

Special Committee of the Whole

DATE: Tuesday, June 20, 2023

WARD(S): ALL

TITLE: REGIONAL GOVERNMENT ANALYSIS

FROM:

Nick Spensieri, City Manager

ACTION: FOR INFORMATION

Purpose:

To provide an update and analysis of the Ontario government's actions about regional government, specifically, the passage of *Bill 112, Hazel McCallion Act (Peel Dissolution)*, 2023 legislation. This Special Committee of the Whole presents the first opportunity to provide an analysis of Bill 112 since the legislation's passage on June 8, 2023.

Report Highlights:

- The Ontario government is moving swiftly to implement the recently passed *Bill 112, Hazel McCallion Act (Peel Dissolution)*, 2023. The province says its expedited timeline continues to be informed by its ongoing efforts to streamline decision-making, eliminate duplication and address housing supply challenges.
- The Ontario government will further appoint facilitators to determine whether other existing upper-tier governments are necessary to deliver critical services, including York Region.
- Ontario's regional government model has been in place for almost 50 years and, while Bill 112 is consistent with previous announcements made by the province, the rapid and decisive way in which the legislation was introduced and passed reflects the urgency with which the province is determined to make changes.
- Vaughan is a significant contributor to York Region's property tax base and development charge collections, and it has evolved into a large, growing, sophisticated municipality that keeps property taxes low while delivering service excellence for its residents.
- Additional in-depth analysis of governance, budget and service delivery is required to understand and prepare for the impact of the facilitation process, should similar legislation to Bill 112 be proposed for York Region, or should any other structural changes be advanced for York Region.

Recommendation:

1. THAT this report be received for information.

Background:

The Ontario government is moving swiftly to implement the recently passed Bill 112, Hazel McCallion Act (Peel Dissolution), 2023. The province says its expedited timeline continues to be informed by its ongoing efforts to address the housing supply challenges.

On May 18, 2023, the Ontario government announced *Bill 112, Hazel McCallion Act (Peel Dissolution), 2023*, and the legislation passed on June 8. This new law will dissolve the Region of Peel upper-tier government, which provides shared services like public health, to the lower-tier municipalities of Brampton, Caledon and Mississauga.

Consistent with the legislation and the province's public statements on Bill 112, the Ontario government is establishing a transition board of up to five people to implement this change in local government and, if needed, oversee the financial affairs of Peel and its lower-tier municipalities to help ensure prudent financial stewardship until dissolution. The transition board will provide recommendations to the province to dissolve and transfer the assets of the Region of Peel, transition the services provided by the Region, including whether joint municipal service boards or other entities or arrangements should be established, and help Brampton, Caledon, and Mississauga prepare to become single-tier municipalities on January 1, 2025, when the proposed changes will come into effect. Names of the board members are expected to be announced shortly now that Bill 112 is the law.

The province's decision to expedite the legislation's approval is part of the Ontario government's ongoing efforts to deliver on shared provincial-municipal priorities like the housing supply shortages and particularly the building of 1.5 million new homes by 2031.

Peel Region municipalities currently have approximately 1.5 million residents and are expected to grow to over 2 million by 2041. These municipalities have collectively agreed to housing pledges totalling 246,000 new homes by 2031 – 120,000 in Mississauga, 113,000 in Brampton, and 13,000 in Caledon.

Similarly, in March 2023, Vaughan Council approved achieving the Ontario government's Housing Pledge and the City's provincially mandated housing targets to facilitate the construction of 42,000 new homes in the city by 2031.

The Ontario government is going to appoint facilitators to determine whether other existing upper-tier governments are necessary to deliver critical services, including York Region.

In an Ontario government news release from May 18, 2023 about Bill 112, the province also announced that in the coming weeks, the Ontario government would further name regional facilitators to assess the upper-tier municipalities of Durham, Halton, Niagara, Simcoe, Waterloo and York. These facilitators will be tasked with reviewing whether the upper-tier government continues to be relevant to the needs of its communities or whether the lower-tier municipalities are mature enough to pursue dissolution. Where they recommend that a two-tier government is still required, the facilitators will also make recommendations on how they can more effectively respond to the issues facing Ontario's fast-growing municipalities today, particularly when it comes to meeting municipal housing pledges and tackling the housing supply crisis.

Ontario's regional government model has been in place for almost 50 years. The passage of Bill 112 is consistent with previous announcements and actions by the province about whether to maintain this system to effectively deliver services.

