



## Committee of the Whole Report

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<b>Report Number:</b>	<b>PLAN2023-016</b>
<b>Meeting Date:</b>	May 9, 2023
<b>Title:</b>	<b>Draft Provincial Planning Statement (PPS) and Bill 97 – Legislative Changes</b>
<b>Description:</b>	An update and proposed staff comments in response to the Draft PPS and Bill 97
<b>Author and Title:</b>	Richard Holy, Director of Development Services

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### Recommendation:

**That** Report PLAN2023-016, **Draft Provincial Planning Statement (PPS) and Bill 97 – Legislative Changes**, be received for information;

**That** Council substantively endorse the staff comments provided within this report, and that they be submitted to the Province on behalf of the City, in addition to any further comments that Council may have; and,

**That** this recommendation be brought forward to Council for consideration at the next Regular Council Meeting.

**Department Head:** \_\_\_\_\_

**Financial/Legal/HR/Other:** \_\_\_\_\_

**Chief Administrative Officer:** \_\_\_\_\_

## **Background:**

Over the past several months, the Ontario government has been implementing significant changes to the province's land use planning regime with the goal of supporting construction of 1.5 million homes by 2031. As part of this effort, the government introduced Bill 23 in the fall of 2022 (summarized to City Council in [PLAN2023-001](#) on January 31, 2023) and initiated a review of the Provincial Policy Statement (PPS) and the Growth Plan for the Greater Golden Horseshoe (Growth Plan).

### **Draft Provincial Planning Statement (PPS)**

On April 6, 2023, the Ontario government released a draft of the [Provincial Planning Statement](#), which is proposed to combine and replace the existing Provincial Policy Statement and Growth Plan. The proposed new PPS is available on the [Environmental Registry of Ontario](#) for review and comment until June 5, 2023.

Overall, the draft PPS aims to create an integrated land use planning policy framework that would apply Province-wide by combining elements of the existing PPS and Growth Plan. The policies are grouped under five pillars:

- generating an appropriate housing supply;
- making land available for development;
- providing infrastructure to support development;
- balancing housing with resources; and
- implementation.

The Province indicates that the PPS changes are intended to increase Ontario's housing supply by streamlining policies, granting greater authority to municipalities, and providing flexibility to create more housing.

### **Bill 97, the Helping Homebuyers, Protecting Tenants Act, 2023**

Bill 97, which also received first reading in the Ontario legislature on April 6, 2023, aims to amend several statutes to facilitate Ontario's Housing Supply Action Plan and increase housing supply in the province. The bill addresses rental replacement regulations, site plan control, Planning Act fee refund provisions, the definition of "area of employment," appeals of interim control by-laws, and changes to the Residential Tenancies Act, 2006, which will be outlined further in this report.

**Rationale:**

The purpose of this report is to summarize to Council the proposed PPS changes, along with Bill 97, and how they may impact the City of Kawartha Lakes. This report also provides comments that Staff intends to submit to the Province during the consultation period.

**Draft Provincial Policy Statement**

The below table provides an overview of the proposed key changes in the PPS and how they may impact the City of Kawartha Lakes. The Ontario government anticipates releasing the final policies in the Fall of 2023, and once in effect, official plans will need to be updated as necessary to implement these new policies at the time of their ordinary review cycle.

<b>Subject</b>	<b>Summary of Proposed PPS Changes</b>	<b>Potential Impact on the City of Kawartha Lakes</b>
<b>Housing/Growth Targets</b>	<p>Requires municipalities to plan and designate land for at least 25 years at the time of each Official Plan update.</p> <p>Removes specific population and employment forecasts (to 2051) from the Growth Plan.</p> <p>Additional growth from Ministerial Zoning Orders must be incorporated into official plans and infrastructure plans.</p> <p>Expands definition of housing options.</p> <p>Removes the definition of 'affordable housing' that had previously also referenced income thresholds.</p>	<p>Though these changes will provide more local flexibility for managing growth, it will also likely increase development pressures, especially outside of settlement areas. This will also likely result in more appeals to the Ontario Land Tribunal (OLT) when development applications may not be supported by local municipalities.</p> <p>Though expanding the definition of 'housing options' will help provide a greater range of housing types, removing the definition of affordable housing may also limit the City's ability to provide more affordable housing</p>

