

March 21, 2023

Resolution Number 2023-182

Hon. Steve Clark
Minister of Municipal Affairs and Housing
Minister.mah@ontario.ca

**Subject: Infrastructure Planning and Requests of the Province to
Support Bill 23 Housing Targets**

I am writing to advise that Regional Council approved the following resolution at its meeting held on March 9, 2023:

Resolution Number 2023-182

1. *That the additional request for provincial commitments to support local municipal Housing Pledges, as outlined in Appendix III of the report from the Commissioner of Public Works, listed on the March 9, 2023 Regional Council agenda titled “Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets”, be endorsed; and*
2. *That a copy of the subject report be forwarded to the Town of Caledon, City of Brampton and City of Mississauga for their consideration of inclusion of Appendix III as part of the local municipal Housing Pledges to be submitted to the Province; and*
3. *That a copy of the subject report be forwarded to the Minister of Municipal Affairs and Housing, all municipalities within the Greater Toronto Hamilton Area, the Association of Municipalities of Ontario, the Federation of Canadian Municipalities, and the media.*

A copy of the report of the Commissioner of Public Works is provided for your information. Due to the file sizes, links to the appendices related to the subject report are provided as follows:

- [Appendix I - Infrastructure Planning to Support Bill 23 Housing Targets Presentation](#)
- [Appendix II - Regional Planned Growth aligned to Planned Servicing to 2031 Map](#)
- [Appendix III - Joint Regional and Local Municipal Request for Provincial Commitments to Support Housing Pledges](#)

Nando Iannicca
Regional Chair & CEO

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Kindest personal regards,



Nando Iannicca
Regional Chair and Chief Executive Officer

Nando Iannicca
Regional Chair & CEO

Copy: Kealy Dedman, Commissioner of Public Works
Tara Buonpensiero, Acting Chief Planner and Director of Planning and
Development Services

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Also sent to:

Association of Municipalities of Ontario
Federation of Canadian Municipalities
City of Brampton
City of Burlington
City of Hamilton
City of Markham
City of Mississauga
City of Oshawa
City of Pickering
City of Richmond Hill
City of Toronto
City of Vaughan
Municipality of Clarington
Region of Durham
Region of Halton
Region of York
Town of Ajax
Town of Aurora
Town of Caledon
Town of East Gwillimbury
Town of Georgina
Town of Halton Hills
Town of Milton
Town of Newmarket
Town of Oakville
Town of Whitby
Town of Whitechurch = Stouffville
Township of Brock
Township of King
Township of Scugog
Township of Uxbridge



REPORT TITLE: Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets

FROM: Kealy Dedman, Commissioner of Public Works

RECOMMENDATION

- 1. That the additional request for Provincial commitments to support local municipal Housing Pledges, as outlined in Appendix III of the report from the Commissioner of Public Works, listed on the March 9, 2023 Regional Council agenda titled “Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets”, be endorsed; and**
- 2. That a copy of the subject report be forwarded to Town of Caledon, City of Brampton and City of Mississauga for their consideration of inclusion of Appendix III as part of the local municipal Housing Pledges to be submitted to the Province.**

REPORT HIGHLIGHTS

- This report summarizes key messages from the presentation “Infrastructure Planning to Support Bill 23 Housing Targets” given at the February 23, 2023 Regional Council meeting.
- At the February 23, 2023 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.
- 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 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 housing targets for Peel’s municipalities is estimated to cost approximately \$20.4 billion.
- This report outlines opportunities to build more homes faster while also acknowledging the challenges associated with advancing infrastructure construction to accommodate accelerated growth.
- In consultation with local municipal staff, Region staff prepared a request for Provincial Commitments to Support Housing Pledges (a list of caveats) for the local municipalities to include as part of their housing pledge submissions to the Minister of Municipal Affairs and Housing.

DISCUSSION

1. Background

At the February 9, 2023 Regional Council meeting, regional staff were asked to report back on the servicing capacity for Peel to achieve the Provincial Housing Targets released in relation to Bill 23 – *the More Homes Built Faster Act*. In response to this request, Regional staff provided a presentation at the February 23, 2023 Regional Council meeting titled “Infrastructure Planning to Support Bill 23 Housing Targets”.

In response to the presentation, a Resolution (2023-130) was passed by Regional Council:

“That staff be directed to meet with local municipal staff regarding infrastructure planning to support Bill 23 Housing Targets and report back to the March 9, 2023 meeting of Regional Council with an update; and

That the report to the March 9, 2023 meeting include a list of caveats required for the Region and local municipalities to be “made whole” and to support the pledge process for lower tier municipalities.”

This report provides updates on the additional information and follow-up requested by Regional Council as part of this resolution. Additionally, this report summarizes the key messages from the February 23, 2023 presentation.

