

The Regional Municipality of York

Regional Council
Planning and Economic Development
February 23, 2023

Report of the Commissioner of Corporate Services and Chief Planner

Working Together To Build More Homes Faster

1. Recommendations

1. The Province, through the Minister of Municipal Affairs and Housing, be requested to:
 - a) Provide York Region confirmation that it will be made whole financially to pay for necessary infrastructure and community services to support building more homes faster (in York Region's case between \$497 million to \$1.6 billion over the next ten years).
 - b) Reinstate Housing Services as eligible for funding under the *Development Charges Act, 1997*.
 - c) Define Affordable Housing as outlined in Attachment 1 resulting in greater overall affordability, and consult with municipalities prior to finalizing a definition of Attainable Housing.
2. Members of the Development and Homebuilding Industry (Building Industry and Land Development Association and Ontario Home Builders Association) be invited to the York Region Housing Affordability Task Force to discuss opportunities outlined in this report and Attachment 1, and other opportunities and challenges to building more homes faster.
3. The Regional Clerk forward this report and appendices/attachments to the Federal Minister of Housing and Diversity and Inclusion, local Members of Parliament, the Premier, Minister of Municipal Affairs and Housing, Minister of Finance, Minister of Transportation, local Members of Provincial Parliament, local municipalities, the Building Industry and Land Development Association, and Ontario Home Builders Association to consider the solutions and opportunities outlined in this report and Attachment 1 to build homes faster and address affordability.

2. Summary

This report reiterates Council's commitment to address the housing crisis and summarizes actions and opportunities the Region and key stakeholders can advance to support implementation of [More Homes Built Faster Act, 2022](#) (Bill 23) as we collectively strive to address housing affordability.

Key Points:

- The Region is committed to addressing the housing crisis in partnership with other stakeholders by implementing available tools, including those introduced in Bill 23
- Support from the Province is required to ensure continued alignment of growth and infrastructure in a financially sustainable way and achieve accelerated housing targets by 2031
- The Province, local municipalities and the development industry all have a role to play to find opportunities to streamline the development approval processes and build housing for all segments of the population

3. Background

Reports to Council in late 2022 summarized Bill 23, and its implications

On October 25, 2022, the provincial government tabled Bill 23, *More Homes Built Faster Act, 2022* (Bill 23), that included substantial changes to nine Acts and added a new Act, the *Support Growth and Housing in York and Durham Region's Act, 2022*, to support the Province's commitment to facilitate construction of 1.5 million homes over the next 10 years.

To achieve this goal, the Province assigned 2031 housing targets to the largest and fastest-growing municipalities in the Greater Golden Horseshoe which, in York Region, includes the City of Markham (44,000 homes), the Town of Newmarket (12,000 homes), the City of Richmond Hill (27,000 homes) and the City of Vaughan (42,000 homes). These municipalities are to adopt housing pledges that identify concrete actions to expedite delivery of housing at a pace that accelerates growth from the forecast recently approved by the Province in the 2022 York Region Official Plan and provided for through Growth Plan projections.

On [November 10, 2022](#), Council received a high-level assessment of proposed changes and comments on Bill 23. Council requested the Province halt Bill 23 to allow for fulsome consultation. A [December 15, 2022](#) report provided further assessment and received Council endorsement of comments submitted to the Province before Bill 23 was passed and received Royal Assent on November 28, 2022.

While substantial portions of the Bill came into force upon Royal Assent, other portions will come into force on a date to be proclaimed by the Lieutenant Governor or addressed through additional regulation. Additional direction, regulation and/or guidance is also required to:

1. Address the transition of Planning Act approvals and Growth Plan conformity from the Region to local municipalities
2. Outline how 'affordable' targets will be achieved, and

3. Define and provide guidance on 'attainable housing'.

Key messages regarding Bill 23 are consolidated in Appendix 1.

York Region is committed to addressing housing affordability, maintaining and increasing housing supply and streamlining planning approvals

In [February 2021](#), Council recognized a housing affordability crisis existed in the Region and established a Housing Affordability Task Force to help identify solutions to the housing affordability problem. Work is underway to develop a Private Market Affordable Housing Implementation Plan to identify private market housing gaps and short-, medium-, and long-term solutions to address housing affordability.

As of December 2022, the Region has a housing supply of an estimated 65,900 draft approved or registered housing units. In addition, there are over 114,900 additional housing units currently subject to active planning applications. Together, these units provide for about 22 years of growth. A full reporting on Housing Supply as of the end of 2022 will be provided to Committee of the Whole on March 9, 2023.

