

**Region of Waterloo**  
**Planning, Development, and Legislative Services**  
**Community Planning**

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**To:** Planning and Works Committee  
**Meeting Date:** May 9, 2023  
**Report Title:** Proposed New Provincial Planning Statement, 2023 – Key Policy Changes and Potential Implications

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**1. Recommendation**

That the Regional Municipality of Waterloo forward Report PDL-CPL-23-011 dated May 9, 2023 to the Ministry of Municipal Affairs and Housing as the Region's response to the Province's proposed new Provincial Planning Statement (Environmental Registry of Ontario Posting 019-6813).

**2. Purpose / Issue:**

The Province is consulting on a proposed new Provincial Planning Statement, 2023, which would significantly revise Ontario's current land use planning policy framework. This report provides a summary of the key policy proposals and their potential implications on the Region.

**3. Strategic Plan:**

Any changes in Provincial planning policy would directly affect several focus areas of the Region's Corporate Strategic Plan, including: Thriving Economy; Sustainable Transportation; Environment and Climate Action; and Healthy, Safe and Inclusive Communities.

**4. Report Highlights:**

- On April 6, 2023, the Province released its proposed Provincial Planning Statement 2023 (PPS 2023) for review and public consultation.
- The proposed PPS 2023 would integrate the current Provincial Policy Statement (2020) with the Growth Plan for the Greater Golden Horseshoe (2019) to create a singular, province-wide policy document. The intent is to simplify existing policies, make more land available for development, and achieve the Province's target of building 1.5 million new homes over the next 10 years.

- If approved, this proposal would make significant changes to Ontario's current land use planning system. Attachment A contains a summary of the key policy changes and their potential implications. Key proposed policy changes include:
  - allowing local municipalities to set their own population and employment growth forecasts, instead of following a mandated Provincial forecast;
  - enabling municipalities to consider settlement area expansions at any time. Currently, such expansions may only be considered as part of a Municipal Comprehensive Review initiated by an upper- or single-tier municipality;
  - eliminating mandatory targets for intensification and higher densities in new greenfield communities. The new policy would simply "encourage" municipalities to set their own targets based on local conditions; and
  - permitting the severance of up to three new residential lots from an existing farm parcel in a prime agricultural area, subject to conditions.
- Overall, the proposed PPS 2023 would significantly scale back Ontario's current land use planning policy framework. This change is intended to give municipalities more control and flexibility to determine where and how they should accommodate future growth. However, over the long-term, the increased policy flexibility could result in a more fragmented approach to growth management at the regional scale. In the absence of mechanisms in the PPS 2023 to coordinate growth at the regional scale, the proposed policy changes could potentially weaken strategic decision making on a wide range of Regional services, including public transit, assisted housing, public health, economic development, and infrastructure including water supply and distribution, wastewater collection and treatment, and roads.

## **5. Background:**

In 2006, the Province of Ontario approved the Growth Plan for the Greater Golden Horseshoe (Growth Plan) as part of its Building Strong Communities initiative. The new Growth Plan introduced a range of policy measures to manage growth across the Greater Golden Horseshoe, including Waterloo Region.

Key objectives of the Growth Plan included reducing urban sprawl, optimizing the use existing land and infrastructure, and supporting the development of a more compact, transit-supportive urban form. Since 2006, the Region and its area municipalities have been actively working to achieve these important planning objectives in our communities. The latest iteration of this work culminated in August 2022 when Regional Council adopted Regional Official Plan Amendment 6 (ROPA 6), which introduced new planning policies and density targets in accordance with the current Growth Plan. The Province subsequently approved ROPA 6 on April 11, 2023 with twelve modifications.

Last fall, the Province initiated a review to develop a more streamlined land use planning policy framework for Ontario. The intent of the review was to determine the best approach that would enable municipalities to accelerate the development of housing and increase housing supply.