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		options, especially for lower income households.
<b>Settlement Areas and Settlement Area Boundary Expansions</b>	<p>Greater flexibility for municipalities to both identify new or expand existing settlement area boundaries, as municipal comprehensive review' requirements have been removed.</p> <p>Municipalities to continue planning towards 2051 using existing growth numbers as minimum targets but conducting their own growth forecasting over time.</p>	<p>This provides considerable local flexibility; however, municipalities will also likely face significant development pressures to expand existing settlements while also creating new settlement areas. Given that the tests for expansions are not as stringent, this will also likely result in growth that does not make the most efficient use of new and existing infrastructure.</p>
<b>Density and Intensification Targets</b>	<p>The Growth Plan's density, intensification targets, and built boundary have been removed with a focus for establishing targets based on local conditions. The defined 'large and fast-growing municipalities' should plan for a minimum density target of 50 residents and jobs per gross hectare.</p>	<p>The City of Kawartha Lakes will no longer have any provincially identified density and intensification to plan for. However, local alternative targets were already being considered through the City's Growth Management Study, and these should still be incorporated into the City's Official Plan in an attempt to efficiently manage growth and provide for various housing options.</p>
<b>Strategic Growth Areas</b>	<p>Incorporates the concept of strategic growth areas from the Growth Plan, where only the 29</p>	<p>Though the City of Kawartha Lakes may identify 'strategic growth areas' as a focus for its</p>

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	defined 'large and fast-growing municipalities' shall identify and focus growth to these areas.	future growth, it would not be specifically required to do so under the proposed PPS.
<b>Major Transit Station Areas</b>	Incorporates the concept of major transit station areas (MTSAs) from the Growth Plan, requiring 'large and fast-growing municipalities' to delineate boundaries and establish prescribed minimum density targets.	The City of Kawartha Lakes does not have a MTSA where these policies would apply.
<b>Rural and Agricultural Areas</b>	Removes Provincial Agricultural System mapping and provides greater flexibility for development in rural and agricultural areas, including residential lot creation on private services, and potential severances for additional residential units in prime agricultural areas.	While this will provide more housing options in rural areas, this will also likely increase development pressures in rural and agricultural areas. It would also further contribute to the growing loss of agricultural land.
<b>Employment</b>	Revises the definition of employment area (to exclude institutional and commercial uses, including office and retail that are not associated with permitted primary employment use), with policies to protect and preserve industrial, manufacturing, and warehousing uses, while also allowing for the conversion of	While aiming to protect existing industrial and manufacturing uses from incompatible land uses may potentially preserve job opportunities and economic stability; it may also limit the types of businesses and industries that can locate in employment areas, potentially affecting economic growth and diversity in the City.

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	employment areas to other uses at any time.	
<b>Schools</b>	Identifies schools as a key element of complete communities, and promotes collaboration between school boards and planning authorities to more creatively integrate schools into multi-use developments.	Promoting collaboration between planning authorities and school boards may potentially lead to more integrated communities and innovative school designs, however this will be limited in the context of lower density development in the City of Kawartha Lakes.
<b>Natural Heritage</b>	Removes Provincial Natural Heritage System mapping, while amendments to other natural policies and related definitions in the PPS remain under consideration by the Province.	While still under consideration, it is likely that the new PPS policies will make it more difficult for the City to protect, enhance, or restore its natural heritage features.  While reduced environmental protections may lead to increased housing supply, this may also negatively impact natural heritage and sustainability in the long term.

**Bill 97, the Helping Homebuyers, Protecting Tenants Act, 2023**

Key proposals and changes of Bill 97 include:

- Rental Replacement Regulations: Introducing changes to regulate the demolition and conversion of residential rental properties.