York Region has been at the forefront of streamlining the development approval process through automation and transparency. Collecting and managing real-time growth and development application data through YorkTrax, a digital platform for planning applications and improved customer experience. Development application data is essential to effectively prioritize and allocate services and critical to maintain a strong housing supply tied to infrastructure delivery – elements critical to meeting the Province's objective of building more homes faster.

Council continues to express interest in working with the Province to achieve shared objectives of building more homes, including affordable options

York Region has long recognized the need for a multi-faceted approach to building more homes that include affordable options.

In [January 2021](#), Council endorsed housing policy directions and directed staff to continue to work with key stakeholders to find solutions to the lack of affordable housing options for current and future residents; through this report, Council acknowledged that no one level of government can solve the housing gaps in York Region alone. Recent discussions at Council regarding Bill 23 reaffirms the need and interest in pursuing housing solutions together with all stakeholders, including the land development and home building industry.

4. Analysis

While Bill 23 provides a impetus to increase housing supply, implementation challenges remain

Changes introduced through Bill 23 include tools to accelerate housing development and mechanisms intended to improve affordability. Examples include actions to streamline and simplify planning approvals, financial relief for building more affordable rental and ownership housing units, allowing up to 3 units per lot as of right, and removing all aspects of site plan control for development proposals up to 10 units.

Some Bill 23 changes introduce implementation challenges which need to be resolved for the Province to realize their objective to build more homes faster. In addition to financial implications, as described in the memorandum presented [February 9, 2023](#) from the Commissioner of Finance and Regional Treasurer, there are infrastructure planning and delivery challenges largely attributable to provincially-mandated processes under the Environmental Assessment Act.

While Bill 23 focuses on increasing supply, additional measures and accountabilities are required to address demand, affordability, and timely delivery of financially sustainable infrastructure as discussed in this report.

Additional measures are required to ensure municipalities have financial resources and capacity for their part in achieving more homes faster

Future residents, accommodated through proposed accelerated growth, need jobs, services, amenities, and infrastructure. Bill 23 challenges the philosophy that ‘growth pays for growth’ without an adequate alternative source of funds. Changes introduced directly impact the ability to deliver parks, emergency services, essential infrastructure, community housing and supportive services, and indirectly impacts the ability to adequately plan for jobs and protect areas that serve important functions as parts of complete communities.

Bill 23 limits the Conservation Authorities’ role in development commenting to Natural Hazards. It also includes a reduced role for the Region in development planning once regulations are enacted. This leaves local municipalities largely accountable to manage both population and employment growth, protect natural areas, and maintain a high quality of life for residents. These additional responsibilities come with reduced revenue (through Development Charges and parkland dedication reductions) and no additional supports. These resource limitations are in direct conflict with the Province’s objective to build 1.5M homes by 2031.

While the Region is committed to increasing the efficiency of planning and facilitating timely approvals, partnership opportunities to assist local municipalities are required and should be explored. More importantly, once development applications are approved, municipalities have no control over the timing of construction.

Reduced development charge revenue may slow delivery of infrastructure which in turn, will impede construction of new homes

York Region has made significant advancements in aligning growth and infrastructure to preserve financial sustainability. These efforts include phasing growth to balance new debt incurred with the pace of development charges collected. This coordination and alignment

(right services in the right place at the right time) will be more challenging with accelerated growth sought by the Province coupled with reduced development charge revenue. Municipalities will need alternative funding sources for growth related infrastructure or delay construction to maintain financial sustainability, which may slow construction of new homes.

Housing unit targets established to support building 1.5 million homes require double the historic level of growth. Minister's zoning orders (MZOs) and recent Greenbelt Plan area removals in some instances require a revisiting of infrastructure planned for the next 30 years in recently approved Master Plans. The consequence may be competition for the next phase of infrastructure investment. Continued focus on aligning implementation of proposed infrastructure to maximize growth and timely development charge collections will be crucial.

Timely approvals and flexibility, along with funding and financing options need to be further explored with the Province and stakeholders...

Bill 23 should be supported by tools and approaches to improve affordability

There are many factors, both supply and demand, to consider when seeking to increase housing growth and improve affordability. Attachment 1 includes a matrix to prompt discussion among the Province, municipalities and the development industry. The housing market is complex, and as observed with increasing interest rates, is impacted by a variety of factors.

With respect to supply, several factors out of municipal control may impact the Province's ability to achieve the target, and local ability to meet assigned municipal targets. These include rising interest rates, supply chain issues, limited access to skilled trades, and more. The development and homebuilding industry is key to realizing housing production.

