

Municipal fiscal sustainability

Mitigating the impacts of Bill 23, *More Homes Built Faster Act, 2022*

Policy opportunity and solutions

While recognizing the important provincial goals to increase Ontario's housing stock through measures included in Bill 23, *More Homes Built Faster Act, 2022*, the Province should also ensure municipalities are able to support this mandated growth.

To accomplish this, the Province should create a municipal compensation fund to compensate municipalities for revenue shortfalls resulting from Bill 23 and ensure revenue neutrality.

Background

Peel Region's current growth portion of the approved 10-year Capital Plan for water/wastewater and transportation infrastructure is budgeted to cost \$8.9 billion. The water, wastewater and transportation infrastructure required to support the Province's new housing targets, as mandated by Bill 23, increase that cost to approximately \$20.4 billion, not including land acquisition, debt borrowing and other soft costs. At the same time, added financial pressures resulting from the implementation of Bill 23 are further threatening municipal fiscal sustainability.

The financial strain, resulting from these new measures, and specifically the resulting projected revenue shortfalls of more than \$2 billion in the next 10 years due to changes to the Development Charges Act, presents a pressing and critical challenge for Peel Region.

Eliminating housing services, growth-related studies, and certain land costs from being eligible for Development Charges, undermines the principle that "growth should pay for growth". This shift places an undue burden on municipal resources and threatens Peel Region's ability to provide essential services and sustainably support Peel's projected growth.



Making municipalities “whole”

To mitigate the financial impacts of Bill 23 to Peel Region and municipalities across Ontario, the Province should establish a compensation fund that will make municipalities whole. Timely flow of this funding is critical to ensuring infrastructure that enables housing to be in place prior to development, given the significant investment required from the municipality upfront and the time lag before any development charge revenue is received.

Dedication to high-quality service delivery

Municipalities have demonstrated resilience and dedication to effectively manage growth and provide quality services. However, absorbing additional financial burden without external support is unsustainable. A strong partnership between the Province and Peel Region is needed.

Addressing the challenges borne as a result of Bill 23 and ensuring fair and sustainable funding mechanisms is an opportunity for the Province to ensure Peel Region and the local municipalities can continue to deliver essential services, while fostering growth, development and affordability in Peel.

