COMMITTEE OF THE WHOLE (2) – APRIL 18, 2023

REVISED STAFF COMMUNICATIONS

Distributed April 14, 2023		Subject
SC1.	Memorandum from the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer	City of Vaughan Long-Range Fiscal Plan (Committee of the Whole (Working Session) – December 7, 2022, Item 2, Report No. 45).
SC2.	Memorandum from the Chief, Communications and Economic Development and Director, Economic Development	Grant Funding Opportunities for Victim Services of York Region (Revised)
SC3.	Memorandum from Deputy City Manager Legal and Administrative Services & City Solicitor	Bill 97: Helping Homebuyers, Protecting Tenants Act, 2023

Please note there may be further Communications.

STAFF COMMUNICATION: FOR INFORMATION ONLY

Staff Communication: SC1
Committee of the Whole (2)
April 18, 2023

DATE: March 23, 2023

TO: Mayor and Members of Council

FROM: Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

RE: **STAFF COMMUNICATION – April 18, 2023**

CITY OF VAUGHAN LONG-RANGE FISCAL PLAN
(Committee of the Whole (Working Session) - December 7, 2022
Item 2, Report No. 45)

---

1. Purpose

The purpose of this communication is to inform Council of receipt of the Long-Range Fiscal Plan (LRFP) final report as prepared by Hemson Consulting Ltd for the City of Vaughan. This final report is subsequent to the LRFP report prepared by Corporate Services, and the presentation by Craig Binning, Partner, Hemson Consulting Ltd., to the Committee of the Whole on December 7, 2022 (Extract from Council Meeting on December 7, 2022 Item 2, Report No. 45).

2. Analysis

The Long-Range Fiscal Plan final report delivers a comprehensive assessment of the City's current financial position, plans, policies, and key findings forecasted from the Fiscal Impact Model.

The Fiscal Impact Model is a centralized excel-based framework that contains key financial data, macro-economic and demographic assumptions to develop a long-term outlook for the City of Vaughan. The model generates a twenty-year forecast for operating and capital expenditures, taxation, non-tax revenues, capital reserves, and debt management.

Three key findings detailed in the final LRFP Report are recapped as follows:

Key Finding #1: The twenty-year replacement value forecast for tax-supported capital expenditure totals $6.3 billion. The City will need to plan for tax-levy pressures over the short-term while balancing capital commitments over the long-term.

Key Finding #2: Property taxes continue to be the City's main source of revenue. However, tax revenues generated through the current pace of tax rate increases are outpaced by capital infrastructure expenditures, causing fiscal pressures.

Key Finding #3: Infrastructure reserves and debt financing are important fiscal tools to help the City sustain future spending obligations associated with the City's asset renewal, replacement and growth plan.

The Fiscal Impact Model assumes debt servicing as a funding alternative for capital projects ascertained in the Development Charges Study and Asset Management Plan. Debt financing of capital projects allows a simultaneous balance between asset maturities and liability maturities. The Model projects that the City will exceed its self-imposed debt limit of 10% of own source revenues, reaching up to 13% by 2042, still below the provincial debt limit of 25%.

In addition, the Model assumes an annual base contribution to capital reserves of $23.9 million, reiterating that this base contribution measure cannot solely eliminate the total infrastructure gap.

3. Conclusion

The LRFP Plan and Fiscal Impact Model will continue to be utilized as decision-making tools to complement the budget process. This final report excludes inflationary impact and the impact of recent economic policies still unfolding, such as Bill 23.

The examination and findings detailed in the attached LRFP final report provide a solid backdrop for future financial forecasting, propelling discussions to advance perspectives around the financial sustainability agenda for the City of Vaughan. As the City grows and its infrastructure ages, the LRFP cost outlook will identify fiscal pressures before they occur, allowing staff to proactively develop appropriate and timely fiscal strategies to address the pressures.

For more information, contact:
Michael Marchetti, Director of Financial Planning & Development Finance, ext. 8271
Kenneth Quan, Manager of Corporate Financial Planning and
Analysis, ext. 8029
Nneka Usifoh, Supervisor, Fiscal Planning and Policies, ext. 8724

Approved by

Michael Coroneos, Deputy City
Manager Corporate Services, City
Treasurer and Chief Financial Officer

Attachment 1

FINAL REPORT

PREPARED BY HEMSON FOR THE CITY OF VAUGHAN

LONG RANGE FINANCIAL PLAN REPORT

February 24, 2023

HEMSON

1000 - 30 St. Patrick Street, Toronto ON M5T 3A3

416 593 5090 | hemson@hemson.com | www.hemson.com

CONTENTS

EXECUTIVE SUMMARY

A. BACKGROUND AND CONTEXT

The City of Vaughan has been rapidly growing in population and employment over the last several decades. All indications point to continued growth in the GTA, with Vaughan remaining one of the key municipalities accommodating population and employment growth.

Hemson has been engaged to assist the City of Vaughan in developing a Long Range Financial Plan (LRFP) to pull together work completed to date and the City's continued efforts toward long-term fiscal sustainability. This report is one of two key deliverables as part of the LRFP, and accompanies the Excel-based Fiscal Impact Model. It is important to note that this current iteration of the LRFP and Fiscal Impact Model do not factor in the future impacts of recent legislative changes through Bill 23.

This report provides an assessment of the financial health of the City in the context of its demographic and economic environment, municipal financial benchmarks, and current spending and revenues. The results of a 20-year forecast are presented and discussed.

B. KEY FINDINGS

Key LRFP and Fiscal Impact Model findings are summarized as follows:

i. Vaughan is in a Strong Fiscal Position

The City of Vaughan has historically been fiscally prudent, with low annual tax and rate increases while delivering high quality services. The Fiscal Impact Model forecasts that the overall tax increases over the next 20 years will remain reasonable. Excluding inflationary impacts, annual tax rate increases average 2.1 per cent over the period. As seen in Section 4 below, overall the tax rate is increasing at a slower rate to 2042. There is a small number of tax rate "spikes" throughout the period due to increased operating costs that result from capital infrastructure coming online. However, there are several tools available to the City to mitigate a sudden tax rate increase, such as the use of debt, available reserves, and the phasing in of certain operating expenses (e.g. staff additions). It is important to note that the LRFP is not a substitute for the municipality's budget process but rather a tool to inform the City's fiscal decisions; the budget process will use the identified approaches to mitigate and manage the LRFP identified tax rate pressures.

ii. Infrastructure Reserves and Debt Financing are Important Fiscal Tools that will help the City Moving Forward

The City has limited its use of debt to fund capital investments. Currently, the City has some remaining debt associated with the VMC Recreation Centre, which will be fully paid off by 2042. Vaughan's current (2022) debt servicing costs are equivalent to approximately 1.7 per cent of annual municipal revenues, well within the provincially mandated debt-servicing limit of 25 per cent of own-source revenues and the City's more restricted policy of limiting debt-servicing to 10 per cent of own-source revenues.

The Fiscal Impact model assumes the acquisition of additional debt to fund various capital works planned through the DC Study and Asset Management Plan. Even with these additions, the City's debt capacity will remain well below the provincially mandated limit. However, the City's own limit of 10 per cent of own source revenue is exceeded by 2032, reaching about 13 per cent by the end of the period.

There are opportunities for the City to expand its use of debt, as appropriate, for strategic capital projects with long benefitting horizons in order to help manage cash flow, mitigate sudden tax and rate increases, and establish a nexus between those who benefit from and pay for key infrastructure.

iii. The City has been Proactive in Setting a Strong Framework for Long-Range Financial Sustainability

The LRFP Fiscal Impact Model will allow the City to continue to maintain fiscal stability and sustainability as it continues to grow over the coming decades. The City has strong financial policies and has a good process for ongoing review and updating which should continue to be informed by the LRFP. As the City grows and evolves, staff should continue to invest in this important financial work, continue to monitor successes, challenges, and emerging issues as plans are implemented, and revisit its fiscal policies to ensure these needs continue to be addressed.

1. INTRODUCTION

The City of Vaughan engaged Hemson to assist in the development of a Long Range Financial Plan (LRFP). This report is one of the key deliverables as part of the LRFP. It provides an assessment of the financial health of the city in the context of its demographic and economic environment, municipal financial benchmarks, and current spending and revenues. The results of a 20-year financial forecast are presented and discussed, incorporating all master servicing plans and other guiding documents and policies in the City. This report serves as a comprehensive summary of the results of the analysis.

A. STUDY BACKGROUND AND CONTEXT

The City of Vaughan has been rapidly growing in population and employment over the last few decades. All indications point to continued growth in the GTA, with Vaughan remaining one of the key municipalities accommodating population and employment growth. Currently, the estimated population in the City population is around 340,000. Looking forward, the anticipated population in Vaughan by 2042 is approximately 489,000.

Vaughan has a stable and diverse economy with strong employment growth anticipated to continue into the future. While there are many employment types throughout the City, employment within designated employment lands is by far the largest category of employment in the City. Typical operations that occur on employment lands include manufacturing, distribution and smaller offices. Employment in the City is currently estimated at approximately 235,100. Over the planning period to 2042, employment is expected to increase by 72,000 to nearly 307,100.

Vaughan is a lower-tier municipality within York Region. Within its two-tier government structure, the City of Vaughan is responsible for the delivery of certain local services. These include fire and rescue services, public works, transportation and snow clearing, waste management, Vaughan Public Libraries, parks and sports field operations, infrastructure repair and replacement, recreation services, maintenance of City facilities, City planning and development services, by-law and compliance and building standards. To plan for these services, the City undertakes a detailed annual budgeting process.

The City launched the LRFP study to assess the following:

- Long-term financial health and sustainability;
- Financial impact of growth and development;
- Prioritization of program and infrastructure needs;

- Impact of service level changes;
- Funding requirements for infrastructure replacement needs;
- Demonstration of the need for financial policy changes; and
- Guide Council on fiscal best practices and strategic decision-making.

The objective of the LRFP is the development of a long-term plan that is a living document, made up of two key deliverables:

1. Long Range Financial Plan (this report)

- Focus on financial viability, management, flexibility and sustainability;
- Identification of measurable goals, targets and objectives;
- Overview of financial history and current status;
- Overview of key model findings (20-year forecast);
- Identifications of risk, challenges and opportunities; and
- Key directions and policy recommendations to guide the City toward financial sustainability.

2. Fiscal Impact Model

A tool for staff to:

- Assess the current financial position of the City;
- Forecast the future financial position of the City over the next 20 years or more;
- Identify overall capital and operating needs;
- Assist in the annual budgeting process;
- Undertake sensitivity testing to understand the impact of major new initiatives, changes or scenarios; and
- Provide information and data for annual updates to the LRFP.

Both deliverables are living documents that build upon the past and future long-term planning of the various City departments. The model may be updated every three to five years by City staff to account for actual outcomes and Vaughan's changing economic and fiscal environment. This report may be updated every three to five years to reflect changes as a result of various economic impacts on the long-term plan.

B. THE LRFP SUPPORTS FINANCIAL SUSTAINABILITY OBJECTIVES

The LRFP will be used by staff and senior management to examine, in financial terms, the strategic priorities of Council to assist them in making informed decisions. The LRFP tools will allow the City to identify fiscal pressure points and assist in developing, and testing, strategies to achieve Council's priorities and objectives. In this regard, consideration for Vaughan's complete fiscal position is included as part of the LRFP so that the financial sustainability of the City can be examined over a longer timeframe than the annual budget cycle. All tax supported capital and operating cost impacts are analyzed.

The LRFP provides tools for the City to measure, monitor and achieve long-term financial targets and objectives. In this way, the City can make financial decisions in the context of their effects on long-term asset management, the adequacy of reserve funds, debt levels and debt capacity, and property tax rates. A key component of the LRFP is a comprehensive Fiscal Impact Model, developed in Excel, and designed for use by City staff in subsequent years.

The timing of the LRFP is prudent as it builds upon important work completed by the City in recent years, and is being completed in advance of significant anticipated growth and development.

