



Committee Report

To:	Chair and Members of Grey County Agricultural Advisory Committee
Committee Date:	May 4 th , 2023
Subject / Report No:	Draft Provincial Policy Statement, 2023 / PDR-AAC-20-23
Title:	Draft Provincial Policy Statement (2023)
Prepared by:	Grey County Planning Staff
Reviewed by:	Randy Scherzer
Lower Tier(s) Affected:	All Municipalities in Grey County
Status:	Recommendation adopted by Committee as presented per Resolution CW74-23; Endorsed by County Council June 8, 2023, per Resolution CC38-23.

Recommendation

1. That report PDR-AAC-20-23 be received, regarding the proposed update to the Provincial Policy Statement 2023; and
2. That report PDR-AAC-20-23 be forwarded on to County Council for their consideration for inclusion in the County of Grey's comments on the 'Review of proposed policies adapted from A Place to Grow and Provincial Policy Statement to form a new provincial planning policy instrument' posted on the Environmental Registry through posting #019-6813; and
3. That the report be shared with member municipalities having jurisdiction within Grey County; and
4. That the report be shared with local agricultural stakeholder organizations including the Grey County Federation of Agriculture, Ontario Federation of Agriculture, Christian Farmers, National Farmers Union, and Grey County Agricultural Services; and
5. That should the revised natural heritage policies be released with a limited commenting timeline, with no ability to prepare a further report for the Agricultural Advisory Committee, or County Council, that Council consider directing staff to submit comments directly to the province on those updated policies.

Executive Summary

The province recently released a new draft Provincial Policy Statement (PPS) 2023 for review and comment via the Environmental Registry of Ontario (ERO). The new draft PPS follows the province's 2022 consultations where the government proposed to integrate the PPS with the '*A Place to Grow: Growth Plan for the Greater Golden Horseshoe*' into a new province-wide policy instrument. The stated intent of the review is to determine the best approach that would enable municipalities to accelerate the development of housing and increase housing supply (including rural housing), through a more streamlined province-wide planning policy framework. Within this report, County Staff offer a summary of the proposed changes and commentary around the proposed core elements/approaches that could impact the County's agricultural and rural lands. Some of the proposed changes could very negatively impact farming in Grey County.

Background and Discussion

In late 2022, the province announced a review of the Provincial Policy Statement (PPS) 2020 and '*A Place to Grow: Growth Plan for the Greater Golden Horseshoe*' (hereafter referred to as the Growth Plan), with the goal of consolidating the two documents. The entire province is covered by the PPS, but Grey County is not covered by the current Growth Plan. In this 2022 consultation, there were no draft policy updates shared, but a series of discussion questions for stakeholders to consider, with a stated goal of accelerating the development of housing and increasing housing supply (including rural housing). The County submitted comments to the province on this consultation through staff report PDR-CW-01-23, which has been linked to in the Attachments section of this Report.

On April 6, 2023, the province released a new draft 2023 PPS, which is a combined PPS and Growth Plan. Through the Environmental Registry of Ontario, the Province is seeking comments on this new draft PPS by June 5, 2023. The intent of this report is to provide a summary of the proposed changes that impact the County's agricultural and rural lands. A parallel report is also being prepared for the Planning and Economic Development Advisory Committee (PEDAC) on the other elements, such as the settlement area policies, proposed in the new draft PPS.

It is noteworthy that although the province has released a new draft PPS 2023, this draft document does not include updated natural heritage policies. The province has noted that these policies are to follow at a later date. At the time of drafting this report, these policies had not yet been released and nor were staff aware of the timeline for releasing such policies. It is difficult to understand the full scope of the new PPS, with such a major component of the PPS still outstanding.

Parallel to the new draft PPS, the province also announced Bill 97, the *Helping Homebuyers, Protecting Tenants Act*. Bill 97 proposes changes to a number of pieces of legislation, including the *Planning Act*. This report will not focus on Bill 97, as the impacts of this Bill are not anticipated to impact agricultural and rural lands as directly as some of the proposed PPS changes.

Provincial Policy Statement (PPS) and Growth Plan Context

The PPS provides overall policy direction on matters of provincial interest related to land use planning and development in Ontario. The PPS applies province-wide, except where the policy statement or another provincial plan provides otherwise. Provincial Plans, such as '*A Place to Grow: Growth Plan for the Greater Golden Horseshoe*', build upon the policy foundation

provided by the PPS by providing additional policies to address issues facing specific geographic areas in Ontario.

