

Region of Waterloo
Planning, Development, and Legislative Services
Community Planning

To: Regional Council
Meeting Date: May 24, 2023
Report Title: Proposed New Provincial Planning Statement, 2023 – Key Policy Changes and Potential Implications

1. Recommendation

That the Regional Municipality of Waterloo forward Report PDL-CPL-23-011.1 dated May 24, 2023 to the Ministry of Municipal Affairs and Housing as the Region’s response to the Province’s proposed new Provincial Planning Statement (Environmental Registry of Ontario Posting 019-6813).

2. Purpose / Issue:

The Province is consulting on a proposed new Provincial Planning Statement, 2023 that would significantly revise Ontario’s current land use planning policy framework. This report, which has been updated to incorporate the directions to staff from the Planning and Works Committee on May 9, 2023, provides a summary of the Province’s key policy proposals and their potential implications.

3. Strategic Plan:

Any changes in Provincial planning policy would directly affect several focus areas of the Region’s Corporate Strategic Plan, including: Thriving Economy; Sustainable Transportation; Environment and Climate Action; and Healthy, Safe and Inclusive Communities.

4. Report Highlights:

- On April 6, 2023, the Province released its proposed Provincial Planning Statement 2023 (PPS 2023) for review and public consultation.
- The proposed PPS 2023 would integrate the current Provincial Policy Statement (2020) with the Growth Plan for the Greater Golden Horseshoe (2019) to create a singular, province-wide policy document. The intent is to simplify existing policies, make more land available for development, and achieve the Province’s target of building 1.5 million new homes over the next 10 years.

- If approved, this proposal would make significant changes to Ontario’s current land use planning system. Appendix A contains a summary of the key policy changes and their potential implications. Key proposed policy changes include:
 - municipalities would set their own population and employment growth forecasts, instead of following a mandated Provincial forecast;
 - enabling consideration of settlement area expansions at any time. Currently, such expansions may only be considered as part of a Municipal Comprehensive Review.
 - eliminating mandatory targets for intensification and higher densities in new greenfield communities. The new policy would “encourage” municipalities to set their own targets based on local conditions; and
 - permitting the severance of up to three new residential lots from an existing farm parcel in a prime agricultural area, subject to conditions.
- Overall, the proposed PPS 2023 would significantly scale back Ontario’s current land use planning policy framework. This change is intended to stimulate housing supply by giving municipalities more control and flexibility to determine where and how they should grow, while continuing to support the goals of building healthy, liveable and complete communities.
- However, over the long term, the increased policy flexibility could result in a more fragmented approach to growth management at the regional scale. As a result, the proposed policy changes could potentially weaken strategic decision making on a wide range of Regional services, including public transit, assisted housing, public health, economic development, and infrastructure including water supply and distribution, wastewater collection and treatment, and roads.
- Moving forward, ongoing close collaboration between the Region and the Area Municipalities will be essential to coordinate planning for growth with the planning, delivery and financing of various Regional services.
- The Region and the Area Municipalities have been leaders in the protection of agricultural land for many years. If passed, the Province’s proposal to permit up to three new residential lots on an existing farm parcel would significantly impact the quality and character of the region’s countryside. These agricultural impacts would make it much harder to operate a farm in Waterloo Region, weaken the agricultural sector, and work against the goal of building a strong sustainable local food system.

5. Background:

In 2006, the Province of Ontario approved the Growth Plan for the Greater Golden Horseshoe (Growth Plan) as part of its Building Strong Communities initiative. The new Growth Plan introduced a range of policy measures to manage growth across the Greater Golden Horseshoe, including Waterloo Region.

Key objectives of the Growth Plan included reducing urban sprawl, optimizing the use of existing land and infrastructure, and supporting the development of a more compact, transit-supportive urban form. Since 2006, the Region and the Area Municipalities have been actively working to achieve these important planning objectives in our communities. The latest iteration of this work culminated in August 2022 when Regional Council adopted Regional Official Plan Amendment 6 (ROPA 6), which introduced new planning policies and density targets in accordance with the current Growth Plan. The Province subsequently approved ROPA 6 on April 11, 2023 with twelve modifications.

Last fall, the Province initiated a review to develop a more streamlined land use planning policy framework for Ontario. The intent of the review was to determine the best approach that would enable municipalities to accelerate the development of housing and increase housing supply.