C. KEY GUIDING DOCUMENTS, STUDIES AND POLICIES

The basis of the LRFP is a detailed review of municipal financial documents, including but not limited to the following:

- Capital and operating budgets;
- Financial information returns;
- Various City policies (including reserves, debt, etc.);
- 2022 Development Charges Background Study;
- 2022 Community Benefits Strategy;
- Asset management data; and
- Relevant staff reports

D. REPORT STRUCTURE AND CONTENT

Following this introduction, the LRFP Report is divided into the following sections:

- **Section 2** presents the demographic and economic context, including the 20-year forecast of residential and non-residential growth; the City's current fiscal position, taking into account a range of key financial indicators; and a preliminary assessment of strengths, weaknesses, opportunities and threats;

- **Section 3** provides an overview of the Fiscal Impact Model and main assumptions.

- **Section 4** presents the various outputs and key findings of the tax-supported model.

- **Section 5** concludes with a high-level overview of the key takeaways from the LRFP process, policy directions, and next steps.

2. THE CITY'S OVERALL FINANCIAL POSITION

This section provides context regarding the forecast of residential and non-residential growth, the City's current fiscal position, taking into account a range of key financial indicators, and a preliminary assessment of strengths, weaknesses, opportunities, and threats.

A. RESIDENTIAL AND NON-RESIDENTIAL GROWTH FORECAST

The City of Vaughan has experienced strong population growth and development in recent years, with Census population growth of over 18 per cent since 2011. The City expects these trends to continue over the next 20 years.

As seen in Figure 1 below, the City anticipates steady population, household and employment growth over the 20-year LRFP planning period to 2042. Vaughan's population is expected to grow to 489,000 by 2042, from an estimated 340,000 in 2022. Employment will reach 307,000, up from the current estimated 235,000. The City will add 58,000 new households to its current 107,000, reaching 165,000 dwellings by 2042. Table 1 provides the incremental growth by Census period.

Figure 1 - Population, Household and Employment to 2042

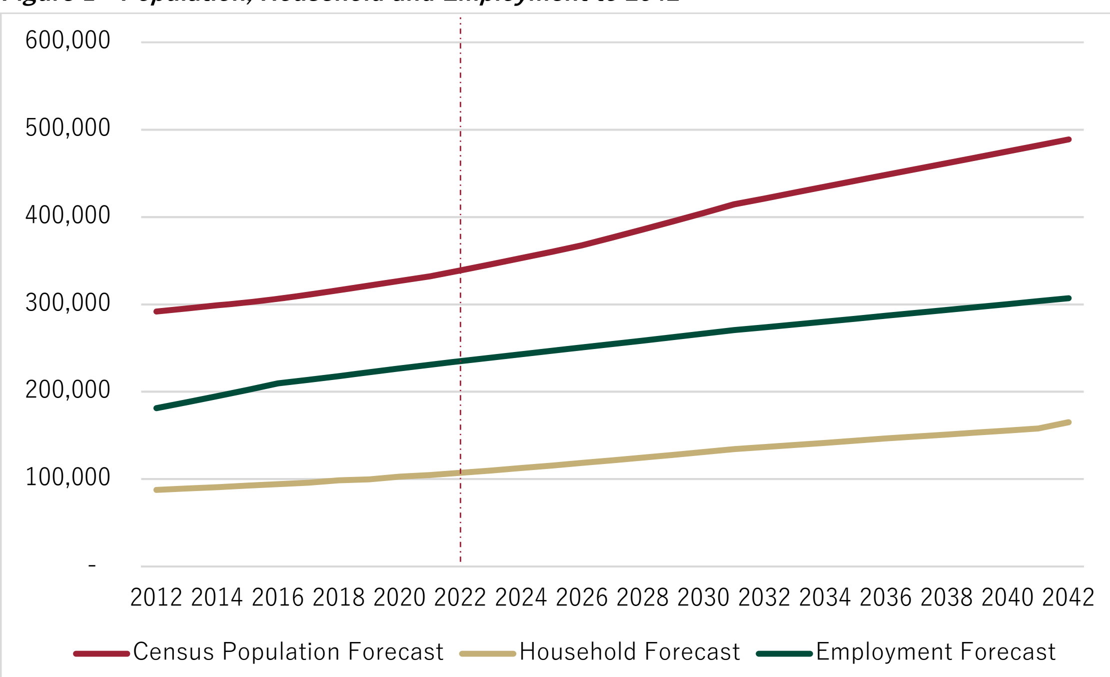


Table 1 - Population, Household and Employment Historical and Projected 5-Year Growth Rates

	2006-2011	2011-2016	2016-2021	2021-2026	2026-2031	2031-2036	2036-2042
Population	21%	6%	8%	11%	13%	8%	9%
Households	24%	10%	11%	13%	13%	9%	9%
Employment	16%	20%	10%	9%	8%	6%	7%

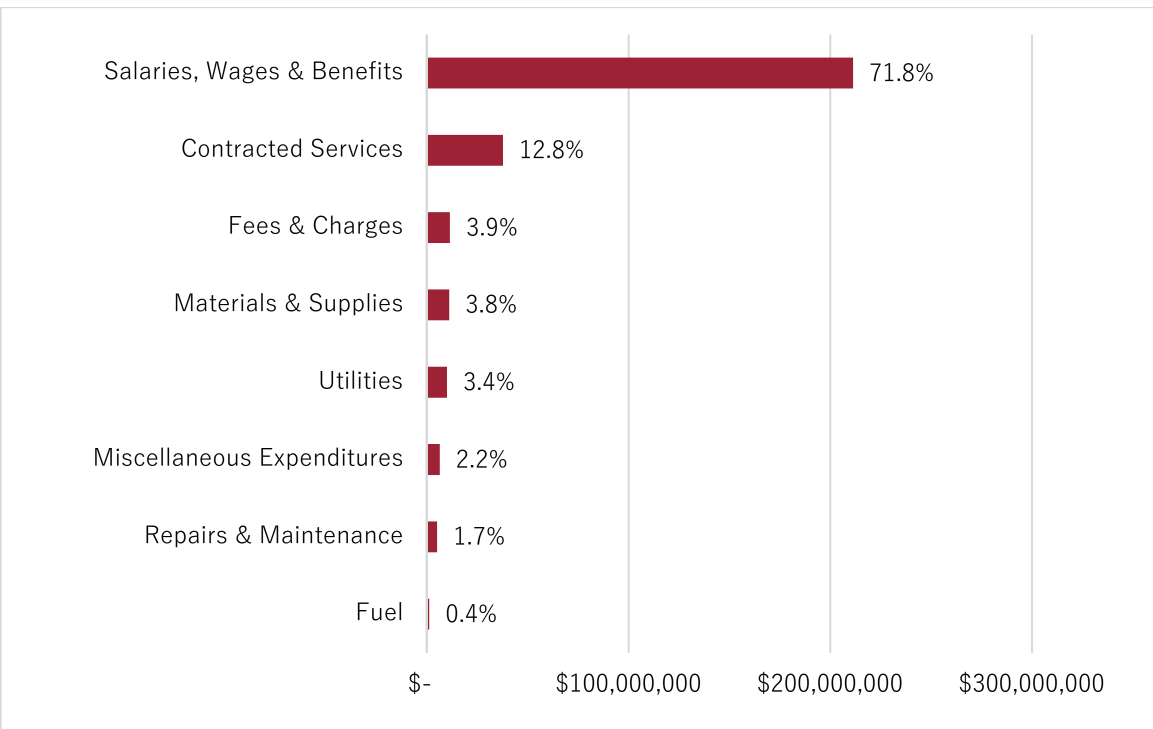
B. CURRENT FISCAL POSITION

This section provides a general overview of the City of Vaughan's current fiscal position, including revenues and expenditures along with key financial indicators of the LRFP model.

i. 2022 Budget: Revenues & Expenditures

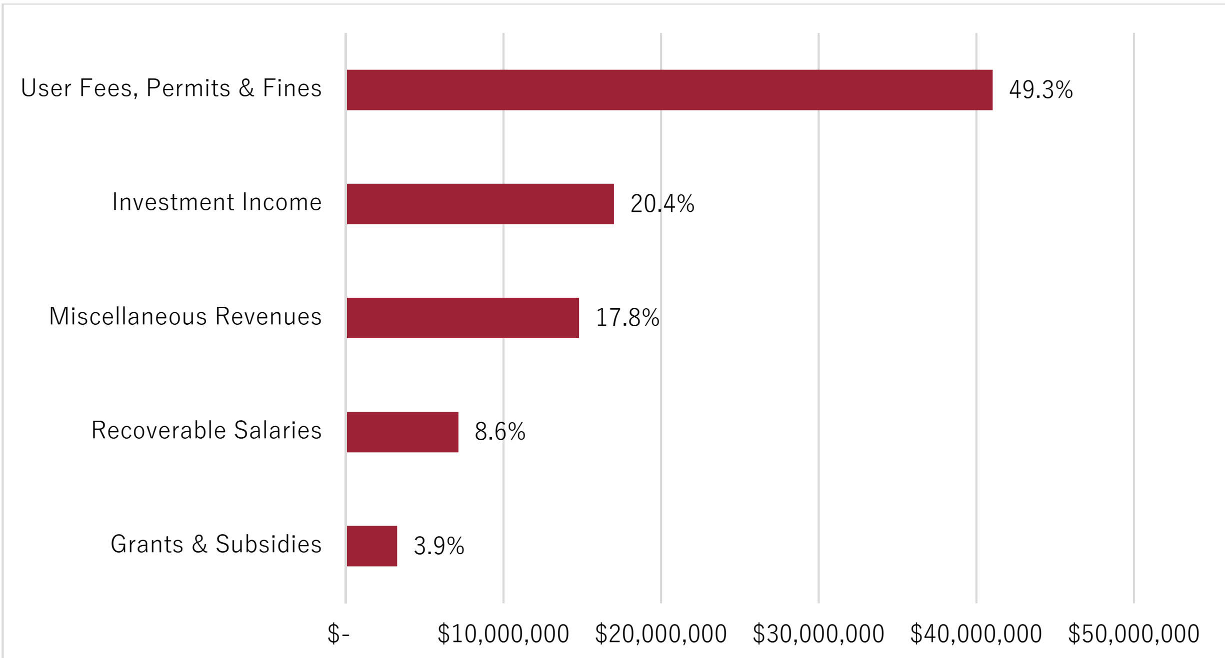
Figure 2 provides the City's breakdown of 2022 total expenditures by expenditure type. A summary of the City's revenues is provided in Figure 3. As is common in most municipalities, the City's expenditures are largely attributed to salaries, wages and benefits. This represents 72 per cent of the City's total expenditures of $294.3 million in 2022.

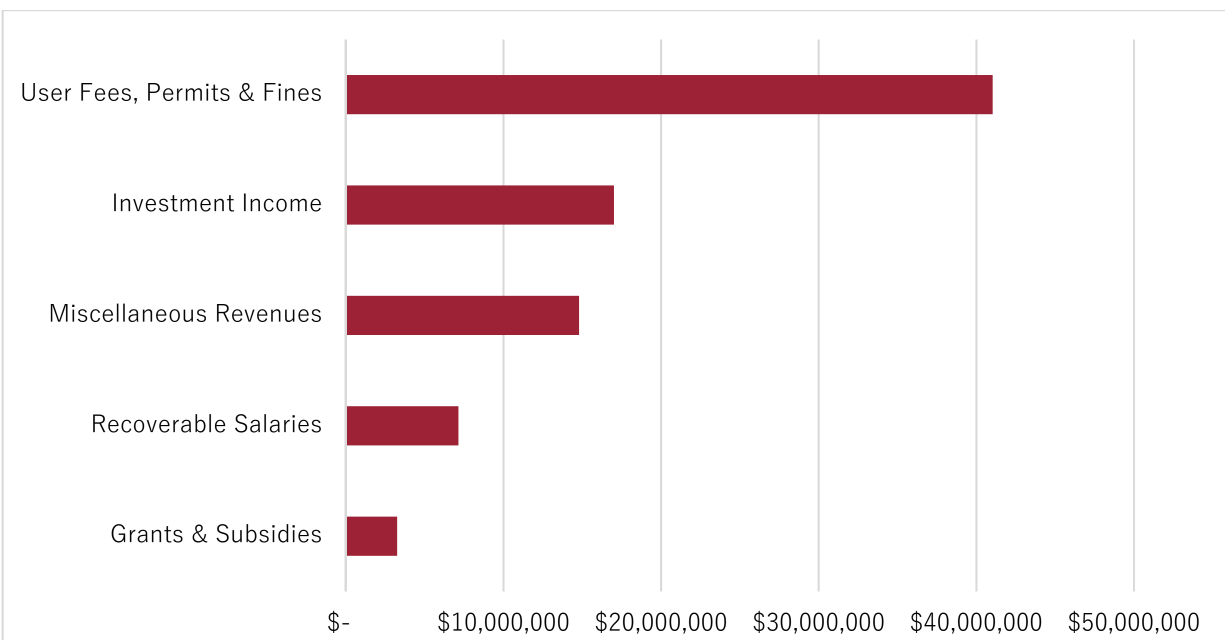
Figure 2 - 2022 Budget Expenditures



Like most municipalities, the City derives the majority of their revenue through property taxation, which totaled approximately $220.4 million. The distribution of user fees, fines and permit revenue across various departments totals $41.0 million. Grants and subsidies totaled $3.3 million, or 4 per cent of total non-tax revenues.