Following this review, on April 6, 2023, the Province released its proposed new PPS 2023 that would take policies from the existing Growth Plan and the Provincial Policy Statement. The Provincial Policy Statement is a separate document that provides more general policy direction for land use planning across all of Ontario. Should the Provincial Government adopt the new PPS 2023, the Government would consequently revoke the existing Growth Plan and the Provincial Policy Statement.

Policies that would remain largely intact in the PPS 2023 include requirements for municipalities to:

- plan for a minimum 25-year horizon, maintain a 15-year residential land supply and maintain land with servicing capacity for a 3-year supply of residential units; and
- establish and meet minimum density targets for Major Transit Station Areas, Urban Growth Centres, and other strategic growth areas (e.g., nodes and corridors).

In addition to the policy changes noted above under Report Highlights, the Province is also proposing to:

- allow municipalities to consider the removal of lands from an employment area at any time, rather than through a Municipal Comprehensive Review process;
- continue to support climate change mitigation, but in a less prescriptive manner. The proposed policy would no longer encourage municipalities to develop targets to reduce greenhouse gas emissions, or development greenhouse gas inventories;
- delete the requirement for municipalities to establish targets for affordable housing. The new policy would direct municipalities to address housing affordability more generally in collaboration their Service Managers;
- eliminate the Provincial definitions of “affordable housing” and “low and moderate income households”. Without these definitions, municipalities would no longer have a clear Provincial standard or benchmark to facilitate the construction of affordable housing; and
- provide for the approval of new development on private wells and sewage systems more broadly throughout settlement areas. Currently, such services may be permitted in settlement areas only for infilling or minor rounding out of settlement areas.

As of April 6, 2023, the Province's natural heritage policies and related definitions remain under consideration by the Government. Once proposed policies and definitions are ready for review and input, the Government will make them available through a separate posting on the Environmental Registry of Ontario.

The Province is accepting feedback on the proposed PPS 2023 until June 5, 2023.

In conjunction with its proposed PPS 2023, the Government also introduced Bill 97 (Helping Homebuyers, Protecting Tenants Act, 2023), which, following Second Reading, was referred to the Standing Committee on Heritage, Infrastructure and Cultural Policy on April 20, 2023. Among other matters, the proposed Bill, if passed, would grant additional Ministerial powers to make transition regulations for the proposed PPS 2023. The additional powers would also enable the Minister to determine whether the PPS 2023 would apply to specified matters, applications and proceedings or whether a previous Provincial Policy Statement continues to apply.

## **6. Area Municipality Communication and Public/Stakeholder Engagement:**

Staff have held preliminary discussions about the proposed PPS 2023 with our area municipal colleagues. An advanced copy of this report has been sent to each area municipality for information. Some of the area municipalities will be making their own submissions in response to the Province's request for comments.

## **7. Financial Implications:**

As noted above, the proposed PPS 2023 is intended to provide municipalities more control and flexibility to determine how and where they should grow, including through any potential expansions to settlement areas. However, in the long-term, this increased flexibility could potentially impact infrastructure planning, delivery and financing, thereby introducing risk to both the Province (in terms of its goal to build 1.5 million homes) and to municipalities. The municipal risk relates to the need for upper-, lower- and single-tier municipalities to build the right infrastructure at the right time, to the right scale, in the right place and at the right cost. Achieving these goals will become much more difficult due to the changes set out in the proposed PPS 2023, as these changes will lead to a more fragmented approach to growth management.

In addition, municipalities risk issuing elevated levels of long term debt (impacting annual debt repayment limits and future budgets) and not having sufficient development charge revenue to pay for the infrastructure necessary to service the planned growth due to changes brought in under Bill 23 (More Homes Built Faster Act, 2022). This could overwhelm the capacity of municipalities to pay for growth-related infrastructure, particularly while trying to maintain existing roads, water and wastewater facilities, and other public infrastructure.

**8. Conclusion / Next Steps:**

To provide municipalities an opportunity to understand and adapt to any policy changes, the Province has indicated it would release the final draft of the PPS 2023 for a short period of time before the document takes effect (targeting fall 2023). Once the proposed PPS 2023 takes effect, any decisions on a planning matter would need to be consistent with the new policy document.

