

THE MUNICIPALITY OF LAMBTON SHORES

Report PL 10-2024

Council Meeting Date: May 14, 2024

TO: Mayor Cook and Members of Council
FROM: Will Nywening, Senior Planner
RE: Bill 185, the 2024 Provincial Planning Statement, and an Affordable Housing Bulletin

RECOMMENDATION:

THAT Report PL 10-2023 regarding Bill 134, proposed Bill 185, and the draft 2024 Provincial Planning Statement be received.

SUMMARY

This report relates to following miscellaneous provincial initiatives:

- Bill 185 (*Cutting Red Tape to Build More Homes Act, 2024*),
- The proposed *Provincial Planning Statement, 2024 (PPS 2024)*, and
- The release of an Affordable Housing Bulletin.

The intent of this report is to highlight the implications these items would have for planning and development charges in the Municipality.

BACKGROUND

These are further steps in the Province's Housing Action Plan, which has as its goal the creation of 1.5 million new homes by 2031. Bill 185 and the draft 2024 PPS were released April 10, 2024 for comment. The first version of this Draft PPS (2023 Draft PPS) was released April 6, 2023 with proposed natural heritage policies following June 16, 2023.

The following documents are attached to Council's agenda as background information in respect to the implications to planning by these provincial proposals:

- Environmental Registry of Ontario posting 019-8462
Review of proposed policies for a new provincial planning policy instrument.
- Watson & Associates Economists Ltd.
Summary of Bill 185 and proposed PPS 2024
- Staff Report PL 09-2023
- Staff Report PL 18-2023
- Red-Line Comparison of 2020 PPS and April 2023 Draft PPS
- Red-Line Comparison of April 2023 Draft PPS and 2024 Draft PPS

- Ontario web page re: Affordable Housing Bulletin:
Municipal development and community benefits charges, and parklands

When the first draft of the proposed new PPS was released in April 2023, fall 2023 implementation was anticipated, however the province has taken more time to consider the draft document and has released a new draft for consultation. Staff is unaware if a projected implementation date for either the 2024 PPS or Bill 185 has been announced. The Affordable Housing Bulletin will take effect June 1, 2024.

Provincial Planning Statement, 2024

The *Planning Act* requires that all decisions related to processes under the Act be consistent with any policy statements issued by the Province. The 2020 Provincial Policy Statement currently governs planning policy in Lambton County and Lambton Shores. The new Provincial Planning Statement would replace the current 2020 PPS.

The five pillars of the proposed 2024 PPD, as listed in the ERO posting are:

- Generate increased housing supply
- Make land available for development
- Provide infrastructure to support development
- Balance housing with resources
- Implementation

The first draft of the new PPS was released in April 2023. It contained substantial changes from the current 2020 PPS. The natural heritage policies were released in June 2023 without substantial changes. The 2023 staff reports and a red-line comparison of the 2020 PPS and 2023 Draft PPS (all attached) describe the changes proposed at that time.

The changes to the 2020 PPS in the 2024 Draft PPS are also substantial, but not substantially different from what was proposed in the 2023 Draft PPS. The second red-line version of the 2024 Draft PPS (attached) shows the changes from the 2023 Draft PPS.

The majority of the changes represent a new vision statement, a reorganization of existing content, and a greater emphasis on the provision of and removal of barriers to housing. The Watson and Associates summary highlights, summarizes, and comments on major areas of change to the PPS. Staff highlights the following from the Watson and Associates summary and several additional changes in the 2024 Draft PPS:

- Changes in planning timelines, growth forecasting, land needs projections, and land supply.
- Municipalities may use a planning horizon of between 20 and 30 years, with the ability to plan beyond 30 years for some things, including employment areas and public service facilities.

- Municipalities must use Ministry of Finance 25 year projections unless they have developed their own projections.
- Municipalities are required to provide a range of housing options including minimum targets for affordable housing. Staff finds however that the definition of “affordable housing” potentially includes housing that is not attainable for low and moderate income households.
- Planning authorities are encouraged (as opposed to required) to set intensification targets for existing developed areas and target densities and phasing policies for designated growth areas.
- Settlement boundary expansions no longer require a formal comprehensive review, but are subject to a number of criteria being considered.
- There is no longer a prohibition on expanding settlements into specialty crop areas, only a requirement to consider lower priority lands.
- Identification of “Strategic Growth Areas” to focus intensification and infrastructure and public service facilities is encouraged, including downtowns, underutilized retail malls and plazas, and brownfields.
- Policies specific to “large or fast-growing municipalities” are added. London would be the closest.
- The definition of “employment areas”, which are protected against conversion to other uses, is narrowed generally to industrial lands, making it easier to re-designate and/or redevelop other employment lands for residential or mixed use developments.
- Changes to servicing policies are unclear whether they would support new subdivisions on private septic systems.
- A policy is added requiring that consideration be given to re-allocating servicing capacity as part of assessing infrastructure needs.
- A total of three dwelling units are permitted per lot in prime agricultural areas. They must be limited in scale, but there is no requirement that they be accessory to a farm operation. They are subject to criteria that may be difficult to enforce without requiring a site-specific rezoning – e.g. must be compatible with and not hinder surrounding agricultural operations. Staff is concerned this policy could permit a person to construct a house specifically for the purpose of severing.
- As anticipated (see Staff Report PL 18-2023), the province has aborted its 2023 proposal to permit up to three residential severances from a farm parcel.
- Surplus dwelling severances (through farm consolidation) remain the only type of residential severance that municipalities may permit (still not mandatory). A change in wording however, now permits only one residence to be severed per “farm consolidation” – if there are multiple surplus residences on a parcel, only one lot may be severed and it may contain only one residence. “Farm consolidation” is not defined. Presumably one residence would be able to be severed from each farm parcel consolidated into the operation, but it could be interpreted that only one residence may be severed from among all the parcels that collectively make up the consolidated farm operation.
- Municipalities are encouraged to support near-urban and urban agriculture. “Near-urban” is not defined. The definition of “urban agriculture” includes commercial production and emphasizes non-livestock agriculture.