Figure 3 - 2022 Budget Non-Tax Revenues





ii. Key Financial Indicators

The following provides a brief overview of Vaughan's financial position compared to other similar municipalities of relative size and location.

a) Tax Affordability

Table 2 depicts total residential taxes per capita and non-residential taxes per employee across comparable GTA municipalities, based on 2021 Financial Information Return (FIR) data. Both lower-tier and upper-tier taxes are included. The City of Vaughan's total residential taxes are relatively in line with the average of roughly $1,300 per capita across the municipalities reviewed. The City's total non-residential taxes of $587 per employee are below the estimated average of $690 per employee across the municipalities reviewed. When comparing to the other York Region municipalities, residentially Vaughan is lower than Richmond Hill but higher than Markham, yet non-residentially Vaughan is the highest.

Table 2 - Taxes per Capita and Employee (2021): Select GTA Municipalities

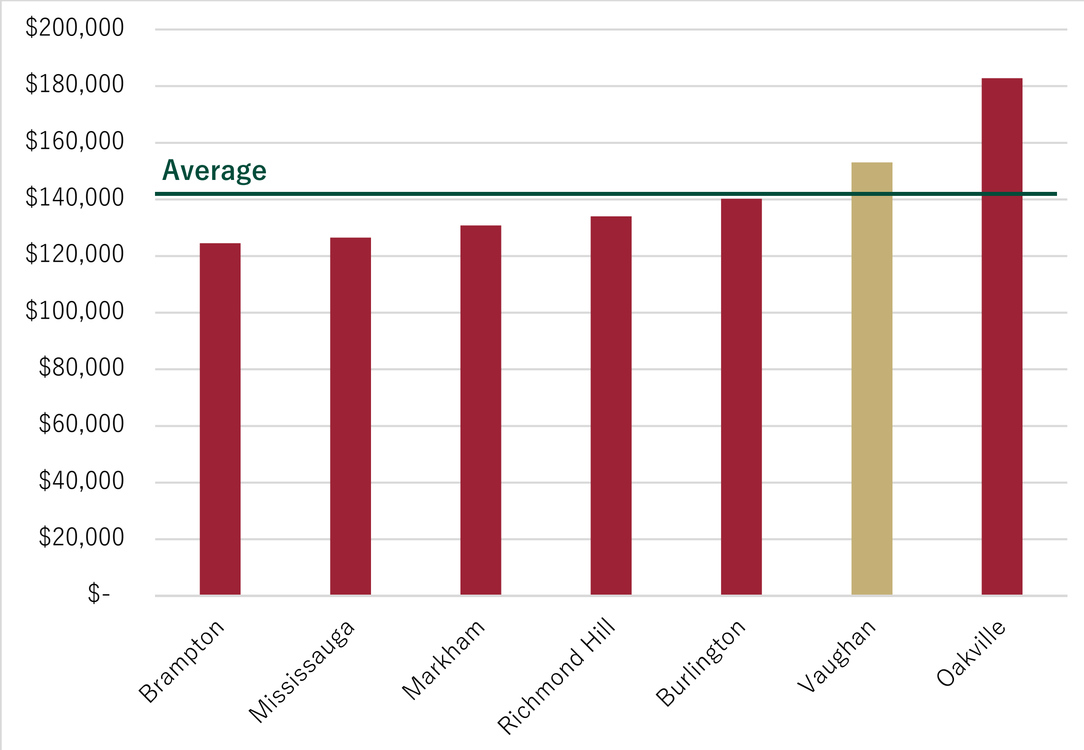
	Residential Taxes per Capita			Non-Residential Taxes per Employee		
	Lower-Tier	Upper-Tier	Total	Lower-Tier	Upper-Tier	Total
Vaughan	$484	$827	$1,311	$236	$352	$587
Markham	$392	$827	$1,218	$165	$352	$517
Richmond Hill	$551	$827	$1,378	$157	$352	$508
Mississauga	$486	$573	$1,059	$365	$410	$775
Brampton	$595	$573	$1,169	$495	$410	$905
Oakville	$795	$585	$1,380	$356	$343	$700
Burlington	$762	$585	$1,347	$497	$343	$840
Average	**$581**	**$685**	**$1,266**	**$325**	**$366**	**$690**

Source: Financial Information Return (FIR), 2021; Statistics Canada, 2021

b) Household Income

Figure 4 presents a comparison of average household income across several GTA municipalities using 2021 Census data on the average total income of households in 2020. Vaughan's average household income of $153,000 is on the higher end of the municipalities reviewed and above the overall average of approximately $141,700. Compared to other York Region municipalities, Vaughan has the highest overall average household total income (the average of the York Region municipalities surveyed is roughly $140,000 per household).

Figure 4 - Average Household Total Income (2020): Select GTA Municipalities



Source: Statistics Canada 2021

c) Tax-Supported Reserves

Table 3 shows a comparison of total tax-supported reserve balances, as a percentage of own source revenues and as a per-capita amount, across GTA municipalities based on 2021 FIR data. Vaughan's tax-supported revenues are below the average of 74 per cent of own-source revenues and $892 per capita across the municipalities reviewed.

Table 3 - Tax-Supported Reserves (2021): Select GTA Municipalities

	Total Balance as % of Own Source Revenues	Total Balance per Capita
Vaughan	43%	$631
Markham	40%	$440
Richmond Hill	115%	$1,444
Mississauga	85%	$882
Brampton	75%	$784
Oakville	102%	$1,310
Burlington	59%	$752
Average	**74%**	**$892**

Source: Financial Information Return (FIR), 2021

d) Debt

The City of Vaughan has significant debt capacity available. As shown in Table 4, in 2021 the City only used 5 per cent of the Provincial debt charge limit of 25 per cent of own source revenues. On average, the municipalities reviewed used 11 per cent of the Provincial limit. Vaughan's debt charges per capita of approximately $18 in 2021 were also lower than the average of approximately $33 per capita across the municipalities reviewed.

Table 4 - Use of Debt (2021): Select GTA Municipalities

	Total Debt Charges as % of Own Source Revenue	Debt Capacity Used (% of Provincial Limit)	Debt Charges Per Capita
Vaughan	1.2%	5%	$18
Markham	0.3%	1%	$3
Richmond Hill	0.0%	0%	$0
Mississauga	4.8%	19%	$49
Brampton	1.5%	6%	$16
Oakville	4.1%	16%	$53
Burlington	7.4%	30%	$95
Average	**2.8%**	**11%**	**$33**

Source: Financial Information Return (FIR), 2021

C. SWOT ANALYSIS

This section provides a summary of some of the key strengths, weaknesses, opportunities and threats considered as part of the development of the LRFP.

i. Strengths

- Central location within the GTA
- Diversified economy
- High rates of immigration; strong population and employment growth
- Well-developed transportation network with major highways, and an improving transit network
- Strong fiscal policies and fiscally prudent
- Competitive taxation levels with other municipalities
- Diverse, educated, and relatively young population base

ii. Weaknesses

- Fiscal pressure to maintain assets in state of good repair – significant infrastructure gap
- Continued preference for residential development in some key areas

iii. Opportunities

- Significant available debt capacity can provide flexibility and resiliency in the event of an unforeseen financial crisis or shock
- Excellent multiple highway accesses and improving high-order transit provide significant economic opportunities
- Availability of range of development and redevelopment sites

iv. Threats

- Ongoing Provincial legislative changes will impact growth funding tools (less revenue) putting pressure on property tax and utility rates
- Current economic uncertainty and rising inflation and interest rates
- Increasing transportation congestion
- Competition from similarly positioned GTA municipalities
- Emerging technology, such as automated vehicles, may require significant infrastructure investments with minimal lead time
- Increasing asset management obligations
- Climate change and increasing environmental regulations regarding stormwater management and other services

3. Long Range Financial Plan Model and Key Assumptions

This section provides an overview of the fiscal impact model as well as the main assumptions used in completing the analysis. The LRFP Fiscal Impact Model provides estimates over a 20-year horizon, extending from 2022 to 2042. The City's 2022 Capital & Operating budget informs the capital and operating forecasts included in the analysis.

The intention of the LRFP is not to represent a proposed budget for the City. Rather, it is a forecast based on the capital and operating program needs anticipated at this time.

A. All Tax Supported Programs Are Included

The financial model includes capital and operating estimates for all tax-supported services, including:

- Council
- General Government
- Fire and Rescue
- Vaughan Libraries
- Recreation
- Parks
- Planning
- Building Standards
- Public Works
- Environmental Services
- Roads & Related
- Corporate Accounts
- Development Engineering

B. The LRFP Financial Forecast Is Derived From a Series of Price & Volume Drivers

The City's five-year (2022-2026) budget and financial plan forms the basis of the operating forecast. Following this period, the application of a series of price and volume drivers form the financial drivers. The basis of the price drivers are derived from numerous considerations, including: review of Vaughan's recent historic financial data, discussions with staff, experience from other jurisdictions, and review of existing and future land uses, population and employment. Generally, the growth forecast informs the volume drivers and include growth in population, employment, households, or some combination thereof. Volume drivers also include "capital induced operating" impacts: where new facilities, vehicles, or infrastructure are planned through the capital forecast, an operating impact is incorporated into the model to account for additional staffing needs, maintenance costs, and other operating costs.

The Fiscal Impact Model allows for easy adjustment of all price and volume drivers, as needed.

C. INFLATION IS EXCLUDED FROM THE MODEL

The financial forecast does not currently consider inflation; all costs are in current (2022) dollars. The model allows for the easy addition of a constant inflation rate, if required. Even at a moderate inflation rate of 2 per cent, the cumulative impact of inflation on costs will be significant. Inflation will have a corresponding effect on the assessment base and resulting property tax revenue.

D. THE CAPITAL FORECAST INCLUDES GROWTH-RELATED CAPITAL AND PROVISION FOR CAPITAL RENEWAL AND REPLACEMENT

The capital forecast focuses on both growth-related capital and provisions for capital renewal and replacement over the next 20-year period. Funding for the capital program is provided from a combination of development charges, the City's various capital reserves and reserve funds, grants and other contributions, and long-term debt.

While the City's capital forecast generally looks toward the 2042 horizon year, the 5- to 10-year forecasts provide more details than the latter years of the 20-year period. This is typical of municipal capital planning, and the model allows for the addition or change of projects as needed.

E. ASSESSMENT IS FORECAST IN RELATION TO GROWTH IN NEW HOUSING AND NON-RESIDENTIAL FLOOR SPACE

Forecasted assessment increases in the City in relation to the growth forecast set out in Section 4. The assessment forecast is prepared for each property class so that the appropriate weighting and discount factors are applied. Only net taxable assessment is included in the forecast.

The assessment of new buildings tend to have higher values than existing buildings, and therefore the assessment value assumptions are based on the average of a sample of buildings constructed over the past five years. The basis of the residential forecast is average assessed values for new dwellings by type (e.g. singles and semis, rows, and apartment). The average assessed value per square metre of new building space by property type (e.g. Major Office, Population Related, and Employment Land) are the basis of the non-residential forecast.