2. February 23, 2023 Presentation: “Infrastructure Planning to Support Bill 23 Housing Targets”

The following provides a summary of the February 23, 2023 presentation provided at Regional Council and the slides are attached as Appendix I. Appendix II provides a higher quality version of the Growth Allocation and Planned Servicing map contained in the presentation, and for reference, the Regional Employment Areas have been overlaid. The sections below reference the various slides that make up the February presentation which is intended to complement this report as a visual aid.

i. The Provincial Housing Targets are Ambitious (Appendix I, Slide 2)

To implement the Bill 23 Provincial target of 1.5 million homes by 2031, large and fast-growing municipalities were assigned municipal housing targets by the Province. All three local municipalities in Peel Region were assigned targets. The Minister of Municipal Affairs and Housing has asked Peel’s local municipalities to submit Council-endorsed housing pledges by March 22, 2023. The Pledges are to include tools and strategies to contribute towards achieving the Provincial housing target.

As outlined in Table 1 below, the Bill 23 housing targets are significantly higher than the previous levels of growth experienced in the Region and is more than five times the historic housing growth between 2011 and 2021 and approximately 90 per cent of the Region of Peel Official Plan forecasted growth for the 2021 to 2051 period.

Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets

Table 1: Provincial Housing Targets in Context

	Historic Growth 2011 to 2021	DC Study 2020 to 2030	ROP 2021 to 2031	ROP 2021 to 2051	Provincial Housing Targets to 2031
Brampton	33,200	36,000	55,000	105,000	113,000
Caledon	4,600	11,000	12,000	68,000	13,000
Mississauga	10,000	33,000	33,000	100,000	120,000
Peel	47,800	80,000	100,000	273,000	246,000

ii. Estimated Cost of Water, Wastewater and Transportation Infrastructure to Support the Provincial Housing Target by 2031 (Appendix I, Slide 3)

Planning to meet the Bill 23 housing targets by 2031 will necessitate significant new and upgraded water and wastewater and transportation infrastructure to support the accelerated growth. The current 10-year Capital Plan for infrastructure servicing is \$8.9 billion, whereas the infrastructure required to achieve the new housing targets for Peel's municipalities is more than double that amount, at an estimated cost of \$20.4 billion, based solely on water and wastewater and transportation infrastructure costs. These costs do not include debt servicing costs, the impact of inflation, land acquisitions or other soft costs. Updates to the regional master servicing plans are necessary to more accurately reflect all of the associated costs.

iii. Major Infrastructure Projects Take Time to Plan and Build (Appendix I, Slides 4 - 5)

The Region of Peel Official Plan (RPOP) was approved by the Province in November of 2022 and include population and employment forecasts across the Region to the horizon year of 2051. Given the recent approval of the RPOP, it is now time to commence updates to the water and wastewater and transportation master plans to provide infrastructure to service this new growth. Master servicing plans must be completed to satisfy provincial environmental assessment requirements before design and construction can commence.

A typical infrastructure project is subject to environmental assessments and must be completed with comprehensive public and stakeholder consultation. Furthermore, acquiring the property necessary to facilitate infrastructure projects often causes project delays and may require expropriation. These processes take time and typically large-scale infrastructure projects take more than 10 years to complete.

It is anticipated that the master servicing plans will be completed in 2025 and will identify the infrastructure projects required to support planned growth.

Appendix I, Slide 5 of the presentation highlighted the Hanlan Feedermain project which spanned 14 kilometres of a 2.4-metre diameter pipeline. The project's environmental assessment commenced in 2008, construction started in 2013 and the project was completed in 2019, for a total of 11 years.

Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets

b) Proposed Strategy to Support Municipal Housing Pledges

Staff have developed preliminary recommendations on how to respond to the increased municipal growth targets under Bill 23 and opportunities to build more homes faster.

i. Tactic #1 Align Growth to Available Infrastructure (Appendix I, Slides 7 – 8; Appendix II)

To assist in building homes more quickly, local and regional municipalities need to collaborate to focus growth in areas where there is existing and planned infrastructure capacity by 2031 as shown on Appendix II.

The areas shown in various shades of green on the map demonstrates the locations within Peel where local and regional staff forecasted population and employment growth to 2031 and where the 2020 Master Plan identifies corresponding infrastructure improvements to support this growth. This map is based on a growth scenario that was endorsed in 2018 and were used when preparing master servicing plans. Although the map shows planned population ranges, they equate to approximately 80,000 new household units planned to be serviced by 2031.