Planning Act Changes

Bill 185 deals with a number of Acts. A number of firms have posted summaries of the proposed amendments. The Watson and Associates summary is attached for information. Highlights of Bill 185's changes to the *Planning Act* include:

- The province has listed a number of upper-tier municipalities that will no longer have planning responsibilities. This is already in effect for some on the list. Bill 185 implements this for additional upper-tiers on the list. Lambton County is not on the list of upper-tiers to eventually have its planning responsibilities removed.
- Third party appeal rights have already been eliminated for minor variances, consents, and plans of subdivision. Official plans, zoning by-laws, and amendments to them would be added to that list.
- Currently municipal refusals of applications to expand urban settlement boundaries cannot be refused. Bill 185 would reverse that.
- The province would strengthen municipality's abilities to withdraw servicing capacity allocation from those who do not use it.
- Minister's zoning orders can permit development bypassing municipal zoning and planning processes. Municipalities can apply for MZOs. The province proposes to establish guidance materials on submission requirements and criteria.
- 29 municipalities are required to provide quarterly reports to the province of various planning data. 21 municipalities, including Sarnia, would be added.
- The province is revoking the ability for municipalities to require pre-consultation meetings as well as the requirement to return application fees if decisions are not rendered within certain timeframes. The province realizes these requirements were slowing down, rather than speeding up planning approvals.
- The province's ability to impose regulations on additional residential units would be expanded, particularly with respect to limiting the restrictions municipalities may impose on them. Lot coverage was given as an example; this is concerning as it potentially permits them in situations that would overburden infrastructure.
- Post-secondary institutions and certain community facilities like schools and hospitals would be exempted from planning approvals.

The Affordable Housing Bulletin will implement exemptions to community benefit charges and parkland dedication for affordable housing. See additional detail below.

Development Charges Act Changes

Bill 185 would modify a number of recent changes to the *Development Charges Act*:

- Municipalities would again be able to include background study costs in the calculation of development charge rates.
- Development charges are frozen if building permits are obtained within 2 years, but this would change to 18 months.
- The requirement to phase-in development charges increases would be deleted.

The Affordable Housing Bulletin will implement exemptions to development charges for affordable housing. See additional detail in following section.

Affordable Housing Unit Prices Release

With Bill 23, *More Homes Built Faster Act (2023)*, the province amended the *Planning and the Development Charges Acts* to exempt affordable housing from community benefit charges, parkland dedication requirements, and development charges. The implementation of these exemptions was subject to the province releasing an “affordable rates bulletin”, which has now been released and will take effect June 1, 2024. The province anticipates issuing a new bulletin June 1, 2025, and presumably annually.

To be eligible for the exemptions, a developer must enter into an agreement to sell or rent units below the specified “affordable unit prices”. Pricing restrictions would apply to a unit for 25 years. In the bulletin, affordable unit prices for Lambton Shores have been set as follows (other municipalities shown for comparison):

	Lambton Shores	South Huron	North Middlesex	Warwick	Plympton-Wyoming	Sarnia	Lambton County Average	London
Purchase of Detached House	\$341,300	\$ 330,600	\$377,300	\$366,500	\$452,700	\$337,700	\$377,900	\$330,600
Purchase of Semi-Detached House	\$341,300	\$ 330,600	\$377,300	\$342,000	\$342,000	\$333,000	\$340,336	\$330,600
Purchase of Row/Townhouse	\$341,300	\$ 330,600	\$377,300	\$333,000	\$333,000	\$288,000	\$322,300	\$330,600
Purchase of Condo Apartment	\$341,300	\$ 330,600	\$377,300	\$366,500	\$414,000	\$337,700	\$370,609	\$330,600
Rent of Bachelor Apartment	\$ 967	\$ 984	\$ 957	\$ 967	\$ 967	\$ 967	\$ 967	\$ 961
Rent of 1 Bedroom Unit	\$ 1,101	\$ 779	\$ 1,191	\$ 1,101	\$ 1,101	\$ 1,101	\$ 1,101	\$ 1,192
Rent of 2 Bedroom Unit	\$ 1,505	\$ 864	\$ 1,479	\$ 1,306	\$ 1,306	\$ 1,296	\$ 1,323	\$ 1,478
Rent of 3+ Bedroom Unit	\$ 1,510	\$ 1,665	\$ 1,706	\$ 1,545	\$ 1,545	\$ 1,582	\$ 1,526	\$ 1,709

The province established the affordable unit prices in accordance with the following. For ownership housing, a unit would be considered affordable when the purchase price is at or below the lesser of:

- Income-based purchase price: A purchase price that would result in annual accommodation costs equal to 30% of a household’s gross annual income for a household at the 60th percentile of the income distribution for all households in the local municipality; and
- Market-based purchase price: 90% of the average purchase price of a unit of the same unit type in the local municipality.

For rental housing, a unit would be considered affordable when the rent is at or below the lesser of:

- Income-based rent: Rent that is equal to 30% of gross annual household income for a household at the 60th percentile of the income distribution for renter households in the local municipality; and
- Market-based rent: Average market rent of a unit of the same unit type in the local municipality.

ALTERNATIVES TO CONSIDER

None at this time.

RECOMMENDED ACTIONS

This report is for Council information only.

FINANCIAL IMPACT

There is no direct financial impact.

CONSULTATION

County of Lambton Planning and Development Services
Various legal and consulting firms' summaries