The PPS is to be read as a whole, as the policies reflect and respect the complex inter-relationships among environmental, economic, and social factors in land use planning. Local context is emphasized as an important consideration in determining how these outcome-oriented policies are to be implemented in a specific area. The policies are meant to balance the creation of strong, livable, healthy communities which enhance human health and social well-being, with the environment, resource use, the economy, and climate change resilience. Municipalities can provide more detail in their local official plan policies than the PPS, provided those policies are not in conflict with the PPS.

Land use planning decisions made by municipalities, planning boards, the province, commissions, or agencies of the government shall be consistent with the PPS. The PPS was last updated in 2020.

As noted earlier, Grey was not previously covered by the Growth Plan. For the Greater Golden Horseshoe, the Growth Plan provided detailed policies, as well as population and employment targets which Growth Plan municipalities were required to implement in their official plans. In the draft 2023 PPS, the province has included Schedule 1, which is a list of large and fast-growing municipalities, for which the draft PPS contains some additional policy direction. There are no Grey County municipalities included in Schedule 1.

Proposed Provincial Policy Statement (2023) Updates

As it pertains to the purview of the County's Agricultural Advisory Committee, there are three main updates to the PPS which could impact the County's farmers and farmlands, which are as follows:

1. Agriculture,
2. Rural Lands, and
3. Settlement Area Boundaries.

County staff will provide a summary of each of these policy areas below, as well as some staff comments on the potential impacts of the proposed changes.

To understand the context behind the proposed changes it is important to note the following. The PPS has always promoted growth within settlement areas across the province. Outside of settlement areas, aside from any significant environmental features, there have traditionally been four main land use types, summarized in Table 1 below as follows:

Provincial Land Use Type	Corresponding County Official Plan Designation
Agricultural lands (also referred to as prime agricultural areas)	Agricultural
Specialty crop areas (containing specialty crops such as apples, grapes, and other tender fruits)	Special Agricultural (only designated in the Municipality of Meaford and the Town of The Blue Mountains in Grey)
Rural lands	Rural

Mineral resource extraction lands (i.e., for the purposes of extracting sand, gravel, and bedrock resources)	Mineral Resource Extraction (while the Mineral Resource Extraction designation is the licensed pits and quarries across the County, the County Plan also maps sand, gravel and bedrock resource areas)
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Table 1: Provincial Land Use Types and Corresponding County Official Plan Designations

The County Official Plan maps the above-noted County Official Plan designations in seven of our nine member municipalities, not including the City of Owen Sound and the Town of Hanover. As noted in Table 1, the Special Agriculture designation is only found in the Municipality of Meaford and the Town of The Blue Mountains.

1. Agriculture Changes

The most noteworthy changes to Agriculture lands include the following:

1. Explicit permission for up to two additional residential units (ARUs),
2. The ability to sever residential lots (up to three residential lots can be created from parcels of land that existed as of January 1, 2023), where agriculture is the principle use of the land and the lands are outside of specialty crop areas, and
3. Limitations on municipal official plans and zoning by-laws from being more restrictive than the PPS, as it pertains to residential lot creation, except to address public health or safety concerns.

Staff Comments

County staff do not have concerns with item # 1 above. Staff note that many Grey County municipalities already permit ARUs in the Agricultural designation, provided these units can be serviced appropriately and are located in the farm cluster. These ARUs can then be used for farm help accommodation, to house farm family members, or for rental purposes. Staff see the ability to have ARUs on a farm property as complementary to agriculture and do not anticipate significant impacts on farming, including the removal of lands from farm production as a result. This staff support is caveated with the notion that these ARUs remain as part of the farm, and are not severed onto individual residential lots.

Staff have significant concerns with both items # 2 and 3 above, particularly as it relates to impacts on livestock operations and the removal of farmlands from production. While the original crown survey varies across the County, a typical farm block would be approximately 4 km² containing 10 original 40-hectare parcels (as denoted in the original crown survey), as shown in Map 1 below.