Like supply, many factors affect affordability. The effectiveness of Bill 23 Development Charge exemptions and discounts has yet to be determined as there is no apparent mechanism to confirm the discounting will flow through and endure speculative resales. Definitions of "affordable" and "attainable" housing in the Bill remain to be consistently understood.

Less than 10% of households in the Region can afford ownership units deemed affordable and exempt from DCs by Bill 23

Bill 23 sets affordable ownership at 80% of average purchase price and affordable rental at 80% of average market rent. Based on 2022 York Region data, the rental threshold would achieve the desired result with rents meeting the DC exemption requirements being affordable to about 80% of households based on York Region household income data. Ownership units in York Region meeting the test for a full DC exemption, however, include homes ranging in price from approximately \$600,000 (apartment condominium) to approximately \$1,400,000 (single detached). The average price of \$1,100,000 (considering all unit types) would be affordable to less than 10% of York Region households yet could result in waiving substantial DCs critical to advancing essential infrastructure.

DC exemptions (based on the Bill 23 definition) cannot be relied on to improve affordability. Specific approaches are required to ensure DC exemptions and reductions are passed on to purchasers across all housing types and tenures. While some options are provided in Attachment 1, Council has supported creation of an Affordable Private Market Housing Implementation Plan which will further analyze and identify actions, advocacy and partnership opportunities to improve affordability.

Although an income-based definition of affordable is preferred, an approach to applying the Bill 23 market-based definition that relies on the average cost of a housing unit province-wide (see Attachment 1, p. 2) would set out a more reasonable basis for discounting DCs.

To increase the probability of success the Province, with all stakeholders, should support needed tools and implementation plans that address affordability

Attachment 1 identifies tools potentially available to those involved in supporting, approving or building homes, the following being noteworthy examples:

- Mechanisms to ensure transfer of DC savings to purchasers and the ability to recoup exempted DCs in the event of sales above 80% of average purchase price
- Expedited provincial approval or delegated approval for essential infrastructure
- Revenue options (share of non-resident speculation tax and Provincial share of new home HST)

York Region Housing Supply numbers indicate that there is substantial supply (about 9,000 units) not being built despite all planning approvals being in place. The Region encourages the Province to include tools and targets for the industry, not just municipalities.

A related and proposed Regulation requires tracking development applications and managing development approvals data comprehensively through a single system as an important resource to process, monitor, and report out on housing developments. The Region welcomes the opportunity to leverage and enhance the functionality of its system, YorkTrax, of which the Province has been a strong supporter. This has the potential to save significant time and resources at the municipal and provincial level to support data sharing.

The Province has also proposed to couple any financial relief to supply targets. Many factors including those controlled by the development and home building industry impact delivery of housing units in the desired timeframe and extend well beyond municipal control. Financial relief should be made available to municipalities as supporting infrastructure is delivered to offset the DC discounting legislatively enforced.

5. Financial

As Table 1 below indicates, Bill 23's changes to the *Development Charges Act, 1997* could result in development charges collections being reduced by a minimum of approximately \$497 and potentially up to \$1.6 billion, from 2023 to 2032., depending upon the provincial guidance received on aspects of the legislation and market uptake of the discounts and

exemptions being offered to developers. Additional detail, including potential tax levy and user rate impacts, is provided in the February 9 memorandum of the Commissioner of Finance titled, "[Bill 23, More Homes Built Faster Act, 2022 – Additional Information](#)".

The Region's [submission](#) to the Province as part of the 2023 – 2024 Provincial Budget Consultation, highlighted the need for senior government funding to address Bill 23 shortfalls and contribute to the cost of building infrastructure needed to meet its housing targets.

Table 1
Financial Impacts of Bill 23 Changes - 2023 - 2032

Change	Estimated Shortfall \$M	Estimated Shortfall %
Phase-In of DC rates	-345	-7%
Removal of Housing Services as a DC-eligible service	-52	-1%
Removal of studies related costs	-31	-1%
Removal of land costs	-75	-1%
Interest rate cap	+6	+0%
Subtotal	-497	-10%
Affordable and Attainable Ownership Exemptions	-1,068	-22%
Affordable Rental Exemptions and Rental Discounts	-10	-1%
Subtotal	-1,078	-23%
Total Impact	-1,574*	-33%

*Note: Numbers may not add due to rounding

6. Local Impact

Local municipalities are the key agency facilitating and supporting the building of new homes in Ontario. In addition to the implications identified in this report, Bill 23 includes other changes impacting planning approvals and revenue generation at the local municipal level and described in following resolutions:

- [Town of Aurora](#)

- [Town of East Gwillimbury](#)
- [Town of Georgina](#)
- [Township of King](#)
- [City of Markham](#)
- [Town of Newmarket](#)
- [City of Richmond Hill](#)
- [City of Vaughan](#)
- [Town of Whitchurch-Stouffville](#)

The Region is committed to supporting local municipalities in this role and will continue to discuss strategies and options to work with the Province and building industry to build more homes faster while preserving financial sustainability.