Large development applications proposed in the white areas on Appendix II, where little to no growth is currently planned, will not be able to be serviced easily or quickly. Applications for large developments in the white areas, submitted either by private applications or approved through Minister's Zoning Orders, present significant servicing challenges. They are difficult for staff to respond to and result in redirecting staffing resources from the areas where growth can more quickly be realized by 2031.

ii. Tactic #2 – Update Population Growth Allocations (Appendix I, Slides 9-11)

Tactic #2 involves regional and local staff confirming the population and employment growth allocations across the Region to support the next phase of infrastructure master planning. Allocations will consider the Council-approved forecasts and timing of growth for each local municipality, the local municipal growth objectives and the efficient provision of infrastructure to identify where growth will be focused in the short, mid and long term.

The new RPOP identifies 91 Major Transit Station Areas (MTSAs) across the region and the map included on Appendix I, Slide 10 shows the MTSAs and Urban Growth Centres with the areas identified for growth to 2031. The overlay map demonstrates that there are areas where transit-supportive development planning is not aligned with the Region's current servicing strategy to 2031. A number of MTSAs are either partially or completely outside of the geographic areas that are planned for growth to 2031 under current master servicing plans.

Now that the RPOP is approved, regional and local municipal staff will work together to coordinate phasing of growth areas with the delivery of servicing and transportation infrastructure across the Region. The updated forecasts will be the basis for the master servicing plans and must be completed quickly for the master plans to be completed by 2025.

To facilitate growth and development, it is also important to create certainty for the development industry by clearly identifying where growth is planned to 2051. It should be noted, however, that the anticipated timing of full development of the Region's MTSAs extends well beyond 2031 and in some cases, beyond 2051.

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iii. Tactic #3 – Complete Master Servicing Plan and Review Advancement Options (Appendix I, Slide 12)

Tactic #3 involves completing updates to the Region's infrastructure master servicing plans to reflect the forecasts in the RPOP and assessing alternatives for advancing infrastructure delivery to support provincial housing targets.

Throughout the master planning process, the team will explore opportunities where there may be potential to advance infrastructure improvements that could be completed expeditiously and enable additional housing development to advance by 2031 as outlined in Bill 23. Once this work is undertaken, staff will report back to Council for direction.

c) Challenges advancing capital delivery (Appendix I, Slide 13)

There are various internal and external challenges associated with advancing infrastructure construction to accommodate accelerated growth, some of which include:

- That there is no guarantee that the delivery of infrastructure will result in more homes being built faster as municipalities rely on the development industry to construct homes.
- Advancing multiple capital projects concurrently will result in significant disruption to the residents, businesses and goods movement in the Region, primarily related to pipeline and road-related construction.
- The need to retain additional internal staff resources to plan and manage design and construction as well as to manage increased procurement activity, property acquisition, and financial and legal services which are required to support intense capital activity.
- A challenge to secure trades and construction contractors given the number of projects which will reach the market from many municipalities with corresponding scarcity of resources, labour, material and supplies.
- Servicing existing debt as well as the potential shortfall in funding for future projects – particularly with the potential for a loss of DC revenue.
- Time required to satisfy provincial requirements for environmental assessments.

3. February 23, 2023 Regional Council Directions

Following the direction from the February 23rd Regional Council meeting, Regional staff met with the three local municipalities to discuss their respective housing pledges and answer any questions that they may have on the presentation. Local staff were in agreement with the information and approach provided by the Region, and they provided input into the Request for Provincial Commitments to Support Housing Pledges ("list of caveats") (Appendix III). This list is provided for local municipalities to use as part of their housing pledge submissions to the Minister of Municipal Affairs and Housing.

a) Request for Provincial Commitments to Support Housing Pledges ("list of caveats")

The Region and its local municipalities are committed to work together to advance more housing as it relates to their respective responsibilities. However, the construction of new homes relies on the development industry and, as a result, the municipalities request that the development industry be required to sign pledges to demonstrate their commitment to building the units required to meet the Bill 23 housing targets.

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In order to support the provision of new homes faster, there will be a corresponding need for accelerated provision of infrastructure and services provided by both the Region of Peel and the local municipalities to deliver all of the elements needed to support complete and safe communities. 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, municipalities anticipate funding shortfalls because of changes to development charges, parkland dedication and the community benefits charges resulting from Bill 23. Municipalities require a commitment from the Province to help fund these shortfalls to successfully meet the commitments outlined in the pledges for Peel. Appendix III outlines Provincial commitments required from a Region wide perspective. Local municipal housing pledges have specific requests for Provincial commitments required to meet their specific pledge targets. Appendix III should be read in conjunction with the detailed pledges submitted by local municipalities.

Next Steps

Staff have already commenced the three tactics outlined in this report. The immediate next steps are to communicate this presentation with the development industry and to advance technical discussions with our local municipal partners to confirm the population and employment growth areas in the short, mid and long-term including identifying potential areas where growth could be accelerated by 2031. Confirmation of the growth areas must be done imminently to enable the master servicing plans to be completed quickly to identify infrastructure needs and costs to support growth.