**9. Attachments:**

Appendix A: Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

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**Approved By:** Rod Regier, Commissioner, Planning, Development and Legislative Services

Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

Population and Employment Growth Forecasts		
Current Policy	Proposed Changes	Potential Implications
<p>The Growth Plan provides population and employment forecasts to 2051, and allocates this expected growth to the 21 upper- and single-tier municipalities in the Greater Golden Horseshoe, including Waterloo Region.</p> <p>In keeping with the Growth Plan, ROPA 6 established a growth forecast of 923,000 people and 470,000 employees to 2051 for Waterloo Region, and allocated this growth to each of the seven area municipalities accordingly.</p>	<p>With the elimination of the Growth Plan, municipalities will no longer be required to plan for a Provincially mandated population and employment forecast.</p>	<p>In the short term, the Province expects the Region’s area municipalities to continue to use the 2051 forecasts in ROPA 6. However, over time, each area municipality would carry out their own forecasts and plan for growth accordingly.</p> <p>In the absence of a Provincial forecast, or other mechanisms to coordinate the different area municipal growth forecasts, this proposal would weaken strategic decision making on a range of Regional services, including public transit, assisted housing, public health, economic development, and infrastructure such as sewers, watermain, water supply systems, wastewater treatment plants, and roads. Municipalities can achieve significant efficiencies and cost savings by coordinating planning for growth and the financing and delivery of these services.</p>
Settlement Area Boundary Expansions		
Current Policy	Proposed Changes	Implications
<p>Expansions to settlement area boundaries may only occur as part of a municipal comprehensive review (MCR). An MCR, which typically occurs once every five to ten years, is an in-depth planning exercise initiated by an upper- or single-tier municipality to determine how and where the community should grow over the long-term. It assesses the need for any settlement expansions and, if required, identifies the best location for the expansions based a range of planning criteria (e.g., availability of infrastructure, avoidance of natural heritage system and prime agricultural areas, and climate change mitigation).</p>	<p>The proposal would delete the concept of an MCR entirely from the planning process. This change would enable municipalities to consider a settlement area expansion at any time, including through any privately initiated development proposals. However, there would be no ability for anyone to appeal a municipal decision to refuse to expand a settlement area boundary.</p>	<p>This proposal seeks to give municipalities more flexibility to expand their settlement boundaries to help stimulate housing supply. However, from a growth management perspective, the updated policy could lead to greater uncertainty over where and when a municipality will grow over the long-term. More uncertainty could increase land speculation in the countryside and prematurely remove agricultural from production, especially in fast growing communities such as Waterloo Region.</p> <p>The proposed changes could affect infrastructure planning and overwhelm the capacity of smaller municipalities to pay for new infrastructure, particularly while trying to maintain existing roads, water and wastewater facilities, schools and other public facilities. This financial challenge could be further exacerbated by the Province’s recent legislative changes under Bill 23 (the More Homes Built Faster Act, 2022). This bill limited or reduced development charges, which are the fees municipalities can collect from developers to offset the infrastructure costs needed to support new communities.</p>
Land Needs Assessment		
Current Policy	Proposed Changes	Implications
<p>Municipalities must currently demonstrate the need for any proposed settlement boundary expansions based on a series of tests and a comprehensive land needs assessment. To ensure consistency across municipalities, this assessment must follow</p>	<p>The proposed policy would effectively eliminate the need for municipalities to demonstrate the need for any settlement area expansions. As a result, municipalities would no longer be required to carry out a detailed land needs assessment, in</p>	<p>In the absence of a process for assessing land needs, it is not clear which criteria or assumptions, if any, municipalities would apply to estimate whether they have enough land to accommodate growth. As a result, there could be a wide range of different and potentially inconsistent approaches to expanding settlement boundaries. The lack of a</p>

Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

a standardized methodology prescribed by the Province.	accordance with a prescribed Provincial methodology or otherwise, when considering an expansion to a settlement area boundary.	consistent methodology could result in a patchwork of different approaches to growth management, potentially causing uneven development patterns across the region.
Intensification Target		
Current Policy	Proposed Changes	Implications
<p>The Growth Plan promotes an intensification first approach to development to make better use of existing land and infrastructure. It requires the Region and other upper-tier municipalities to plan to accommodate at least 50 percent of its future residential growth within existing built-up areas through intensification.</p> <p>Regional Council subsequently increased the Province’s minimum intensification target to 61 percent through the adoption of ROPA 6.</p>	<p>The proposed policy would eliminate the requirement for municipalities to establish and work towards achieving a specific minimum intensification target. Instead, municipalities would be directed to permit and facilitate all types of intensification more broadly in the urban area, and to prioritize intensification in proximity to transit, including corridors and stations.</p> <p>The proposed new policy would carry over the requirements for municipalities to set specific density targets for Major Transit Stations Areas and other strategic growth areas from the Growth Plan.</p>	<p>This proposal seeks to provide municipalities more flexibility in determining how and where they should accommodate growth. However, establishing an intensification target is a critical first step in planning to achieve a more compact, sustainable, and transit-supportive built form. By setting clear targets and expectations, municipalities are better able to plan and prioritize their efforts and resources to achieve the desired level of intensification. Targets also make it possible for municipalities to measure their progress over time, and make any required adjustments to ensure they reach their targets.</p>
Greenfield Density Targets		
Current Policy	Proposed Changes	Implications
<p>Under the Growth Plan, municipalities must plan new greenfield communities to achieve a minimum density target of 50 residents and jobs combined per hectare.</p> <p>Regional Council subsequently increased this target to a minimum of 59 residents and jobs combined per hectare through the adoption of ROPA 6. While this target applies to Region’s entire greenfield area, ROPA 6 also sets out individualized density targets for each area municipality, ranging between 65 and 43 residents and jobs per hectare in Kitchener and Wilmot respectively.</p>	<p>The proposed policy would no longer require municipalities to achieve a specific minimum density target in designated greenfield areas. Instead, large and fast-growing municipalities, including Cambridge, Kitchener and Waterloo, would simply be “encouraged” to plan for a minimum density target of 50 residents and jobs per gross hectare.</p> <p>Similarly, smaller municipalities would be encouraged (but not required) to set whatever density targets they feel are appropriate for “new settlement areas” (no longer referred to as designated greenfield areas) based on local conditions.</p>	<p>The original intent of the Province’s greenfield density targets was to build more compact, transit-supportive communities in new greenfield areas. Such communities support walking, cycling, transit services and foster a mix of land uses and housing. They also help to reduce automobile dependency, promote healthier lifestyles, and better support our climate change mitigation and adaptation objectives.</p> <p>If passed, the proposed policy language would lower the Province’s expectations for municipalities to achieve such communities in their new greenfield areas. Fundamentally, this change would work against many of the key planning principles that Regional Council endorsed through ROPA 6, including the need to plan and design new greenfield areas to function at vibrant 15-minute neighbourhoods that prioritize active transportation, support public transit, and offer a diverse mix of land uses.</p> <p>Building more compact greenfield communities also supports Regional Council’s objectives to protect farmland and reduce the rate at which land is consumed. By simply encouraging (but not requiring) municipalities to achieve certain greenfield minimum</p>

Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

		density targets, the Province risks recreating the kind of low-density, auto-oriented development patterns that the original Growth Plan sought to overcome.
Affordable Housing		
Current Policy	Proposed Changes	Implications
<p>The Growth Plan currently requires municipalities to establish targets for affordable ownership and rental housing, and to implement strategies to achieve these targets to support low and moderate income households. Affordable housing is defined as the lesser of average market rents/prices, or the housing that low and moderate income households can afford by spending 30 percent of their income on housing</p> <p>Under ROPA 6, Regional Council adopted an overall target for a minimum of 30 percent of new ownership and rental housing to be affordable for low and moderate income households. This target was based on the 2019 percentage of low and moderate incomes households paying more than 30 percent of their income on rent or a mortgage.</p>	<p>The proposed policy would no longer require municipalities to set any specific targets for affordable housing. It would also eliminate the current Provincial definitions of “affordable housing” and “low and moderate income households”.</p> <p>Although the proposed policy would eliminate the requirement to set any affordable housing targets, it would still require municipalities to plan more generally for a full range of housing options, including housing affordability needs in collaboration with Service Managers.</p>	<p>Without clear Provincial definitions of “affordable housing” and “low and moderate income households”, municipalities would not have a clear standard or benchmark to facilitate the construction of affordable housing, or to hold those who indicate that they are building or providing affordable housing to a standard level of affordability. Similarly, by eliminating the requirement for municipalities to establish any affordable housing targets, municipalities would no longer have the mandate to monitor and measure their progress in achieving affordable housing in their communities.</p> <p>Taken together, the above changes signal a Provincial policy shift away from encouraging or requiring affordable housing contributions from the private sector, to a model that relies more on the public sector and other non-profit affordable housing agencies. Over time, these changes would put more pressure on Service Managers to fund and deliver affordable housing in their communities.</p>
Range and Mix of Housing		
Current Policy	Proposed Changes	Implications
<p>Provincial policy currently requires municipalities to permit and facilitate all housing options to meet needs of current and future residents.</p> <p>The term “housing options” is generally defined to include a full range of housing types, including single-detached, semi-detached, rowhouses, townhouses, multiplexes and multi-residential buildings. It also includes “affordable housing” as defined above using the Province’s income-based formulae.</p>	<p>The proposed policy would generally maintain the current policy directions, but revise the definition of housing options to remove the term “affordable housing.”</p> <p>The new definition of housing options would also expand the range of housing types municipalities must plan for to include laneway housing, garden suites, and low- and mid-rise apartments.</p>	<p>The proposal to eliminate “affordable housing” from the current definition of housing options would weaken the policy direction for municipalities to facilitate and provide for such housing.</p> <p>In addition, although the new definition of housing options would increase the range of housing types municipalities must plan for, the proposed PPS 2023 would not require municipalities to permit any given housing type “as-of-right” in existing neighbourhood (e.g., gentle density, or missing-middle housing).</p>
Employment Areas		

Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

Current Policy	Proposed Changes	Implications
<p>The Growth Plan requires municipalities to plan for an adequate supply of land within employment areas for traditional industries, service sector and knowledge-based businesses, and a broad range of other employment uses. To support this objective, upper- and single-tier municipalities must designate all employment areas in their Official Plans and plan to protect them for employment use over the long-term.</p> <p>To help protect employment areas, the Growth Plan prohibits the conversion of lands within employment areas to non-employment uses, except where a municipality undertakes a municipal comprehensive review and any proposed conversions satisfy a series of strict criteria.</p> <p>Outside of employment areas, the Growth Plan requires municipalities to develop to ensure that any proposals to redevelop employment lands would retain space for a similar number of jobs to remain accommodated on site.</p>	<p>The proposed policy would continue to require municipalities to designate and protect employment areas for employment uses over the long-term. However, the new policy would change the definition of employment to exclude office parks and other standalone offices. The Province is proposing a similar change the definition of “employment area” in the Planning Act through its proposed Bill 97, which has also been posted on the Environmental Registry Ontario for public comment.</p> <p>With the removal of the concept of municipal comprehensive reviews, the proposed policy would now allow municipalities to consider the removal of lands from employment areas at any time, subject to certain criteria carried forward from the Growth Plan.</p> <p>The proposed policy would also delete the concept of “Provincially significant employment zones”. These employment zones are identified in ROPA 6, but do not include any associated policies for them.</p> <p>In addition, the proposed policy would eliminate the requirement that the redevelopment of any employment lands (located outside employment areas) must retain space for a similar number of jobs to remain accommodated on site.</p>	<p>The new definition of employment areas clarifies that planning for employment areas should focus on protecting manufacturing and other traditional industrial activities. As a result, the employment areas designated in the ROP through ROPA 6 may need to be updated to exclude any office parks or standalone office developments.</p> <p>Allowing municipalities to consider the removal of lands from employment areas at any time would simplify and streamline the existing employment land conversion process. This would help municipalities respond more quickly to positive development opportunities as they arise. However, over the long-term, the increased flexibility approach could lead to the gradual erosion of employment areas unless municipalities continuously assess their employment lands ensure they have an adequate supply.</p>