The assessment forecast does not account for market value changes over time, although the model allows for easy adjustment of assessment values as needed.

4. KEY MODEL FINDINGS

This section summarizes the outputs of the tax-supported Fiscal Impact Model, including:

- Assessment and taxation;
- Operating expenditures;
- Non-tax revenues;
- Capital forecasts;
- Capital reserves; and
- Debt management.

A. ASSESSMENT AND TAXATION

i. Tax Levy Requirement

Figure 5 presents a summary of the projected annual increases in the City's overall tax revenue ("net levy") requirement, total assessed value, and tax rate. This forecast does not directly account for the costs of capital projects, but does account for projected operating transfers to capital, the operating impacts of capital investments (e.g. additional staffing needs, maintenance requirements), and debt payments.

The LRFP shows that the City of Vaughan is in a position to fund its projected operating requirements through 20-year average annual tax rate increases of 3.7 per cent. The model shows varying single-year increases in the net levy requirement, which are primarily associated with the operating impacts of major capital projects, such as fire stations, road enhancements, etc. Over the planning period to 2042, there is generally a downward trend in the total increase in the net levy requirement due to the payment of existing debentures. The LRFP tax rate increases are higher in the initial years, and perhaps on average, than the City has experienced historically; it is important to recognize that the LRFP is a tool to identify fiscal pressures and opportunities, the City will smooth these spikes and valleys through annual budgeting processes.

As the City grows, the projected total weighted assessment value steadily increases at an average of 1.5 per cent per year. This growth has a balancing effect on the net levy requirement, resulting in lower annual tax rate increases. The average annual residential tax rate increase over the 20-year period is 2.1 per cent.

Figure 5 - Forecast of Annual Increase in Net Levy Requirement, Total Assessment, and Tax Rate

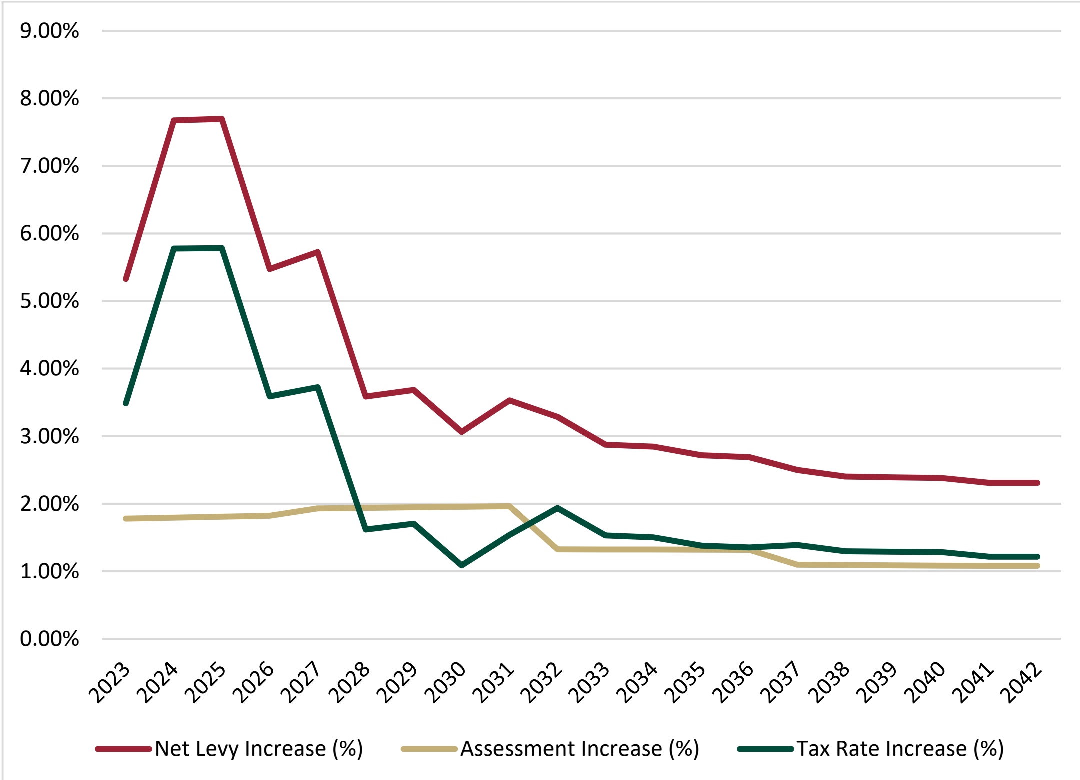
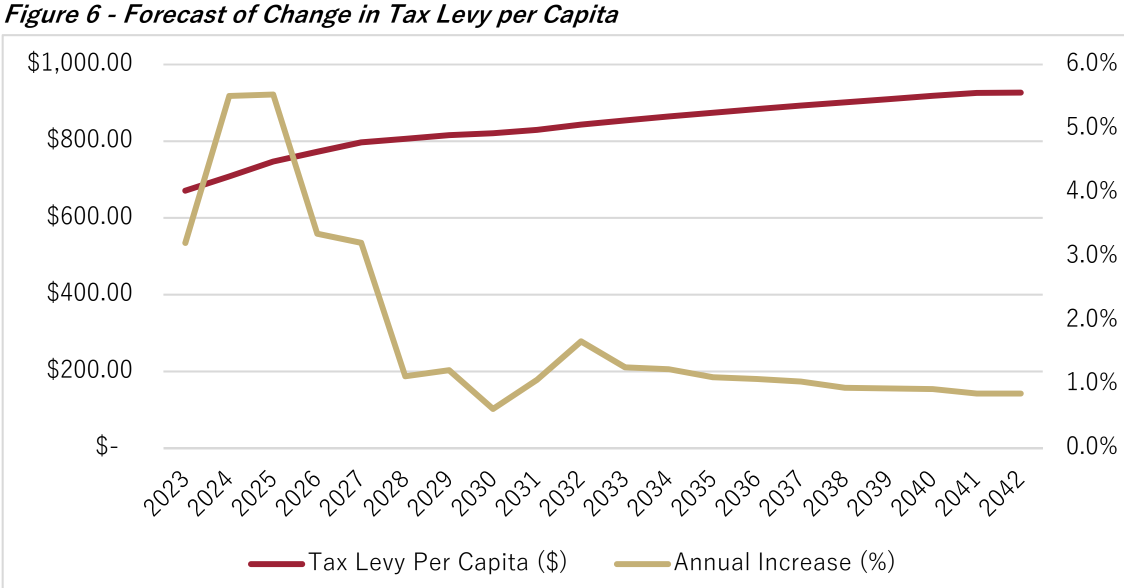


Figure 6 shows the forecast change in tax levy per capita over the 20-year period. The forecast tax levy requirement increases from approximately $650 per capita at year-end 2020 to nearly $930 per capita in 2042, or an average annual increase of approximately 2 per cent.

Figure 6 - Forecast of Change in Tax Levy per Capita

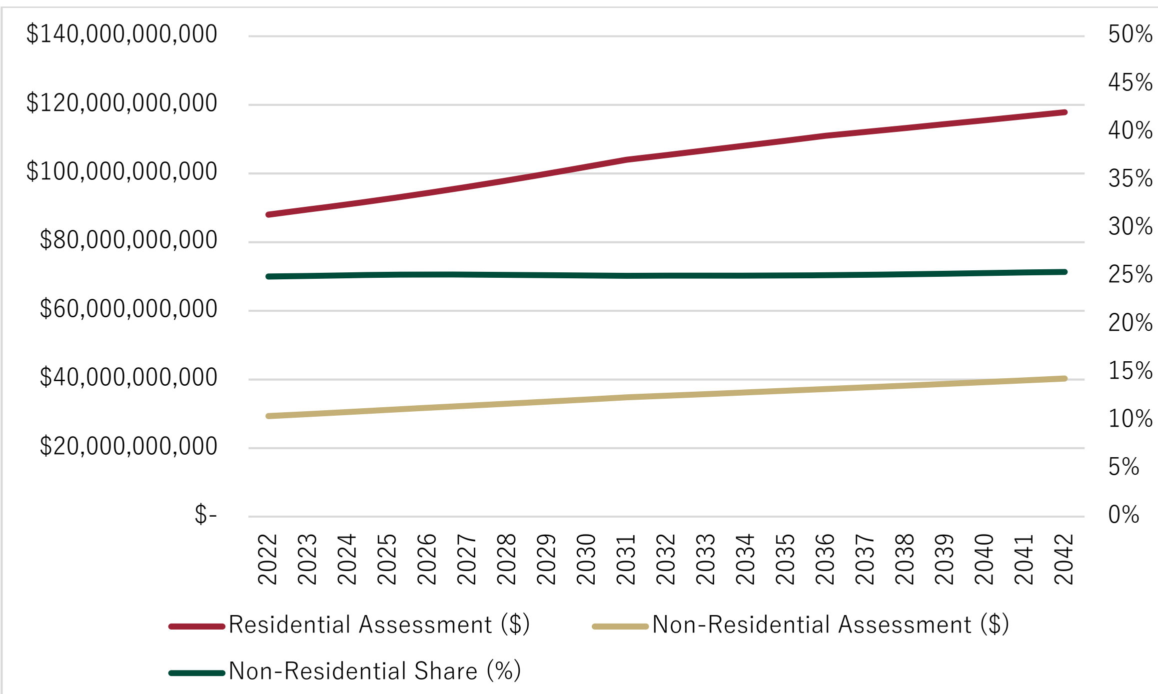


ii. Assessment Growth by Property Class

The basis of property taxes in Ontario is the assessed value of real property (land and improvements). The diversity and "richness" of the assessment base are indicators of a municipality's financial strength and flexibility. In particular, a high non-residential assessment share is an indicator of fiscal strength given that non-residential properties tend to place less demand on municipal services than residential properties, and typically pay proportionally higher taxes.

The City of Vaughan currently has a total assessment value of approximately $117.4 billion, including a residential assessment value of $88.0 billion and a total non-residential assessment value of $29.3 billion. The forecast anticipates these assessment values growing at an average rate of 1.5 per cent annually over the coming years, as shown in Figure 7. The ratio of residential to non-residential assessment remains constant over the planning period at 75:25, respectively.

Figure 7 - Forecast Assessment Growth



Vaughan's overall unweighted residential to non-residential (commercial/office and industrial) assessment ratio, based on the 2021 Financial Information Return, is approximately 81:19 per cent. Table 5 shows that this ratio is generally in line with the assessment ratios across comparable municipalities.

Table 5 - Assessment Ratio Comparison (Unweighted)

Property Class	Vaughan	Markham	Richmond Hill	Mississauga	Brampton	Oakville	Burlington
Residential	81%	88%	92%	78%	84%	88%	84%
Commercial/ Office	14%	11%	7%	19%	13%	10%	13%
Industrial	5%	2%	1%	4%	3%	2%	3%

Applying a weighted approach, the City's non-residential assessment share grows to approximately 25 per cent. This share is slightly above the average weighted non-residential assessment share of 16 per cent among the municipal comparators Table 6). With the exception of Mississauga, Vaughan has the highest ratio, or share, of non-residential assessment of the comparators, non-residential assessment yields higher tax revenues, which is fiscally beneficial.

Table 6 - Assessment Ratio Comparison (Weighted)

Property Class	Vaughan	Markham	Richmond Hill	Mississauga	Brampton	Oakville	Burlington
Residential	75%	84%	89%	70%	80%	83%	78%
Commercial/ Office	18%	14%	9%	25%	15%	14%	17%
Industrial	7%	2%	2%	5%	5%	3%	5%

B. OPERATING EXPENDITURE FORECAST

i. Key Cost Drivers

The City provided Hemson with their base budget and financial plan data from 2022-2026. The LRFP model begins its operating expenditure forecast in 2023 based on a combination of key cost drivers.

a) Price Drivers

In recent years, municipalities have faced significant fiscal pressures as the cost of municipal goods and services have increased at a greater rate than many common inflation measures such as the Consumer Price Index (CPI). The cost increases have in turn resulted in pressure on property taxes – municipalities' primary revenue source. Furthermore, unlike many provincial or federal government revenue sources, the property tax rates are adjusted annually and do not automatically grow like income taxes, for example.