- Site Plan Control: Amending the site plan control prohibition for developments of less than 10 residential units (from Bill 23), to state that site plan control may only apply (as further specified through regulation) where the development is proposed within 120 metres of a shoreline or 300 metres of a railway line.
- Planning Act Fee Refund Provisions: Delaying the commencement of refund provisions for application fees (as identified in Bill 23), from January 1, 2023 to July 1, 2023, when municipalities do not meet statutory deadlines.
- Area of Employment: To align with the proposed new PPS, narrowing the scope of "area of employment" by excluding institutional uses and commercial uses not associated with primary industrial uses.
- Appeals of Interim Control By-laws: Enabling individuals who receive notice of an ICBL to file an appeal at the time of initial passing rather than only at the time of extension.
- Residential Tenancies Act, 2006: Introducing changes to provide additional rights to tenants regarding window air conditioning units, termination for repairs/renovations, and increasing maximum fines for landlord offenses. In the case of termination for repairs/renovations, this must be accompanied by a report from a 'qualified person' stating that the repairs are so extensive that they require the vacant possession of the unit. Once the renovations are complete, the tenant would then have the right to move back into the unit.

## **Staff Comments**

The ERO posting for the Draft PPS includes several questions as suggestions for the basis of submissions to the Province. Below are the questions along with a draft Staff response that could be submitted to the Province on behalf of the City.

### **1. What are your thoughts on the policies that have been included from the PPS and A Place to Grow in the proposed policy document, including the proposed approach to implementation?**

While the proposed policy document aims to combine policies from the PPS and A Place to Grow in a comprehensive manner, there is concern that the approach to implementation might not adequately balance the need for increased housing supply with the preservation of the environment, natural resources, farmland, and cultural heritage.

Though the Province indicates that the changes are to promote local flexibility, the proposed policies actually appear to limit the ability for municipalities to determine the level of growth that is appropriate for them. For example, if the Province can amend an Official Plan at its discretion (at the time of being updated), and a developer can appeal the decision of a local municipality who may not approve their development application, the draft PPS policies would provide little support for a municipality, who due to fiscal constraints, has chosen not to support substantial growth and development. Private applications to expand settlement area boundaries outside of a municipal comprehensive review can impact the City's growth planning efforts, resulting in sprawl, leapfrogging, and fiscal shortfalls. The PPS policies should therefore include consideration for the fiscal constraints of municipalities and how this can limit the amount of growth they may be able accommodate or allow immediate full-cost recovery of all Development Charges identified by municipalities.

## **2. What are your thoughts on the proposed policy direction for large and fast-growing municipalities and other municipalities?**

While the City of Kawartha Lakes is not defined as a 'large and fast growing municipality' in the proposed PPS, it is still experiencing substantial development pressures. The City's Growth Management Study (GMS) is currently assessing how best to manage this growth and what density and intensification targets are appropriate. Therefore, even though the draft PPS doesn't require the City to establish density and intensification targets, the PPS should still have policies to support the implementation and enforceability of the density and intensification targets that the City establishes. For example, a developer should not be able to successfully appeal a decision where a proposed development is at a lower density than that identified by the City's GMS and adopted in its Official Plan. If so, it would negatively impact the City's ability to grow in a more compact and efficient way that optimizes infrastructure investments.

## **3. What are your thoughts regarding the proposed policies to generate housing supply, including an appropriate range and mix of housing options?**

While the Province aims to address the growing demand for affordable and diverse housing by increasing Ontario's housing supply, there is concern that without a strong definition of 'affordable housing' tied to income thresholds (as in the current PPS), that these policies are unlikely to achieve housing accessibility for low income households and other demographic groups. The current definition of affordable housing in the PPS should therefore be maintained to recognize that truly affordable housing is achieved when based off an individual's or household's income.