Climate Change		
Current Policy	Proposed Changes	Implications
<p>The Growth Plan requires municipalities to implement a range of actions to address climate change mitigation and adaptation goals, such as:</p> <ul style="list-style-type: none"> <li>reducing dependence on automobiles and supporting existing and planned transit and active transportation;</li> <li>assessing infrastructure risks and vulnerabilities and identifying actions and investments to address these challenges;</li> <li>undertaking stormwater management planning to assesse the impacts of extreme weather events and incorporate appropriate green infrastructure and low impact development;</li> <li>recognizing the importance of watershed planning for the protection of the quality and quantity of water and the identification and protection of hydrologic features and areas; and</li> <li>promoting local food, food security, and soil health, and protecting the agricultural land base.</li> </ul> <p>Municipalities are also currently encouraged to:</p> <ul style="list-style-type: none"> <li>develop strategies to reduce greenhouse gas emissions;</li> <li>develop greenhouse gas inventories for transportation, buildings, waste management and municipal operations; and establish municipal interim and long-term greenhouse gas emission reduction targets.</li> </ul>	<p>The proposed policy would carry over many of the existing climate change policies from the Growth Plan, but in much less prescriptive manner.</p> <p>For example, the proposed new policy language would delete the current requirements in the Growth Plan for municipalities to “reduce dependence on the automobile” and to “promote local food, food security, and soil health, and protecting the agricultural land base”.</p> <p>If passed, the new policy would also no longer encourage municipalities to develop greenhouse gas inventories, or establish any specific targets to reduce greenhouse gas emissions in their community.</p>	<p>By removing the direction to “reduce dependence on the automobile”, the proposed policy would weaken the direction to municipalities to encourage the modal shift to transit and active transportation.</p> <p>A resilient local food system can help reduce greenhouse gas emissions associated with the long-distance transportation of food. The proposed policy language would eliminate the requirement for municipalities to consider the important relationship between local food, the agricultural land base and climate change mitigation.</p> <p>Establishing greenhouse gas targets is now standard practice among municipalities across Ontario who have declared climate emergencies in response to the serious risks associated with climate change. In absence of such targets and related strategies, municipalities cannot make informed decisions that consider impacts to the climate and current and future community members.</p>