For the City's Fiscal Impact Model, the model considers drivers that align with municipal experience on growth factors affecting municipal finances through the provision of services. Typically, the drivers are similar from municipality to municipality; however, the magnitude will vary as growth rates differ across municipalities. The LRFP is a long-range planning tool and the assumptions and drivers used are based on long-term trends.

b) Volume Drivers

As population, employment, and the number of households increases in Vaughan, servicing needs increase. The development forecast over the planning period is the basis of the volume drivers assigned to the service areas and account categories. The main driver for the majority of service areas included in the Fiscal Impact Model is capital induced operating impacts, as described below.

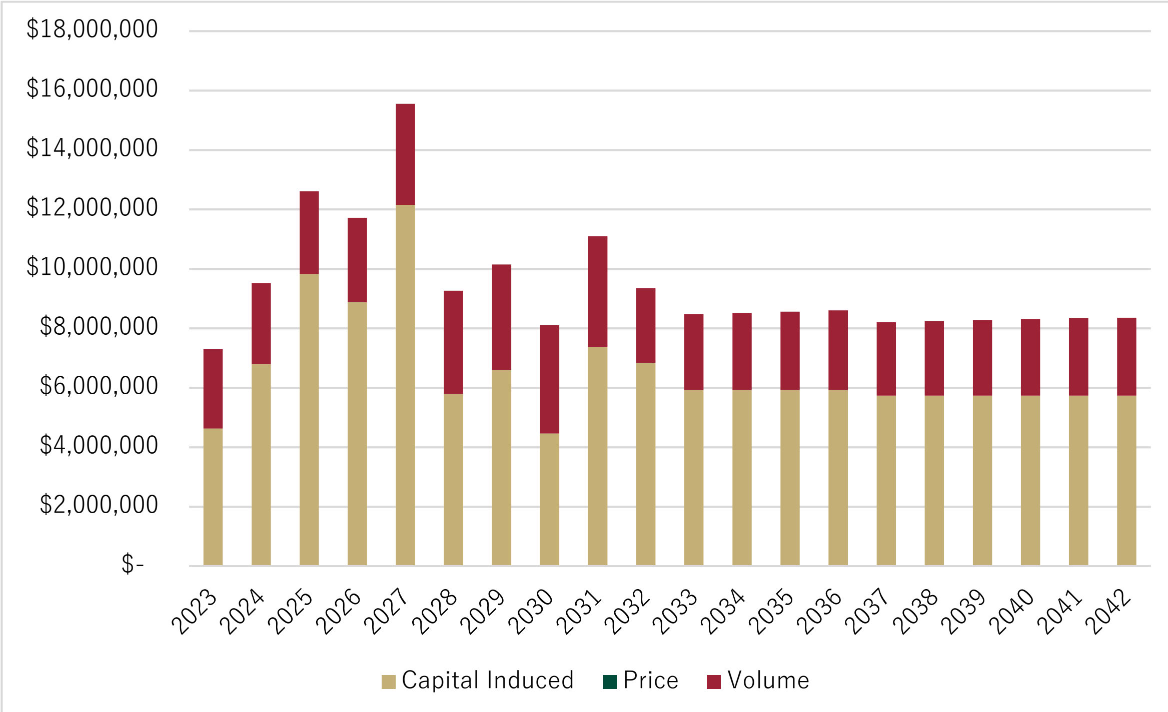
c) Capital Induced Operating Impacts

The operating forecast incorporates the anticipated operating impacts of capital expenditures such as facilities, vehicles, parks, and other infrastructure. These impacts include staff additions, maintenance costs, and other operating needs. The model incorporates a series of capital induced operating impacts for various types of capital assets, based on an assessment of existing assets.

ii. Operating Expenditure Forecast

Figure 8 provides a summary of the annual increase in operating costs for the 2022-2042 period, with the first increase shown in 2023. The graph shows the comparative impact of the annual additions of capital induced operating costs, price drivers, and volume drivers. No price drivers are currently included in the forecast as the model does not currently account for inflation. This analysis indicates that the most significant driver of the LRFP operating forecast is associated with planned capital investments.

Figure 8 - Annual Increase in Operating Costs

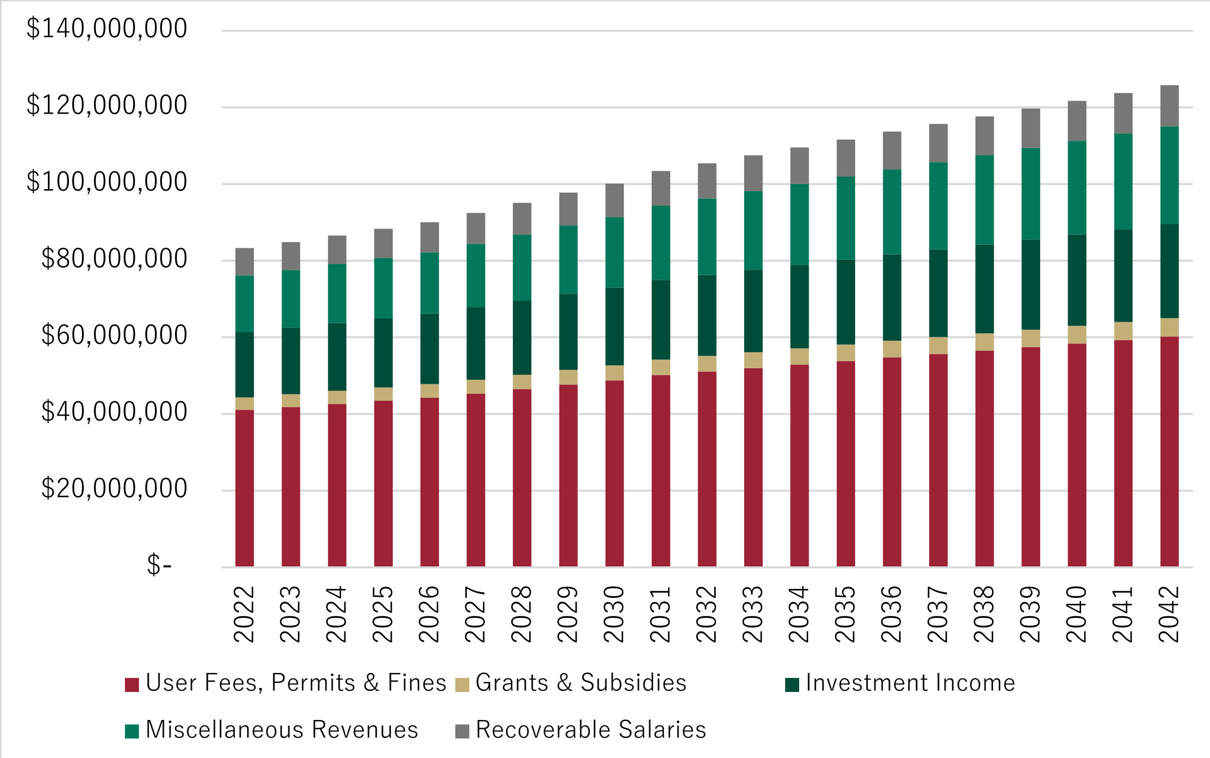


C. NON-TAX REVENUES

Municipalities, including the City of Vaughan, have limited revenue-raising tools available. The main source of funding is through property taxation revenues. User fees, permits and fines, grants and subsidies and investment income are some of the other resources the City has available as a means to raise revenue. Figure 9 below depicts the non-tax revenue forecast for the period 2022-2042. The largest source of revenue for the City outside of taxation is user fees, fines and permits. User fees are a reliable source of non-tax revenues for the City to help relieve pressure from the overall tax base.

Like the operating expenditure forecast, the non-tax revenue forecast is driven by price and volume drivers following the base year budget analysis.

Figure 9 - Non-Tax Revenue Forecast (2022-2042)



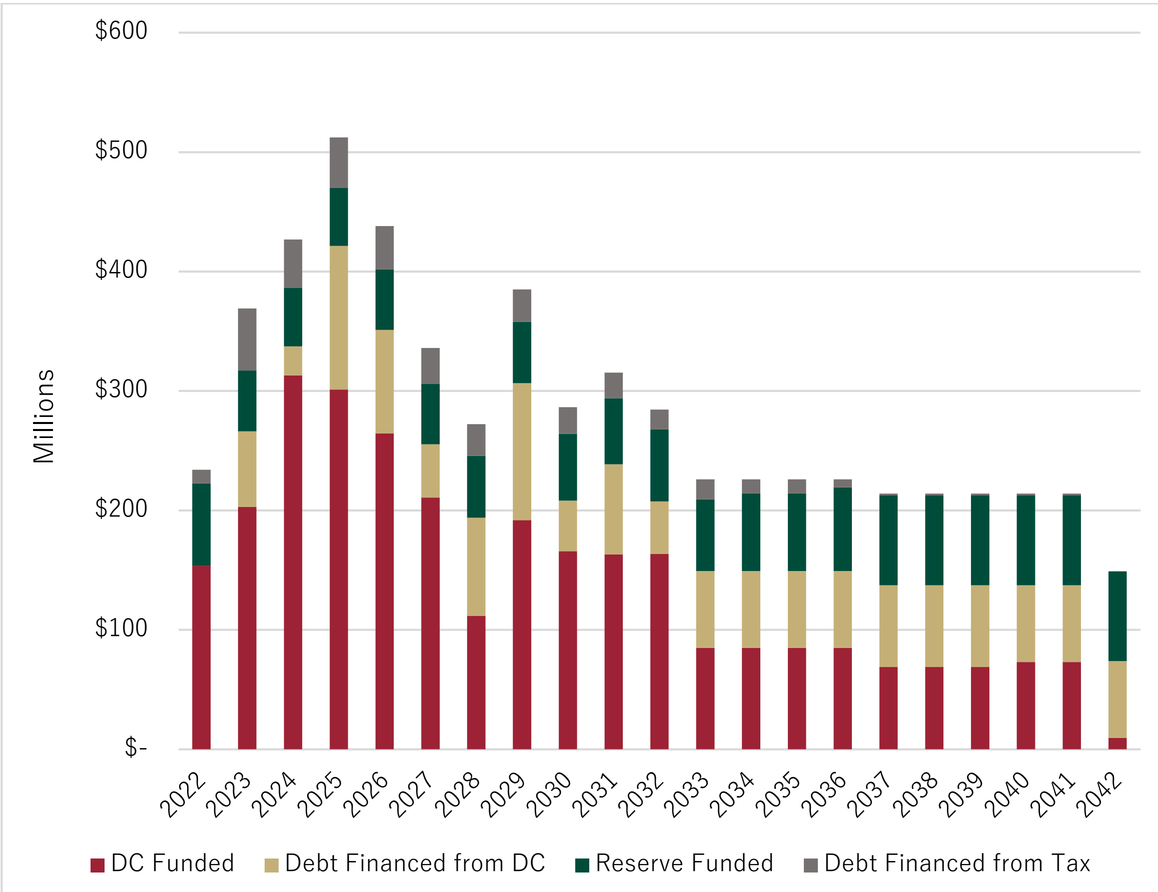
D. CAPITAL EXPENDITURE FORECAST

Like many municipalities, Vaughan has detailed capital plans in place for the initial 5-10 year period, while less information is available regarding longer-term servicing needs. The LRFP Fiscal Impact Model allows for future project additions and sensitivity testing, as needed.

The City's capital budget includes both growth related and non-growth related project types. Most municipalities in Ontario, including Vaughan, impose development charges to pay for growth-related infrastructure. The *Development Charges Act* provides the authority to impose these charges, and provides strict limitations on their calculation. In addition to development charges, funding sources for growth-related capital includes grants, tax sources for non-development charges eligible shares of projects and developer contributions. The total capital expenditure forecast in this LRFP includes capital from the City budget (growth and non-growth), growth capital from the recent 2022 Development Charges Study, and capital-related asset management provisions for existing assets. Additionally, the City recently adopted a Community Benefits Charges Strategy and accompanying by-law. For the sake of this analysis, the capital projects from the CBC Strategy are excluded. Any joint funded DC/CBC capital related to Library and Recreation facilities are assumed funded from DCs in the Fiscal Impact Model, and any projects that are fully CBC eligible have been excluded from the capital expenditure forecast. The total CBC eligible capital costs included in the CBC Strategy total $87 million plus other funding of $193 million. For the City of Vaughan, a cap of approximately $20 million is set on CBC revenues.

