changes
2. Appendix B – Detailed Housing Supply comments

Sincerely,

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