Map 1: Sample Agricultural Block in Grey County

Note that Map 1 is for sample purposes only and does not account for additional lot creation which has occurred since the original crown survey. While staff are aware that not all farmers will choose to sever their lands into residential lots, the impact of this change could allow for up to 30 new residential lots to be created on each 4 km² block of agricultural lands across the County. The actual impact could be even greater in cases where existing 40-hectare parcels had already been severed pre-January 1, 2023. For example, if a 40-hectare parcel was historically severed into two 20-hectare parcels, then each of those 20-hectare parcels would now be allowed additional lot creation.

The province has not specified a minimum lot size for new residential parcels, other than to note that they need to be the minimum size parcel while still allowing for wells and septic systems. In most cases, staff estimate that this size would be between 0.4 ha – 0.8 ha (i.e., between 1 – 2 acres for each lot). As a result, using the sample from Map 1 above, this could result in 12 – 24 hectares of land removed from agriculture for residential lot creation.

The actual impact on agriculture, particularly livestock production, would be much greater based on the impacts related to Minimum Distance Separation (MDS) formulae. MDS provides setbacks between non-farm uses and livestock production such as barns and manure storage facilities. For every new residential lot created, this would ‘cast a larger shadow’ in which livestock operations could not be sited or expanded. MDS is applied in a reciprocal fashion from either livestock facilities or non-farm uses. Map 2 below provides a sample illustration of the MDS setbacks from both existing barns / manure storage facilities and proposed residential lots. Note that the actual MDS setbacks may be larger or smaller than those included in Map 2, depending on the type and size of livestock operation.



Map 2: Sample Minimum Distance Separation Illustration

(Map 2 Courtesy Pam Duesling, County of Brant)

When MDS setbacks are factored in, the scope of agricultural lands impacted by this residential lot creation is much greater than just the sample 12 – 24 hectares of land being removed from farm production noted above.

The PPS also notes that ARUs created under item # 1 above, could also be severed. This policy would conflict with the current policy direction across the County, whereby any ARUs created in the Agricultural designation cannot be severed separate from the primary dwelling.

The further impact of item # 3 above, is that municipalities cannot choose to be more restrictive than the PPS here, i.e., a municipality could not have an official plan policy that only permits one residential lot to be created as opposed to the three lots permitted by the PPS.

Staff are not clear on what legitimate health and safety concerns municipalities could raise to reasonably restrict residential lot creation. Potential examples of areas where staff may have rationale to restrict severances are as follows:

- a) Restricting new entrances onto a provincial highway or county road*,
- b) Considering the long-term forecasts for groundwater availability with our changing climate,

- c) Limiting conflicts where there are mapped aggregate or bedrock resources, or
- d) Limiting impacts where there are significant environmental features or hazard lands on the property.

* It's worth noting that the County, member municipalities, and the Ministry of Transportation, as road authorities, still retain the ability to restrict entrances onto roads within their respective jurisdictions. This ability to grant or refuse entrance permits is not directly impacted by these changes.

At this stage, staff are not aware of how broadly the health and safety concerns will be interpreted, and whether (a) – (d) above would constitute legitimate grounds for limiting residential lot creation under this policy.

Staff further note that both the January 1, 2023, date (related to an existing lot or parcel of land), and the criterion with respect to 'agriculture being the principal use of the land' will cause significant implementation challenges, both now and extending into the future. In the future it could be very difficult to determine which lots existed as of January 1, 2023, and where lots had been severed since then. It's also worth noting that 'agriculture' is not a defined use in the PPS, and staff worry that either landowners or future tribunals could apply a very liberal definition of the term (i.e., where there's an existing 5-hectare lot with a house and a few sheep, should that 'count' as agriculture being the principal use and therefore being eligible for up to three residential lot severances).

One other unintended side effect of these new policies could be to drive up the price of farms across Ontario. For example, if a landowner selling a farm knows that the future buyer can sever up to three lots from the farm, it could dramatically increase the asking price of that farm. This may have the effect of creating an additional barrier to entry for young farmers, or creating an additional tax burden on existing farmers (i.e., if the assessed value of their farm increases).

Finally, staff also note that the PPS policies as drafted appear to give no consideration to existing farm lots which are restricted from further residential uses. Currently, when a surplus farm dwelling severance is created, the remnant farm parcel must be restricted from allowing any future residential dwellings. The proposed PPS would permit these remnant farm parcels to still be severed for three new residential lots, which would negate any former restrictions resulting from the surplus farm dwelling severance.