**4. What are your thoughts on the proposed policies regarding the conservation of agriculture, aggregates, natural and cultural heritage resources?**

The proposed policies regarding the conservation of agriculture, aggregates, natural, and cultural heritage resources may not be sufficient in ensuring the preservation of Ontario's valuable resources and heritage sites. Striking a balance between development and conservation is crucial, and the draft PPS policies may lean too heavily towards development, risking long-term environmental sustainability and cultural heritage preservation. The PPS should therefore ensure its policies achieve a careful balance that supports long-term environmental, economic and social sustainability.

**5. What are your thoughts on the proposed policies regarding planning for employment?**

The proposed policies on planning for employment attempt to facilitate economic growth and job creation while considering the evolving nature of employment areas. However, there is concern that the refined definition of "area of employment", that does not include commercial or institutional uses (including retail and office uses, that are not associated with the primary permitted employment use) may actually constrain local economic development and business growth, potentially leading to insufficient job creation. Similar to existing PPS policies that aim to facilitate 'on-farm diversification' in rural and agricultural areas, Staff feel that greater diversification within employment areas, particularly for office uses, should be permitted under the new PPS to facilitate a greater range of local employment opportunities.

**6. Are there any other barriers to, or opportunities for, accelerating development and construction (e.g., federal regulations, infrastructure planning and approvals, private/public partnerships for servicing, provincial permitting, urban design guidelines, technical standards, zoning, etc.)?**

It is important to note that the proposed PPS changes only represent a land use policy-based approach that attempts to increasing housing supply. This is because there are other significant barriers, such as the fiscal constraints of municipalities to service growth, particularly as Bill 23 has reduced the amount of development charges that municipalities can collect. This is a substantial challenge for smaller rural municipalities where tax base funding is not sufficient to cover the high costs of servicing expansions.

Other factors include historically high levels of immigration, higher interest rates, and labour shortages, that also contribute to the challenges faced in meeting the growing demand for housing in Ontario.

In fact, the Regional Planning Commissioners of Ontario (RPCO), a group that represents the largest municipalities in the Province, published a [report](#) indicating that there are currently 1.25 million homes in Ontario that are already approved for development in Ontario, but have not been built. This reflects how Ontario's current land use policy regime is not the sole reason for why more homes are not being built.

As a result, to address the major challenges of financing and labour shortages that are also affecting housing supply, the following measures could be undertaken:

- Collaboration with financial institutions: Engage in discussions with financial institutions to explore potential incentives or financing options for developers and homebuyers that can help mitigate the impact of higher interest rates on the financing of projects (this can specifically include more direct funding to incentivize the construction of affordable housing).
- Workforce development: Collaborate with educational institutions, industry associations, and other stakeholders to develop training programs and initiatives aimed at addressing labour shortages in the construction sector.

Furthermore, it is crucial for the Province to work closely with municipalities, the federal government, and other stakeholders to address the wide range of barriers that impact development and construction. For example, this may include a Province-wide approach and electronic system to processing development applications and building permits. By taking a comprehensive and coordinated approach, we can better support sustainable growth and ensure that the proposed policy changes under the PPS yield the desired outcomes.

## **Alignment to Strategic Priorities**

The Council Adopted Strategic Plan identifies these Strategic Priorities:

1. Healthy Environment
2. An Exceptional Quality of Life
3. A Vibrant and Growing Economy
4. Good Government

These provincial initiatives generally align with a vibrant and growing economy and an exceptional quality of life by facilitating the development of housing. However, with the Province primarily focused on legislative changes to increase housing supply, this may negatively impact natural heritage and environmental sustainability in the long term. The proposed changes may also pressure the City to develop at a pace and in areas of the municipality that are not aligned with local community desires.

### **Financial/Operation Impacts:**

The proposed legislative changes may increase development pressures and challenge the City's ability to fund and maintain the servicing, roads, parks and other social infrastructure that this level of development would require.

### **Consultations:**

Staff will be liaising with all relevant internal Departments and the City Solicitor as needed as part of any policy responses and/or process changes being developed and brought forward for Council consideration.

### **Attachments:**

None.

Links to referenced Plans and policy documents provided in electronic version of this report.

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