Sewage and Water Servicing Systems		
Current Policy	Proposed Changes	Implications
<p>The Provincial Policy Statement sets out the following servicing hierarchy for new development:</p> <ol style="list-style-type: none"> <li>1) municipal sewage services and municipal water services;</li> <li>2) private communal sewage services and private communal water services; and</li> <li>3) individual on-site sewage services and individual on-site water services, provided that site conditions are suitable with no negative impacts.</li> </ol> <p>In general, municipalities must ensure new development follows this servicing hierarchy and ensure that sewage and water services are provided in a manner that:</p> <ul style="list-style-type: none"> <li>• can be sustained by the water resources upon which such services rely;</li> <li>• prepares for the impacts of a changing climate;</li> <li>• is feasible and financially viable over their lifecycle; and</li> <li>• protect human health and safety, and the natural environment;</li> <li>• promotes water conservation and water use efficiency; and</li> <li>• integrate servicing and land use considerations at all stages of the planning process.</li> </ul> <p>In addition, under the Growth Plan, municipal water and wastewater systems, and private communal water and wastewater systems in Waterloo Region must also be constructed in accordance with a comprehensive water or wastewater master plan or</p>	<p>The proposed policy would generally maintain the current servicing hierarchy and policy directions noted above, except for the following changes:</p> <ul style="list-style-type: none"> <li>• remove the requirement to plan sewage and water services in manner that considers the impacts of a changing climate;</li> <li>• delete the requirement for municipal water and wastewater systems, and private communal water and wastewater systems to be constructed in accordance with a comprehensive water or wastewater master plan or equivalent, informed by watershed planning or equivalent. Instead, the new policy would such systems to consider “comprehensive municipal planning, where applicable” without providing any details; and</li> <li>• remove the current restriction regarding the new use of individual on-site sewage services and individual on-site water services to service new development in settlement areas. Such services could be potentially considered anywhere in a settlement area, and not limited to infilling situations or minor rounding out of existing development.</li> <li>• The proposed policy would also revise the definition of “reserve sewage system capacity” and “reserve water system capacity”.</li> </ul>	<p>Removing the references to climate change in this section would eliminate the requirement for municipalities to have regard for the impacts of a changing climate when planning for sewage and water servicing systems.</p> <p>With respect to water, given the nature of the Region’s integrated water supply system, which includes multiple municipalities, comprehensive water supply master planning will still be required. Expanding the service areas in the smaller rural communities could result in system capacity exceedances, where system expansions are not technically or financially feasible.</p> <p>Similarly, with respect to wastewater servicing, the current growth planning and geographical allocation process considers the available capacities at each wastewater treatment plant. Increasing the flexibility to expand settlement areas could increase the risk of directing growth to areas with insufficient servicing capacity, where system expansions are not technically or financially feasible due to the assimilative capacity of the receiving water course(s).</p> <p>As noted above, financial challenges could be further exacerbated by the Province’s recent legislative changes under Bill 23 (the More Homes Built Faster Act, 2022). This bill limited or reduced the development charges municipalities can collect from developers to offset the infrastructure costs needed to support new communities</p> <p>Introducing additional flexibility for allowing on-site or private communal systems could put added risks on the Region and the local area municipalities to inherit ownership of these systems in the future. The Region has encountered this situation in the past and has been required to take ownership of certain communal systems following Provincial orders at significant costs.</p> <p>The new definitions of “reserve sewage system capacity” and “water system capacity” are generally consistent with the current definitions, but now include private communal systems.</p>

Sewage and Water Servicing Systems		
<p>equivalent, <b><u>informed by watershed planning or equivalent.</u></b></p> <p>In settlement areas, individual on-site sewage services and individual on-site water services may be used only for <b><u>infilling and minor rounding out</u></b> of existing development (i.e., cannot be used more broadly to facilitate the expansion of a settlement area).</p> <p>Subject to the above servicing hierarchy, municipalities may allow lot creation only if there is confirmation of sufficient <i>reserve sewage system capacity</i> and <i>reserve water system capacity</i> within municipal sewage services and municipal water services or private communal sewage services and private communal water services.</p>		
Water Resource Protection		
Current Policy	Proposed Changes	Implications
<p>The Provincial Policy Statement directs municipalities to identify and protect water resource systems, which generally includes ground water, surface water, and certain natural heritage features.</p> <p>Municipalities must also implement any necessary restrictions on development to:</p> <ol style="list-style-type: none"> <li>protect <u>all municipal</u> drinking water supplies and designated vulnerable areas; and</li> <li>protect, improve or restore vulnerable surface and ground water, sensitive surface water features and sensitive ground water features, and their hydrologic functions.</li> </ol>	<p>The proposed policy would generally carry over the same water resource protections from the current Provincial Policy Statement, except for the following changes:</p> <ul style="list-style-type: none"> <li>revise the requirement for municipalities to protect “all municipal drinking water supplies” with the more generic requirement to protect “drinking water supplies”;</li> <li>delete the current requirement for municipalities to ensure stormwater management practices minimize stormwater volumes and contaminant loads, and maintain or increase the extent of vegetative and pervious surfaces.</li> </ul>	<p>The proposed policy language to “protect drinking water supplies” (instead of “all municipal drinking water supplies”) would expand a municipality’s responsibilities to ensure there is an adequate quantity and quality of water available for private water supplies constructed and maintained by residents. This change could put municipalities at risk of being held responsible to fix or replace systems that are not adequately maintained by existing or previous owners, as well as impacts from other land uses and activities such as leaks from underground storage tanks.</p> <p>Municipalities would need to hire staff and increase water rates significantly to obtain the resources required to ensure the protection of potentially thousands of rural residents in Waterloo Region that rely on private water supply systems.</p> <p>The proposal to remove the requirement to maintain or increase pervious surfaces may reduce the sustainability of the Region’s existing municipal drinking water supply sources. This could require the Region to expand its investments to identify and construct new water supply sources to meet existing and future demand.</p>

