



Hemson Consulting Ltd

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

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

## MEMORANDUM

**To:** Tara Buonpensiero, Principal Planner, Region of Peel  
**From:** Craig Binning, Stefan Krzeczunowicz and Jaclyn Hall, Hemson Consulting  
**Date:** November 20, 2020  
**Re:** Settlement Area Boundary Expansion: Fiscal Impact Technical Study Update

---

This memorandum provides a status update on the Fiscal Impact Technical Study being undertaken as part of the Settlement Area Boundary Expansion (SABE) Study component of the Region of Peel's Official Plan review (Peel 2041+). The main purpose of the SABE Study is to determine the feasibility of and identify the preferred location for new urban lands in the Town of Caledon.

Technical studies are being undertaken on a broad area in the southern part of Caledon. This area—the Focus Study Area (FSA)—has been previously identified in the SABE process and serves as the basis for determining new urban designated lands to 2051.<sup>1</sup> The Fiscal Impact Technical Study is one such study.

Preliminary forecasts assumed that the SABE would need to accommodate additional population of 51,500 and additional employment of 20,400 by 2041. The size of the FSA is approximately 8,000 hectares, about six times larger than the total estimated land need required to accommodate these forecasts.

Changes to Schedule 3 of the Provincial plan A Place to Grow: Growth Plan for the Greater Golden Horseshoe (Growth Plan), including an extension of the time horizon for Regional land use planning from 2041 to 2051, have significantly increased the population and employment forecast for the Region overall and, in turn, the SABE. It is now anticipated that the majority of the FSA will need to be urbanized in order to accommodate the additional growth. Preliminary forecasts assume that the SABE will need to accommodate additional population of 183,000 and additional employment of 67,700 by 2051 on approximately 4,300 hectares of new urban land.

---

<sup>1</sup> See Hemson Consulting, *Settlement Area Boundary Expansion Study Phase A: Focus Study Area*, February 2020.

## A. POLICY CONTEXT

The Peel 2041+ process is being completed in accordance with the requirements of the statutory planning framework in Ontario. Decisions about the location and configuration of the SABE must have regard to Provincial interests set out in section 2 of the *Planning Act*, be consistent with the Provincial Policy Statement 2020, and conform to the Growth Plan.

The Provincial planning policy framework requires that protection of the financial well-being of the Region and its area municipalities be considered in making decisions about the SABE area. Moreover, the Region must study the infrastructure and public facility needs of the SABE area, as well as their financial viability over the long-term, in determining the feasibility of the area and identifying its location. Land use planning decisions for the SABE are also to be coordinated and integrated with long-term infrastructure planning and financial planning. Key relevant sections of these policies include:

Statute/Policy	Relevant Section
Planning Act, 1990	<ul style="list-style-type: none"> <li>▪ <b>Section 2(c):</b> municipalities shall have regard to the protection of the financial and economic well-being of the Province and its municipalities.</li> </ul>
PPS, 2020	<ul style="list-style-type: none"> <li>▪ <b>Section 1.1.1(a)</b> requires that healthy, liveable and safe communities be sustained by promoting efficient development and land use patterns which sustain the financial well-being of the Province and municipalities over the long term.</li> <li>▪ <b>Section 1.1.3.8(b):</b> the expansion of a settlement area boundary may occur where it has been demonstrated that the infrastructure and public service facilities are financially viable over their life cycle.</li> <li>▪ <b>Section 1.6:</b> planning for infrastructure and public service facilities shall be coordinated and integrated with land use planning and growth management so they are financially viable over their life cycle, which may be demonstrated through asset management planning.</li> </ul>
Growth Plan, 2019	<ul style="list-style-type: none"> <li>▪ <b>Section 2.2.8</b> requires that identified infrastructure and public service facilities needed to service growth should be financially viable over the full life cycle of these assets.</li> <li>▪ <b>Section 3.2.1</b> requires planning for new or expanded infrastructure occur in an integrated manner, including evaluations of long-range</li> </ul>

Statute/Policy	Relevant Section
	scenario-based land use planning and financial planning, and will be supported by relevant studies.

Inherent in the policy framework is the notion that financial well-being is achieved through the creation of settlement areas that are “complete communities”, typified by a compact urban form, efficient and cost-effective infrastructure and services, transit-oriented development, and a diverse mix of land uses, including residential and employment uses.

The current Peel Official Plan implements these policies by emphasizing the importance of understanding financial impacts on planning decisions, particularly decisions to expand settlement area boundaries.

## **B. STUDY PURPOSE, STRUCTURE, AND TIMING**

The main purpose of the Fiscal Impact Technical Study is to assess the overall financial impact of the preferred SABE based on a review of increased costs and revenues arising from new development.

Provincial policies and plans do not prescribe a methodology for the Fiscal Impact Study. However, given its main purpose is to analyse the financial impact of the SABE on a Regional scale, the study’s focus will be on the property tax revenues arising from assessment growth and the mix of land uses in the SABE area(s) as well as the Regional infrastructure and public service facilities costs required to meet servicing needs. More detailed financial analysis will be required when making decisions about individual development proposals, capital funding arrangements, and local infrastructure needs for any new urban lands that are approved.