The total tax services capital expenditure forecast included in the LRFP totals $6.3 billion for the 2022-2042 period. Figure 10 outlines the annual capital expenditures by funding source for the planning period.

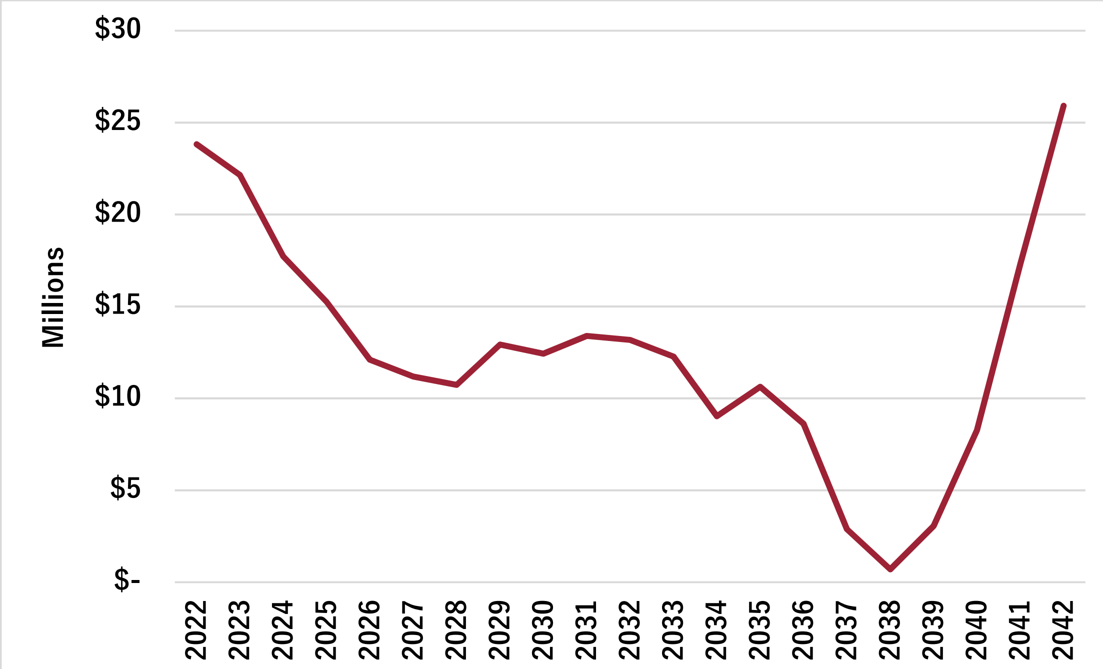
Figure 10 - Capital Expenditures by Funding Source (2022-2042)



E. CAPITAL RESERVES & CUMULATIVE INFRASTRUCTURE GAP

Figure 11 shows a high level summary of the forecast of the City's infrastructure reserves over the period to 2042. The forecast indicates that the City will generally maintain healthy overall reserve levels while meeting capital servicing needs. The projected overall reserve balance largely declines for the period 2022 to 2038, with 2038 reflecting the lowest overall reserve levels over the period. The levels then rapidly increase after 2038 as the capital forecast is less detailed further out into the planning period.

Figure 11 - Infrastructure Reserves (2022-2042)

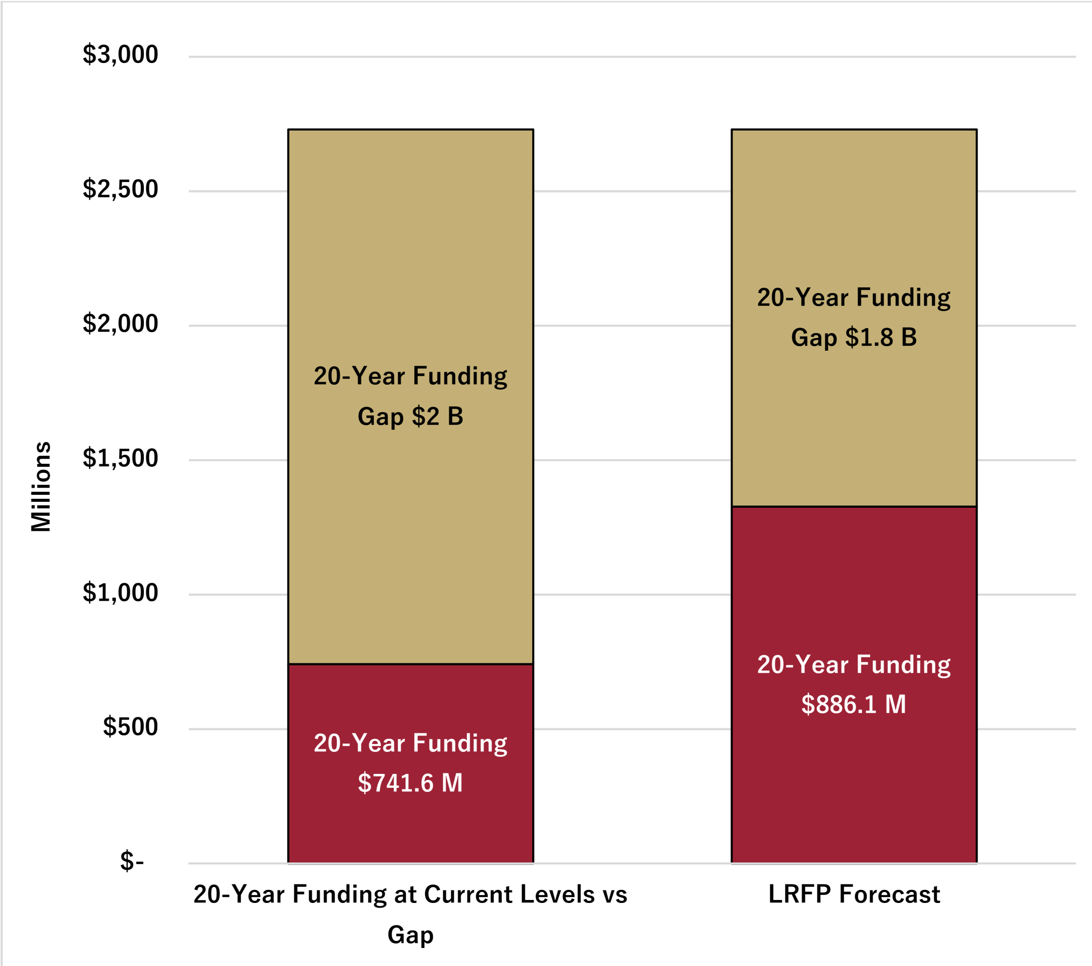


This long-term forecast will serve as a valuable financial planning tool: should the Fiscal Impact Model project a low or negative overall reserve balance, the need for adjustments may be triggered. This may include additional operating budget transfers, debt funding of capital projects, or changes in project timing or scope. Such adjustments could subsequently be evaluated by staff in terms of their potential impacts on the overall tax rate forecast.

Figure 12 outlines the total funding need over the planning period to 2042 relative to the cumulative infrastructure gap for two scenarios. The first scenario provides a summary for the 20-year funding at current levels versus the cumulative infrastructure gap. This accounts for a base contribution to capital reserves of $23.9 million per year, which is held constant over the 20-year period. The second scenario, titled “LRFP Forecast”, assumes an annual increase of approximately 5.7 per cent annually to the base contribution.

While the cumulative gap remains close to $2.0 billion in both scenarios, annual increases to reserve contributions through the LRFP Forecast scenario allows for an overall reduction to the gap of approximately $200 million.

Figure 12 - 20-Year AMP Need vs Funding Scenarios



F. DEBT MANAGEMENT

Provincial regulations set limits on the amount of debt a municipality can carry to ensure continued operations in a fiscally sound manner. In Ontario, the *Municipal Act* mandates that a municipality's annual debt repayment limit must not exceed 25 per cent of annual own-source revenues. The City of Vaughan also has its own debt limit of 10 per cent of own source revenue.

While debt can fund a range of municipal costs, for equity purposes, it is best for projects that provide benefits over a longer timeframe to distribute the burden of capital costs between the current taxpayer and future ratepayers. Currently, the City of Vaughan is paying off a debenture associated with the VMC Recreation Centre, to be paid off by 2042. These debt-servicing costs total an average of $4.0 million per year.

Figure 13 provides a forecast of annual debt payments, including both tax-supported and rate-supported debt (for water, wastewater and stormwater services). Assumptions on future debentures are included for several major planned capital projects as informed by the DC study, capital budget, and asset management plan. The total annual debt servicing costs over the 20-year period fluctuate between $6.6 million and $118.9 million.

Figure 13 - Forecast of Annual Debt Payments

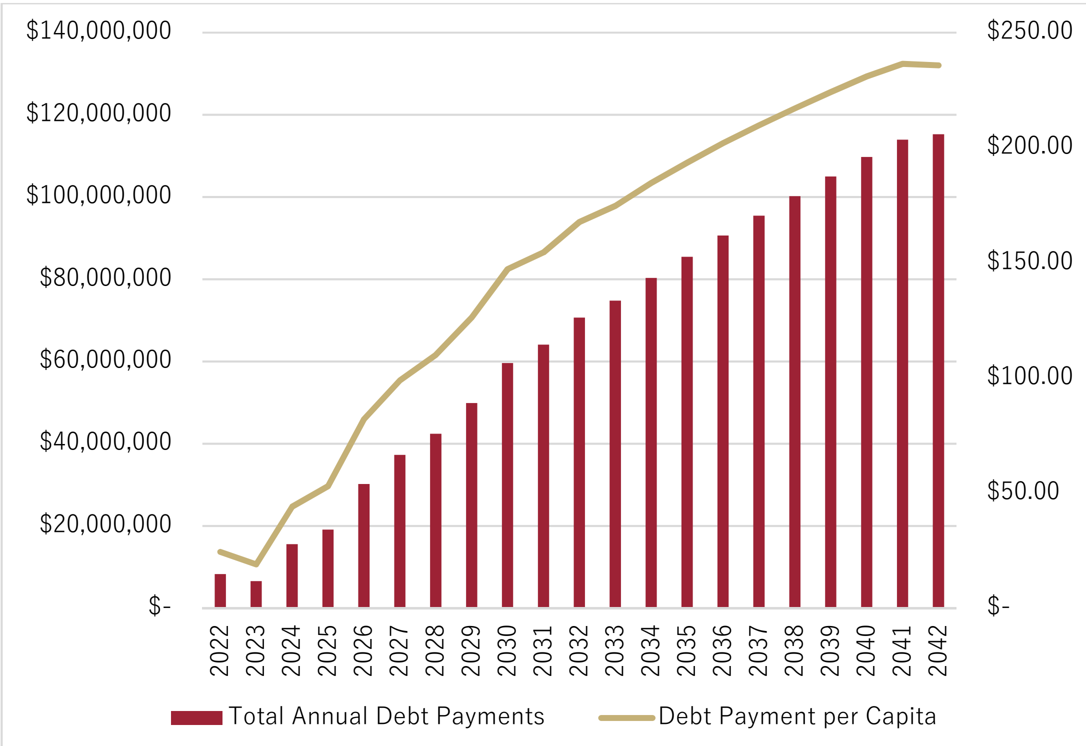
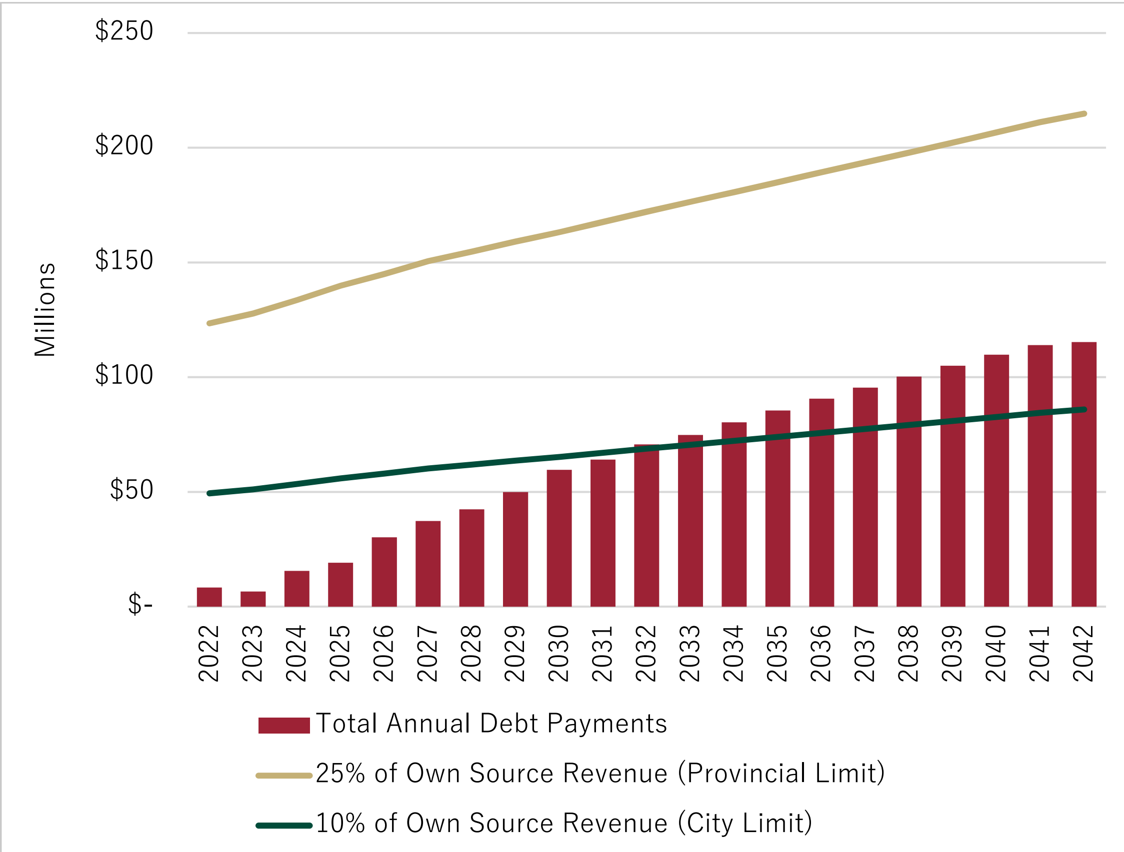