7. Conclusion

Numerous actors impact the rate at which developments are approved, homes are built, and housing affordability. The Region is committed to doing its part through efficient development review and approval, data coordination, and providing supportive services to local municipalities and building industry. In addition to the measures affecting municipalities in Bill 23, solutions are needed from all stakeholders having a role in building more homes faster. The Province is requested to coordinate meetings with all stakeholders to explore options to deliver on this objective that maintain municipal financial sustainability.

For more information on this report, please contact Paul Freeman, Chief Planner at 1-877-464-9675 ext. 71534. Accessible formats or communication supports are available upon request.



Recommended by:

Paul Freeman, MCIP, RPP
Chief Planner



Dino Basso
Commissioner of Corporate Services



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

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Appendix 1 – Bill 23 Key Messages

Attachment 1 - Suggestions to build 1.5M homes faster

Bill 23 Key Messages

York Region is committed to streamlining the development approvals process to enable the industry to build more homes faster

- York Region recognizes the need to respond to the housing crisis and supports Ontario's goal to build more homes faster.
- York Region has been at the forefront of streamlining the development approval process, including the collection and management of real-time growth and development data through YorkTrax. Continued partnership to further streamline timely planning approvals through continuous process improvement, information and data sharing and quality submissions.
- Council has supported the creation of an Affordable Private Market Housing Implementation Plan which will further analyze and identify actions, advocacy and partnerships opportunities to improved affordability.
- York Region encourages the Province to work collaboratively with all levels of government and the development and home building industry as community builders to develop effective implementation strategies that address supply and demand factors in support of the goal of building 1.5 million homes.

York Region has strong approved housing supply but supply alone will not solve the affordability problem

- As of December 2022, York Region has a housing supply of an estimated 65,900 draft approved or registered housing units. In addition, there are more than 114,900 additional housing units currently subject to planning applications. Together these units provide for approximately 22 years of growth.
- York Region has available servicing capacity for 163,000 people which represents approximately 54,000 units.
- Housing Supply numbers indicate there is a substantial supply (approximately 9,000 units) not being built despite all planning approvals being in place.
- Demand-based factors are influencing housing prices and financing for development. Demand factors such as changing interest rates should be explored by the Province to understand and help solve affordability challenges.

The Province keeping municipalities financially whole will be necessary to facilitate timely delivery of infrastructure and community services for housing

- Bill 23's changes to the Development Charges Act, 1997 could result in regional development charges collections being reduced by a minimum of \$497 and potentially up to \$1.6 billion over the next ten years.
- Absent another funding source, taxpayers could either face significant property tax increases and user rate increases, or decreased service levels. Current estimates identify a one-time tax levy increases of between 2.3% and 7.3%, and one-time user rate increases of between 4.9% and 14.3%.
- To fund the infrastructure and community services needed to meet the growth targets set out by the Province in a sustainable way, the Region requests confirmation that it will be made financially whole.
- In support of complete, accessible, and equitable communities, the long-standing principle that growth should pay for growth should be upheld to help fund services like roads, transit, and subways, police and paramedics stations, water, wastewater and housing services.

Bill 23 should be supported by additional tools for all stakeholders to build more homes faster and improve housing affordability

- Expedited provincial approval or delegated approval for essential and supportive infrastructure.
- Streamline Environmental Assessments process and provide exemptions;
- Implement a consistent capacity redistribution (use it or redistribute it) policy for servicing allocation.
- Prioritize building new housing in areas with existing and planned servicing capacity. Growth and infrastructure planning need to be aligned.
- Implement a development industry pledge to accelerate building of approved housing units.
- Mechanisms to ensure transfer of DC savings to purchasers and the ability to recoup exempted or discounted DCs if affordability is not maintained.
- Secure Federal Government funding approval of the Yonge North Subway Extension and deliver committed rapid transit infrastructure (subways and bust rapid transit) in a timely fashion to support growth in Transit Oriented Communities.

Additional local municipal implementation issues should be addressed to support the Province's goal of building 1.5 million homes in the next 10 years, including:

- Reduced role of conservation authorities may slow approval of new housing units.

- In addition to York Region, local municipalities will also experience reduced development charge revenue from Bill 23 exemptions and reductions.
- Changes to parkland dedication rates (both land and cash-in-lieu) will have negative impact on local municipalities ability to acquire adequate parkland under the Planning Act for new residents.