The study will be structured to test the fiscal impact of two main variables, both of which influence residential (i.e. housing) patterns of settlement:

- The rate of intensification in the Region—that is the percentage of new housing that is planned to be accommodated in areas that are already developed. These areas, which fall within a designated “built boundary” cover most of Mississauga and Brampton as well as the urban centres of Bolton and Mayfield West in Caledon. The rate of intensification is a significant determinant of how much land for housing is required in the SABE. It is proposed that the Fiscal Impact Analysis test the impact of intensification rates of 50% and 55% across the entire Region;

- The planned density of residential development in the SABE; generally the higher the density the less land required for housing in the SABE. It is proposed that the Fiscal Impact Analysis test the impact of housing densities in the SABE of 55, 65, and 75 persons and jobs per hectare,

Although the study will be closely integrated with similar technical studies of Transportation, Water and Wastewater, and Public Service Facilities needs in the SABE area(s) the main focus of the analysis will be on major capital works that are influenced by the intensification rate and density of residential development in the SABE.

The first two of the above technical studies—the infrastructure studies—are being undertaken in two phases:

- To date, a Phase 1 preliminary assessment of the most suitable location for settlement expansion has been made based on the results of existing conditions in the FSA, available servicing capacity, planned major expansion, knowledge of high-level infrastructure cost impacts, and the provincial policy context.
- In a subsequent Phase 2, more precise infrastructure needs and associated costs of a potential SABE area(s) will be identified through more detailed analysis.

The Fiscal Impact Technical Study will be informed by both phases of the infrastructure studies and, where feasible, will rely on the results of the second phase results. As such, this study will be completed during the later phases of the SABE process, in January 2021.

It is noted that the Fiscal Impact Analysis will be limited by the availability of existing information about post-2041 infrastructure needs, both in intensification areas as well as in Caledon.

## **C. GENERAL APPROACH**

The fiscal impact analysis has been initiated, but is not yet completed. The approach to the fiscal impact assessment will include an assessment of how the quantum and location of development influences capital costs and revenues, particularly as it relates to water and wastewater liner infrastructure and arterial roads, which are more sensitive to the location of development.

As supported by the transportation and water/wastewater assessment, consideration will be given to existing infrastructure and the available capacity of such infrastructure to meet

future servicing needs arising from new development, particularly in intensification areas. The rationale being that available capacity should be used first to ensure efficient use of resources. Once a recommended SABE is selected, the fiscal impact analysis will be undertaken and used to determine whether the anticipated infrastructure needs and development is financially sustainable.

The analysis will also consider the initial round of capital infrastructure, operating costs and potential revenue sources related to future development in preferred SABE. It is important to note that the analysis is high-level and represents an order of magnitude impact. The main priority will be to determine whether the preferred SABE can be configured so as to make the most efficient use of infrastructure and, if possible, avoid overly expensive capital works.

Recommendations on the final SABE location and configuration will also be made.

#### **D. FISCAL IMPACT ASSESSMENT PRINCIPLES**

The following municipal finance principles will be applied to the analysis and considered in selection the preliminary SABE configuration.

- To the extent permitted under the legislative requirements of the *Development Charges Act*, growth should pay for growth, meaning that capital costs associated with new infrastructure should be included in the Region and Caledon's development charge calculations.
- Growth should be located in areas with available servicing capacity in existing infrastructure to reduce capital infrastructure costs. This will be informed by the Transportation, Water and Wastewater and Public Facilities technical studies.
- In addition, to the extent possible, investment in development-related infrastructure should be leveraged to align the Region's and Caledon's asset renewal plans, through upgrading existing infrastructure that is nearing the end of its useful life, rather than replacing newer infrastructure, or addressing existing deficiencies.
- High-level evaluation of the tools available to fund any non-DC fundable costs such as direct developer contributions, other fees and charges, and upper level government funding.

- Long-term operating and maintenance costs associated with new infrastructure should be considered and appropriately accounted for in the Region and Caledon's asset management plans.
- The location of residential and non-residential development should be considered in relation to assessment growth potential as well as the mix of added assessment.
- Consideration of the potential impact on property tax rates and utility rates of undertaking the necessary capital works (i.e. shares not fundable from other sources) and operating costs arising from new infrastructure and the servicing needs of new residents and employees.
- The overall rate of intensification planned for by the Region should consider the capacity of existing infrastructure to accommodate growth.
- The housing density planned for by the Region in the SABE should consider potential infrastructure cost savings arising from a more efficient use of land.

Once completed, the Fiscal Impact Study will include measures of fiscal sustainability. Where appropriate, considerations and recommendations will be made to help ensure the infrastructure needed to support the SABE is financially sustainable.

## **E. NEXT STEPS**

Infrastructure needs identified from the transportation and water/wastewater technical studies, anticipated to be completed by December 2020, will be assessed to determine the financial impacts. The Fiscal Impact Technical Study will be completed in January 2021 to allow for a preferred SABE to be presented to Regional Council in March 2021.