Following this review, on April 6, 2023, the Province released a proposed new PPS 2023 that would take policies from the existing Growth Plan and the Provincial Policy Statement. The Provincial Policy Statement is a separate document that provides more general policy direction for land use planning across all of Ontario. Should the Provincial Government adopt the new PPS 2023, the Government would consequently revoke the existing Growth Plan and the Provincial Policy Statement.

Policies that would remain largely intact in the PPS 2023 include requirements for municipalities to:

- plan for a minimum 25-year horizon, maintain a 15-year residential land supply and maintain land with servicing capacity for a 3-year supply of residential units; and
- establish and meet minimum density targets for Major Transit Station Areas, Urban Growth Centres, and other strategic growth areas (e.g., nodes and corridors).

In addition to the policy changes noted above under Report Highlights, the Province is also proposing to:

- enable the consideration to remove lands from an employment area at any time, rather than through a Municipal Comprehensive Review process;
- continue to support climate change mitigation, but in a less prescriptive manner;
- remove the requirement for municipalities to establish targets for affordable

housing. The new policy would direct municipalities to address housing affordability more generally in collaboration their Service Managers;

- eliminate the Provincial definitions of “affordable housing” and “low and moderate income households”. Without these definitions, municipalities would no longer have a clear Provincial standard or benchmark to facilitate the construction of affordable housing; and
- provide for the approval of new development on private wells and sewage systems more broadly throughout settlement areas. Currently, such services may be permitted in settlement areas only for infilling or minor rounding out of settlement areas.

In addition, although the Province is proposing to scale back many of its existing policy directions, staff note that the policies in the proposed PPS 2023 would represent minimum standards. As a result, municipalities could adopt planning policies that go beyond those minimum Provincial standards to address matters important to a specific community, unless doing so would conflict with any policy in the PPS 2023.

As of April 6, 2023, the Province’s natural heritage policies and related definitions remain under consideration by the Government. Once proposed policies and definitions are ready for review and input, the Government will make them available through a separate posting on the Environmental Registry of Ontario.

The Province is accepting feedback on the proposed PPS 2023 until June 5, 2023.

In conjunction with its proposed PPS 2023, the Government also introduced Bill 97 (Helping Homebuyers, Protecting Tenants Act, 2023), which, following Second Reading, was referred to the Standing Committee on Heritage, Infrastructure and Cultural Policy on April 20, 2023. Among other matters, the proposed Bill, if passed, would grant additional Ministerial powers to make transition regulations for the proposed PPS 2023. The additional powers would also enable the Minister to determine whether the PPS 2023 would apply to specified matters, applications and proceedings or whether a previous Provincial Policy Statement continues to apply.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Staff have engaged with the Area Municipal CAOs and Planning Heads on the proposed PPS 2023. Report PDL CPL-23-011 was distributed to CAOs and Planning Heads and a meeting was held to discuss the report with the Planning Heads. There was discussion on the key changes in the proposed PPS 2023 and generally broad agreement on the potential impacts of key changes. Appendix A reflects input from Area Municipal staff.

At the time of writing this report, it is anticipated that some Area Municipalities will receive staff reports on the proposed PPS 2023 and consider making their own

submissions in response to the Province's request for comments.

7. Financial Implications:

As noted above, the proposed PPS 2023 is intended to provide municipalities more control and flexibility to determine how and where they should grow, including through any potential expansions to settlement areas. However, in the long term, this increased flexibility without clear and consistent policy direction from the Province could potentially impact infrastructure planning, delivery and financing, thereby introducing risk to both the Province (in terms of its goal to build 1.5 million homes) and to municipalities. The municipal risk relates to the need for municipalities to build the right infrastructure at the right time, to the right scale, in the right place and at the right cost. Achieving these goals will become much more difficult due to the changes set out in the proposed PPS 2023.

In addition, municipalities risk issuing elevated levels of long term debt (impacting annual debt repayment limits and future budgets) and not having sufficient development charge revenue to pay for the infrastructure necessary to service the planned growth due to changes brought in under Bill 23 (More Homes Built Faster Act, 2022). This could overwhelm the capacity of municipalities to pay for growth-related infrastructure, particularly while trying to maintain existing roads, water and wastewater facilities, and other public infrastructure.

8. Conclusion / Next Steps:

To provide municipalities an opportunity to understand and adapt to any policy changes, the Province has indicated it would release the final draft of the PPS 2023 for a short period of time before the document takes effect (targeting fall 2023). Once the proposed PPS 2023 takes effect, any decisions on a planning matter would need to be consistent with the new policy document.

9. Attachments:

Appendix A: Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

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