Figure 14 provides a forecast of annual debt payments relative to both the Provincial and City limits over the planning period to 2042, including all aforementioned assumed debt. About 80 per cent of the debt considered to 2042 is growth-related. In 2022, the estimated total debt charges for the City is $8.3 million – a very small number given the City's size. This equates to 1.7 per cent of own-source revenues, and 17 per cent of the total allowable annual repayment limit of $123.5 million as identified by the Ministry.

The City's use of its debt servicing capacity, based on Figure 14 below, will continue to grow to the end of the planning period. The City's debt does not reach the Provincial limit anytime throughout the planning period; however, the City's reaches and surpasses its internal limit of 10 per cent starting in 2032, with it reaching approximately 13 per cent of own source revenues in 2042. The LRFP is a forecasting tool, it is anticipated that the City will use these results to evaluate the capital program and look at opportunities to mitigate and manage the use of debt through phasing and prioritization, however there maybe the need to revaluate the City's 10% cap. It is noted that many Ontario municipalities, including those in the GTA, are experiencing the same pressure and have increased internal debt limits to 15% of own source revenues.

Figure 14 - Debt Payments Relative to Limits (2022-2042)



The City strives to continue to limit its debt obligations. To maintain appropriate service levels while matching long-term benefits with long-term cost recovery and avoiding sudden tax and rate increases, it may be necessary and fiscally beneficial for the city to increase the use of long-term debt as a financing tool. The Fiscal Impact Model will be a valuable tool for staff to test the appropriateness, and impacts to tax and utility rates, of potential new debentures moving forward.

5. SUMMARY OF RESULTS & POLICY DIRECTIONS

This section summarizes the key LRFP and Fiscal Impact Model findings, conclusions, and next steps.

A. SUMMARY OF LRFP FINDINGS

i. Vaughan is in a Strong Fiscal Position

The City of Vaughan has historically been fiscally efficient, with low annual tax and rate increases. The Fiscal Impact Model forecasts that the overall tax increases over the next 20 years will remain reasonable. Excluding inflationary impacts, which could be significant, annual tax rate increases average 2.1 per cent over the period. As seen in Section 4 above, overall the tax rate is increasing at a decreasing rate to 2042. There a small number of tax rate “spikes” throughout the period due to increased operating costs that result from capital infrastructure coming online. However, there are several tools available to the City to mitigate a sudden tax rate increase, such as the use of debt, available reserves, and the phasing in of certain operating expenses (e.g. staff additions).

ii. Infrastructure Reserves and Debt Financing are Important Fiscal Tools that will help the City Moving Forward

The City has limited its use of debt to fund capital investments. Currently, the City has some remaining debt associated with the VMC Recreation Centre, which will be fully paid off by 2042. Vaughan’s current debt servicing costs are equivalent to approximately 1.7 per cent of annual municipal revenues, well within the provincially mandated debt-servicing limit of 25 per cent of own-source revenues.

The Fiscal Impact model assumes the acquisition of additional debt to fund various capital works planned through the DC Study and Asset Management Plan. Even with these additions, the City’s debt capacity will remain well below the provincially mandated limit. However, the City’s own limit of 10 per cent of own source revenue is exceeded by 2032, reaching about 13 per cent by the end of the period.

There are opportunities for the City to expand its use of debt, as appropriate, for strategic capital projects with long benefitting horizons in order to help manage cash flow, mitigate sudden tax and rate increases, and establish a nexus between those who benefit from and pay for key infrastructure.

Vaughan, like municipalities across the GTA and the country, are facing significant infrastructure capital funding challenges. The infrastructure capital costs relate to both delivering new infrastructure and maintaining assets in a state of good repair (asset management). Municipalities have a limited set of fiscal tools to address these funding challenges. Increasing municipalities have to look to increase the strategic use of debt for critical infrastructure, increasing internal debt limits, while remaining below Provincial limits, is common and often necessary. Debt can be used to fund development-related infrastructure with the funding of the debt payments coming from growth-funding tools, primarily development charges.

Municipal infrastructure gaps are significant, and in some cases growing, across the country. Addressing these existing infrastructure gaps can be challenging. A number of municipalities in the GTA, and elsewhere, have implemented infrastructure specific tax levies (either a stand-alone infrastructure levy or as part of the primary property tax rate) as a means to increase capital reserves for funding capital infrastructure needs. In addition, in some situations, municipalities need to use long-term debt to fund asset management needs.

It is recommended that the City begin exploring these tools, and others, and develop policies, including the review of the current debt policy, to ensure long-term sustainability and stability in meeting the City's infrastructure funding needs.

iii. The City has been Proactive in Setting a Strong Framework for Long-Range Financial Sustainability

The LRFP Fiscal Impact Model will allow the City to continue to work towards its objectives as it continues to grow over the coming decades. The City has strong financial policies and has a good process for ongoing review and updating which should continue to be informed by the LRFP. As the City grows and evolves, staff should continue to invest in this important financial work, continue to monitor successes, challenges, and emerging issues as plans are implemented, and revisit its fiscal policies to ensure these needs continue to be addressed.

B. CONCLUSIONS AND NEXT STEPS

The LRFP process has resulted in a comprehensive understanding of the City of Vaughan's current and forecast financial position, how its current financial policies and practices are performing, how they compare with other municipalities in Ontario, and how fiscal policies can be used to support the City's long-term financial sustainability.

Following the adoption of the LRFP Report, we recommend the assignment of appropriate staff to take ownership of the LRFP Fiscal Impact Model. The model will be an important tool to support continued efforts toward long-term fiscal sustainability.

While the intention of the model is not to replace the City's annual budgeting processes, it can inform any long-term financial planning decisions. A comprehensive update of the model generally should be undertaken every five years; the recommendation is that these updates coincide with Census years so that the City can incorporate and evaluate the impacts of the changing population, employment and household growth rates. The model allows for sensitivity testing, without the need for a comprehensive update, on an as-needed basis.

REVISED

STAFF COMMUNICATION FOR INFORMATION ONLY

Staff Communication: SC2
Committee of the Whole (2)
April 18, 2023

DATE: April 18, 2023 (CW2)

TO: Mayor and Members of Council

FROM: Michael Genova, Chief, Communications and Economic Development
Raphael Costa, Director, Economic Development

CC: Senior Leadership Team

RE: Grant funding opportunities for Victim Services of York Region

---

1. Purpose

At the March 8, 2023, Committee of the Whole (2) meeting, Council approved a Member's Resolution (PDF) regarding enhancing public safety and mental health services. It includes a recommendation that the Office of Communications and Economic Development (OCED) report back to Council with grant and funding options available to support Victim Services of York Region in advancing the organization's mandate to help people in need.

2. Summary

OCED staff researched grants, funding opportunities and other resources available to support Victim Services of York Region. The scope of the research included grants provided by all government levels and third-party stakeholders which offer financial assistance or supportive programming.

3. Background

Victim Services of York Region is a non-profit, charitable agency that works in partnership with York Regional Police and the O.P.P. to provide 24-hour emotional support and practical assistance to persons victimized by crime or tragic circumstance. Staff members provide crisis response, telephone assistance and referrals to community agencies that offer long-term counselling and financial support.

4. Analysis

The following list includes relevant funding sources, grant opportunities or other program supports administered through the federal government, provincial government and other organizations.

1. Government of Canada
    a. The Federal Victims Fund supports projects and activities that encourage the development of new approaches, promote access to justice, improve the capacity of service providers, foster the establishment of referral networks, and/or increase awareness of services available to victims of crime and their families.
    b. Crime Prevention Funding Programs – Public Safety Canada's National Crime Prevention Strategy (NCPS) provides funding to strategically-selected projects that contribute to preventing and reducing crime in Canada and to increasing knowledge about what works in crime prevention.
    c. Victims and Survivors of Crime Week 2023 project funding.
    d. Community Services Recovery Fund is a $400 million investment from the Government of Canada to support charities and non-profits as they focus on how to adapt their organizations for pandemic recovery.
    e. Public Health Agency of Canada Funding – Many of these programs are currently closed, except for the Infectious Disease and Climate Change Fund.
    f. New Horizons for Seniors Program – Projects must be led or inspired by seniors and address one or more of the following objectives: promoting volunteerism among seniors and other generations; engaging seniors in the community through the mentoring of others; expanding awareness of elder abuse, including financial abuse; supporting the social participation and inclusion of seniors; and providing capital assistance for new and existing community projects and/or programs for seniors.

2. Province of Ontario
    a. A Victim's Guide to Financial Assistance in Ontario (PDF)
    b. Ontario community safety grants available to local police forces
    c. Child and Youth Mental Health (CYMH) program works with discrete service providers to deliver mental health support to children, youth and their families.

3. Other
    a. Bell Let's Talk funding opportunities
    b. Ontario Trillium Foundation grants
    c. Rexall Care Network
    d. Green Shield Canada community investment
    e. Catherine and Maxwell Meighen Foundation
    f. Hydro One's Energizing Life Community Fund

g. [Meridian community investment and partnerships]
h. [Canada Post Community Foundation]
i. [Black Opportunity Fund]
j. [Project Change Foundation]

On March 27, 2023, City staff met with Victim Services of York Region representatives to discuss the abovementioned funding opportunities. City staff reiterated their willingness to support the completion of applications where appropriate. In addition to applying for grants and actualizing funding from successful applications, which often have significant limitations and small funding pockets, Victim Services stressed the importance of increased stable, predictable funding from York Region and the Ontario government to deliver on the organization's mandate. Victim Services receives dedicated core operational funding from Ontario's Ministry of Children Community and Social Services ~~the Attorney General~~.