Ontario's regional government model has been in place for almost 50 years. In January 2019, the Ontario government announced it would proceed with a review of regional government to make recommendations to the government on opportunities to improve regional governance and service delivery. The review examined Ontario's eight regional municipalities (Halton, York, Durham, Waterloo, Niagara, Peel, Muskoka District and Oxford County), the County of Simcoe and their lower-tier municipalities. Consultations were held with municipalities, stakeholder associations and the public. During a May 7, 2019 Committee of the Whole meeting, Vaughan Council voted to maintain the existing governance framework with York Region.

The more recent approach by the province reflects a renewed sense of urgency. The rapid introduction and passage of Bill 112 makes it clear that the province is prepared to take concrete, unprecedented action to streamline approvals, reduce duplication and confront the housing affordability crisis.

Previous Reports/Authority:

[Provincial Government Review – Maintaining the City of Vaughan's Existing Governance Framework](#): May 7, 2019.

Analysis and Options:

There requires a further in-depth analysis of governance, budget and service delivery to understand the impacts of Vaughan becoming a single-tier municipality, should similar legislation to Bill 112 be proposed for York Region.

Bill 112 has no direct impact on the City of Vaughan and York Region. However, the legislation could help inform the work undertaken by the facilitators who will be tasked with undertaking their own review of the existing York Region governance structure.

On the average City of Vaughan residential property tax bill, 50 per cent of funds collected from Vaughan residents and businesses go to York Region to pay for regional services, including:

- York Regional Police
- Maintenance of major roadways, sewers and bridges
- Traffic planning and regional roads
- Regional waste disposal
- Public health services
- Social assistance
- Social housing
- Transit services (YRT, VIVA buses)

There is an overlap in shared service delivery between the City and the Region, such as economic development.

Furthermore, the largest portion of York Region tax revenue raised by York's lower-tier municipalities comes from the City of Vaughan: 30.87 per cent in 2022 and 30.86 in 2023.

Table 1. 2023 Regional Tax Revenue to be Raised by Local Municipalities

Municipality	2022 Tax Requirement (\$)	2022 Share (%)	2023 Tax Requirement (\$)	2023 Share (%)
Aurora	59,879,284	4.91	65,974,929	4.93
East Gwillimbury	28,446,389	2.33	32,271,268	2.41
Georgina	28,872,375	2.37	31,600,425	2.36
King	33,527,284	2.75	36,614,592	2.73
Markham	350,736,842	28.77	383,435,106	28.63
Newmarket	69,085,689	5.67	75,177,952	5.61
Richmond Hill	225,671,018	18.51	248,685,293	18.57
Vaughan	376,358,186	30.87	413,390,473	30.86
Whitchurch-Stouffville	46,514,849	3.82	52,258,885	3.90
Sub-Total	1,219,091,916	100.00	1,339,408,923	100.00
Payments-in-Lieu	4,026,366		4,381,009	
Total Tax Requirement	1,223,118,282		1,343,789,932	

* Figures may not sum due to rounding

Furthermore, Vaughan makes up almost 47 per cent of York Region's \$568 million of development charge collections for 2022 (note this 2022 figure may not represent future years' collections).

Financial Impact:

There are no financial impacts to the municipality as it pertains to this specific report.

Broader Regional Impacts/Considerations:

As noted, the Ontario government is proceeding with regional facilitators to assess other two-tier arrangements, including York Region. Although further information has yet to be made public, the actions, findings and proposals by the facilitators could have considerable regional impact, especially if it recommended that municipalities like Vaughan operate as single-tier municipalities, like the mandate of Bill 112 for Brampton, Caledon and Mississauga.

Conclusion:

What makes the Ontario government's approach to regional government different in 2023 compared to 2019 is that the province is dissolving an upper-tier government, in addition to its ongoing legislative agenda to address housing supply challenges as part of the rationale for its actions.

Whether regional governments remain necessary to ensure the effective delivery of public services remains a top-of-mind issue for the Ontario government. However, what is different about the province's approach now, compared to its efforts on this matter in 2019, is a clear demonstration that they are prepared to make substantial changes to streamline decision-making, reduce duplication and confront the housing affordability challenge. The urgent passage of Bill 112 is a watershed moment for municipal governance, and it would be prudent for Vaughan to reevaluate and identify the appropriate governance models to advance its future city-building priorities.

City staff will continue to engage their provincial counterparts on the issue of regional government and housing supply, monitor for government announcements that pertain to York Region facilitators, and report back to Vaughan Council with further information.

Attachments:

N/A

Prepared by:

Michael Genova, Chief, Communications and Economic Development, ext. 8027.

Approved by:

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a long horizontal line extending to the right.

Nick Spensieri, City Manager