Appendix A: Proposed 2023 Provincial Planning Statement – Summary of Key Policy Changes and Potential Implications

Creation of Residential Lots in Prime Agricultural Areas		
Current Policy	Proposed Changes	Implications
<p>Provincial planning policy prohibits the creation of new residential lots in prime agricultural areas. The only exception to this rule is to accommodate residences that have become surplus to a farming operation because of a farm consolidation.</p> <p>The current ROP contains a similar policy, but further restricts the creation of any such lots unless the surplus residence is designated as a heritage property under the Heritage Act. This provision was designed to discourage the demolition of any heritage homes that were deemed surplus as a result of a farm consolidation.</p>	<p>The proposed policy would permit the creation of up to three new residential lots from an existing farm property located in a prime agricultural area, subject to certain criteria.</p> <p>In addition, the proposed policy would prohibits municipalities from creating policies that would be more restrictive than the above criteria, except to address public health or safety concerns.</p>	<p>The proposed policy would significantly affect the quality and character of Waterloo Region’s countryside. It would fragment the agricultural land base through the impact of the proposed residential lot creation permissions. It would also increase the potential for land use conflicts between farmers and new rural residents.</p> <p>The ability to create three new residential lots on a farm could also increase the price of farmland, making it more difficult for existing farmers to acquire more land to expand their operations. This could result in young or new farmers having difficulty getting mortgages or meeting rent or mortgage payments on the inflated price of land. Over time, these trends would negatively affect farm viability in Waterloo Region and work against the Region’s efforts to support a strong and sustainable local food system.</p> <p>The proposed lot creation policy would apply to an agricultural parcel that existed on January 1, 2023 subject to certain conditions. However, the policy proposal does not include any requirements for the minimum size of the farm parcel that would be eligible to create three new lots. As a result, municipalities that have a higher percentage of smaller farm parcels would be eligible to create more residential lots under this policy than municipalities that generally have larger farm parcels (e.g., 40 to 50 hectares in size).</p>
Rehabilitation of Mineral Aggregate Resources		
Current Policy	Proposed Changes	Implications
<p>Once a gravel pit has been fully extracted, pit operators in prime agricultural areas must rehabilitate their site back to an agricultural condition. The only exceptions to this rule include:</p> <ul style="list-style-type: none"> <li>the depth of aggregate extraction makes restoration to agriculture unfeasible;</li> <li>the site contains a substantial quantity of mineral aggregate resources below the water table warranting extraction;</li> <li>other alternatives have been considered by the applicant and found unsuitable.</li> </ul>	<p>The proposed policy change would maintain the requirement for pit operators to undertake rehabilitation, but delete the need for producers to evaluate the “quantity” of mineral aggregate resources and “other alternatives” in order to qualify for an exemption to fully rehabilitate a site to an agricultural condition.</p>	<p>This proposal would loosen the requirements a pit operator must satisfy to be exempted from the requirement to complete agricultural rehabilitation.</p>