Previous Reports/Authority

Enhancing Public Safety and Mental Health Services – Member's Resolution (PDF)

For more information, contact: Michael Genova, Chief, Communications and Economic Development at michael.genova@vaughan.ca or ext. 8027.

Approved by:

Nick Spensieri, City Manager

STAFF COMMUNICATION FOR INFORMATION ONLY

Staff Communication: SC3
Committee of the Whole (2)
April 18, 2023

DATE: April 18, 2023

TO: Mayor and Members of Council

FROM: Wendy Law, Deputy City Manager, Legal and Administrative Services & City Solicitor

RE: **STAFF COMMUNICATION–April 18, 2023, Committee of the Whole (2)**
Bill 97: Helping Homebuyers, Protecting Tenants Act, 2023

---

1. Purpose

The purpose of this Staff Communication is to provide Mayor and Council information regarding Bill 97 *Helping Homebuyers, Protecting Tenants Act, 2023* ("Bill 97") and to advise of the proposed new provincial policy instrument that will be adapted from the Growth Plan and the Provincial Policy Statement.

Bill 97 is the latest proposed legislation introduced by the province in response to Ontario's housing supply crisis and the province's goal of 1.5 million new homes by 2031 through its housing supply action plan. The objective of Bill 97 is twofold: (i) it supports increased density and building more homes in existing communities; and (ii) it proposes amendments to protect tenants' rights.

Bill 97 received first reading in the Ontario Legislature on April 6, 2023. It is currently posted on the Environmental Registry of Ontario (ERO) with the comment period closing on May 6, 2023.

Bill 97 proposes to amend the following Acts:

1. *Building Code Act, 1992*
2. *City of Toronto Act, 2006*
3. *Development Charges Act, 1997*
4. *Ministry of Municipal Affairs and Housing Act*
5. *Municipal Act, 2001*
6. *Planning Act*
7. *Residential Tenancies Act, 2006*

Also released by the province on April 6, 2023, is the new proposed provincial policy statement that will combine the Growth Plan with the Provincial Policy Statement. It is posted on the ERO with a commenting period ending June 5, 2023. Staff are currently reviewing the proposed policy and will report on it to Council in a future meeting.

This communication will provide an overview of Bill 97's key proposed amendments to the *Planning Act,* the *Development Charges Act, 1997* and the *Municipal Act, 2001.*

2. Analysis

***Planning Act* proposed amendments in Bill 97, Schedule 6**

Schedule 6 of Bill 97 contains the proposed *Planning Act* amendments. Overall, the amendments enable more housing by providing clarification on amendments made through Bill 23 and amends the fee refund regime dates introduced in Bill 109.

A new definition is proposed for "area of employment".

The definition for "area of employment" in s. 1(1) of the *Planning Act* is proposed to be replaced with a new definition which lists uses already in the definition (manufacturing, warehousing, associated retail uses and facilities that are ancillary to those uses) plus new ones such as research and development in connection with manufacturing and uses related to the movement of goods. Uses that are now excluded are institutional uses, and commercial/retail/office uses that are not otherwise provided in the new definition.

The table below compares the current and proposed definition of "area of employment" in s. 1(1) of the *Planning Act*:

Current "area of employment" definition	Proposed "area of employment" definition
1(1) "area of employment" means an area of land designated in an official plan for clusters of business and economic uses including, without limitation, the uses listed in subsection (5), or as otherwise prescribed by regulation;	1(1) "area of employment" means an area of land designated in an official plan for clusters of business and economic uses, those being uses that meet the following criteria: 1. The uses consist of business and economic uses, other than uses referred to in paragraph 2, including any of the following: i. Manufacturing uses. ii. Uses related to research and development in connection with manufacturing anything. iii. Warehousing uses, including uses related to the movement of goods.

	iv. Retail uses and office uses that are associated with uses mentioned in subparagraphs i to iii. v. Facilities that are ancillary to the uses mentioned in subparagraphs i to iv. vi. Any other prescribed business and economic uses. 2. The uses are not any of the following uses: i. Institutional uses. ii. Commercial uses, including retail and office uses not referred to in subparagraph 1 iv;
(5) The uses referred to in the definition of “area of employment” in subsection (1) are, a. manufacturing uses; b. warehousing uses; c. office uses; d. retail uses that are associated with uses mentioned in clauses (a) to (c); and e. facilities that are ancillary to uses mentioned in clauses (a) to (d).	(5) is proposed to be repealed.

Another proposed amendment is that “areas of employment” are lands designated in an official plan for clusters of business and economic uses, but may have parcels of land for other uses provided that the parcels are:

(i) subject to official pan policies authorizing the continuation of the use; and
(ii) the use is lawfully established on the parcel of land before the new amendment comes into force.

This can allow current business and economic uses that are now proposed to be removed from the definition, to continue.

The above-described amendments will come into force upon a date to be proclaimed.

A transitional regulation provision is proposed regarding consistency with the Provincial Policy Statement.

Currently section 3(5)(a) of the *Planning Act* requires any planning matter decision to be made by council, the ministry, or the Tribunal be consistent with the provincial policy statement. The Bill added that this will be subject to transition regulations that may be made by the Minister, as the Minister sees necessary or desirable to facilitate implementation of a policy statement. The regulations may provide for:

i. transitional matters respecting applications and proceedings commenced before or after a policy statement comes into effect;
ii. the non-application of a policy statement to specified matters, applications or proceedings provided that a previous policy statement continues to apply;
iii. deeming a matter, application or proceeding to have commenced on the date or in the circumstances described in the regulations.

This proposed amendment will allow the Minister control in the application of the policy statement through regulations.

Proposed amendments provide clarification to the application of Bill 23's additional residential unit provisions.

In response to feedback on Bill 23, amendments are proposed through Bill 97 to provide clarity.

Bill 23 permits up to three residential units in a detached house, semi-detached house, or rowhouse on a lot. It also provides that official plans cannot require more than one parking space to be provided and maintained in connection with such a residential unit. Bill 97 clarifies this provision by creating a distinction between the parking requirement for the primary unit and the additional units. If additional residential units are proposed in a house, the required parking spaces for the primary residence must still be maintained and not compromised as a result of the additional residential units. There is a similar proposed amendment with respect to a zoning by-law provision for additional residential unit parking.

In addition, there is a proposed amendment to change "parcel of urban residential land" to "parcel of land" with respect to permitting a residential unit in an ancillary building or structure, where a detached house, semi-detached house or rowhouse contains no more than two residential units. This amendment broadens the types of land that may have an additional residential unit in an ancillary building or structure.

A similar proposed amendment is made in the *Development Charges Act, 1997*, as discussed below.

The fee refund provisions introduced through Bill 109 are to apply as of July 1, 2023.

The Minister had previously advised through correspondence that the application fee refund regime created through Bill 109 would be delayed in its application for six months instead of starting on January 1, 2023.

Bill 97 provides the legislative amendment to put this into effect. The fee refund regime created by Bill 109 will apply to applications <u>received on or after July 1, 2023</u>, except for applications with respect to lands in a prescribed municipality. The municipality must already have been prescribed when the application was received for the fee refund exception to apply. Currently there is no regulation to prescribe a municipality; hence this would apply generally in Ontario until such a regulation is passed.

Interim control by-laws are proposed to be appealable.
Bill 97 proposes that any person or public body who is given notice of the passing of an interim control by-law ("ICBL") may appeal to the Ontario Land Tribunal within 50 days after the date of the passing of the by-law. This applies to both the initial ICBL and any extension. Currently, only the Minister may appeal an interim control by-law within 60 days after the passing of the by-law. If there is an extension of the ICBL, then currently any person or public body who is given notice of the passing of the extension may appeal within 60 days after the passing of the by-law.

In addition, in the proposed legislation, the Clerk will have 20 days instead of the current 30 days to provide notice of the passing of the by-law.

These changes will not impact on any ICBL that has been passed prior to Bill 97 receiving Royal Assent.

Bill 97 and new Regulation seek to clarify site plan provisions as contained in Bill 23.
Bill 97 proposes to amend the site plan non-decision appeal provision by clarifying that a non-decision appeal may be filed if the municipality fails to approve a site plan application within 60 days after it is *received* by the municipality, instead of 60 days after it is *submitted to* the municipality. This amendment makes it explicit that the clock does not start to run until the City is in receipt of the application.

In addition to the Bill, the Minister has proposed a new *Planning Act* regulation to permit the use of site plans for parcels of land with residential development of 10 or fewer units,

-any part of which is located within 120m of a shoreline; and
-any part of which is located within 300m of a railway line.

Under Bill 23, the definition of "development" was amended to not include the construction, erection or placing of a building or structure for residential purposes on a parcel of land that will contain no more than 10 residential units. The proposed new regulation will permit municipalities to use site plan control for these specific circumstances.

The proposed regulation is posted on the ERO with the comment period open until May 21, 2023.

Minister may order that provincial policy statements and provincial plans do not apply to a subsequent approval when an MZO is granted.
The Bill proposes that the Minister may provide in a Minister's Zoning Order ("MZO") that provincial policy statements, provincial plans and official plans do not apply in respect of a licence, permit, approval, permission or other matter required before the MZO use can be established. This will allow the Minister to order an exemption from other approvals for the MZO lands, and to order that subsequent approvals, such as a draft plan of subdivision, need not be consistent or conform with provincial and municipal policies.

Agreements may be ordered for matters involving the Provincial Land and Development Facilitator.
New *Planning Act* s. 49.2 proposes that where a Provincial Land and Development Facilitator or deputy is appointed to a matter, the Minister may order that a landowner enter into an agreement with the Minister or a municipality addressing matters necessary for the appropriate development of the land. Until all such agreements ordered by the Minister have been entered into, the landowner cannot do the following (unless permitted by the Minister's order):

a. use the land other than for a lawfully permitted existing use;
b. erect or locate any building or structure on the land, other than those for which a building permit was issued on or before the Minister's order was made, and the building permit has not been revoked;
c. use any buildings or structures on the land other than for a use that was lawfully existing when the Minister's order was made; or
d. place or dump fill on the land, remove topsoil, alter the grade of the land, or injure trees (with some exceptions).

The agreements proposed in s. 49.2 may require the landowner to provide or pay in excess of what is required under the *Planning Act*, *Development Charges Act, 1997* or any other Act.

The proposed s. 49.2 agreement may be registered on title and may be enforced against owner and subsequent owner.

Development Charges Act, 1997 **proposed amendments in Bill 97, Schedule 3**
There is a proposed minor amendment to the development charge exemption for additional residential units in existing or new houses. The Bill proposes to amend "parcel of urban residential land" to "parcel of land" with respect to a permitting a residential unit in an ancillary building or structure, where a detached house, semi-detached house or rowhouse contains no more than two residential units. This amendment broadens the type of land that may have an additional residential unit in an ancillary building or structure, aligning with the proposed changes to the *Planning Act*.

Municipal Act, 2001 proposed amendments in Bill 97, Schedule 5
Under the *Municipal Act*, a local municipality may prohibit and regulate the demolition of residential rental properties or the conversion of residential rental properties to another purpose. A change is proposed to allow the Minister to make regulations that could include restrictions, limits and conditions on such municipal by-laws.
These proposed amendments will provide the Minister with more control over residential rental property demolition or conversion.

The Provincial Policy Statement and the Growth Plan are proposed to be combined into a new provincial plan.
Aside from Bill 97, the Province has proposed a new policy document combining both the Provincial Policy Statement, 2020 and A Place to Grow: Growth Plan for the Greater Golden Horseshoe. If the new proposed policy statement is adopted, the Provincial Policy Statement, 2020 and the Growth Plan will be revoked.

The proposed new provincial planning policy instrument is posted on the ERO (ERO no. 019-6813) with the comment period open until June 5, 2023.

Staff are currently reviewing the proposed provincial planning policy instrument and will report on it in a future meeting.

This presents a high-level overview of the key changes to the legislation as proposed by the Province. A Council education session is being scheduled in the coming weeks to advise further on the changing legislation and provincial policy statement.

For more information, contact Effie Lidakis, Deputy City Solicitor, Planning Law, ext. 8851.

Respectfully submitted by,

Wendy Law

Wendy Law, Deputy City Manager
Legal and Administrative
Services & City Solicitor