Ongoing collaboration will be required to continue to align infrastructure planning with growth planning. The Region, local municipalities and the development industry representatives already collaborate through various committees, and will continue to use these to strengthen those connections by more regularly sharing information and monitoring progress.

RISK CONSIDERATIONS

The Region of Peel is committed to provide servicing for the accelerated growth targets included in Bill 23, however there a number of risks associated with successfully achieving the Bill 23 housing targets as outlined in this report. There are commitments required from both the development industry and the Province of Ontario to minimize some of the risks and ensure that homes are built if infrastructure is provided.

As more information becomes available from the Province to clarify some of the details of Bill 23, and Regional and local staff will work together to identify areas where growth could be accelerated, staff will prepare a follow up report to Council that more clearly outlines opportunities and risks. There are also financial risks that are still being assessed, however some of the financial implications are included in the next section of this Report.

Lastly, the objective of Bill 23 is to build more home faster, however there is a risk that the increase in supply and reduced fees for building new homes will not result in more affordable housing. This could have the effect of increasing the demands for social services support in Peel to serve the additional population.

Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets

FINANCIAL IMPLICATIONS

The financial implications of Bill 23 are still not fully known as the Province has advised that there would be subsequent Regulations that will be released to provide more certainty, however, there has been no indication of when the additional information will be available.

With exemptions and changes to development charges, parkland dedication and the community benefits charges resulting from Bill 23, municipalities anticipate funding shortfalls for local and regional infrastructure and services required to support the accelerated growth and build complete and safe communities (refer to Appendix III).

While we do not know the full implication of the costs, initial assessments estimate that the water, wastewater and transportation infrastructure required to achieve the new housing targets for Peel's municipalities is more than double the current 10-year capital of \$8.9 billion, at an estimated cost of \$20.4 billion. This cost is based solely on water and wastewater and transportation infrastructure costs and do not include the impact of inflation, land acquisitions, other soft costs or any debt servicing costs if debt is used recognizing there would be significant challenges and limitations to the amount of debt that could be used.

In addition to the direct costs of facilitating development, there would be other service or program costs that would be realized as the added growth in population would increase service demands from key services such as Housing Support, Paramedics, Waste Management and Police Services.

Debt has been used as a tool to help manage growth as most of the Region's growth capital must be built well in advance of growth and therefore, DC revenues are collected over decades following the services being put in place. The level of financing required is unsustainable to meet the capital requirements under Bill 23 and is expected to exceed the Region's annual repayment limit as prescribed under the *Municipal Act, 2001*, within the next 3 – 5 years. Canadian municipalities in total issue \$4-5 billion of debt per year based on current activity. Assuming that all municipalities would be required to fund the additional funding gap resulting from Bill 23, which we estimate would be many times higher than the current market activity, the capacity of the capital markets to absorb this level of debt is in question.

The Province has stated that it would make municipalities financially whole. To do this for the Region of Peel for the period from 2024 - 2031, three financial strategies are recommended:

- Reimburse the reduction in Development Charge revenue
- Fund/finance the advanced growth capital expenditures
- Fund/finance the increased and accelerated service demand impacted by quicker growth

Additional details of the recommended financial strategies can be found in Appendix III under Section 4 "Financial Strategies and Tools to Support the Increased Growth".

If the Province does not provide any additional funding or tools to make Peel financially whole, increases to both the property tax and the utility rate would be required. At a high level, a 25 per cent increase to property taxes and 115 per cent to the utility rate would be required. This would represent an overall combined increase of 50 per cent to the average residential household for Regional services.

Infrastructure Planning and Requests of the Province to Support Bill 23 Housing Targets

CONCLUSION

This report has responded to direction given at the February 23, 2023 Regional Council meeting for staff to report back to Council on March 9, 2023 to provide the notes from the Infrastructure Planning to Support Bill 23 Housing Targets presentation, advise of the outcome of meetings with local municipal staff to answer any questions on the presentation and to prepare a list of caveats outlining provincial commitments required to be included with local municipal pledges to the Province attached as Appendix III.

Staff will continue to advance the three tactics outlined in this report and provide updates to Council as the work advances and as more information from the Province becomes available.

APPENDICES

Appendix I - Infrastructure Planning to Support Bill 23 Housing Targets Presentation

Appendix II - Regional Planned Growth aligned to Planned Servicing to 2031 Map

Appendix III - Joint Regional and Local Municipal Request for Provincial Commitments to Support Housing Pledges



Kealy Dedman, Commissioner of Public Works

Authored By: Kathryn Dewar, Acting Manager, Policy Development