Overall, the intent of the proposed PPS is to accelerate the development of housing and to increase the housing supply in Ontario. However, staff do not believe that Agricultural lands are the appropriate location for increased residential development and lot creation. Agricultural lands within the County are a valuable and limited resource that needs to be supported and protected through provincial policy. The proposed changes will affect the viability of farming in the County and will affect the farming community's ability to grow and sustain their farming practices. These changes will create uncertainty for Grey County's agricultural sector.

Staff Recommendation

Staff support the draft policy to permit ARUs in prime agricultural areas. Staff do not support the additional residential lot creation or the restriction on municipalities passing policies that are more restrictive than the PPS.

If the province does seek to allow for residential lot creation in prime agricultural areas, then the following matters should be considered:

- a) additional clarification should be added (i.e., what's a health and safety concern, what's the relationship between residential lot creation and mapped resource areas such as aggregates, should further lot creation be restricted on remnant surplus farm dwelling severances, etc.),
- b) total lot creation should be reduced from the proposed three lots per parcel of land, and
- c) municipalities should have the autonomy to decide whether they wish to allow for such residential lot creation or not.

2. Rural Areas and Rural Lands Changes

Traditionally the PPS has allowed for slightly more flexibility for non-farm development in rural areas / lands. Note the PPS defines both the terms 'rural lands' and 'rural areas.' These two defined terms are not proposed to change in the 2023 PPS. For the purposes of this Report, staff are using the term 'rural lands', as it represents those rural lands outside of settlement areas that would align with the County's Rural official plan designation.

There are three changes to the rural lands policies which staff have flagged as follows:

4. Clarifying that recreational dwellings associated with resource based-recreational uses are not intended to be used as permanent dwellings,
5. Allowing for multi-lot residential development, and
6. Removing the need to be compatible with the rural landscape.

Staff Comments

County staff do not have major concerns with items # 4 or 6 above. That said, item # 4 becomes very difficult to implement at an official plan or zoning by-law level, short of only allowing for a seasonal trailer or tourist accommodations such as a yurt on-site. In many locations across Grey, staff see applications to convert former seasonal dwellings (e.g., a non-winterized cottage) to a permanent year-round dwelling. Staff note that short of a camping or glamping facility, where the proposal is to build yurts or small domes, most proposed residential uses associated with resource-based recreational uses are for permanent dwellings that could be used either seasonally or year-round.

With respect to item # 6, staff support the former PPS wording regarding compatibility, but also note that it was very broad and caused some interpretation issues (i.e., what does it mean to be or not to be compatible with the rural landscape).

County staff have concerns with item #5 above, as it would appear to permit rural plans of subdivision or condominium. For many of the same reasons cited above with respect to limiting lot creation in prime agricultural areas, so too would one want to limit lot creation in rural lands (i.e., impact on farming, resource extraction, forestry, etc.). Staff further note that increased lot creation in rural lands can lead to increased demand for service and infrastructure expansions (i.e., transit, water/sewer, school bus pick-up, increased winter plowing, etc.). Staff do not believe that these future rural plans of subdivision would result in the creation of more affordable housing, and nor is it the appropriate location for affordable housing. Furthermore, these rural lots can have the effect of increasing demands on the local tax levy versus a denser revenue

neutral type of residential development. The impact on the local tax base could be further exacerbated by the recent provincial changes to development charges, which may see less municipal revenues coming in to offset the need for levy increases. Plans of subdivision are better situated in settlement areas including towns, villages, and cities, which offer a broader range of amenities and services, than in isolated rural lands.

Staff Recommendation

Staff take no issue with the proposed changes regarding resource-based recreational dwellings and compatibility with the rural landscape. Staff do not support the broad permissions for multi-lot residential development in rural lands, and believe that this type of development is better focused in settlement areas.

3. Settlement Area Boundaries

Prior versions of the PPS would only allow for the expansion of a settlement area, or the creation of a new settlement area, where it was supported by a 'comprehensive review'. A comprehensive review is a defined study and process which requires consideration of several factors (i.e., servicing, demand, impact on agriculture, etc.) prior to growing out into rural lands or prime agricultural areas. Notably in previous iterations of the PPS, the proposed expansion lands could not comprise specialty crop areas. The province has removed the requirement for a comprehensive review in the 2023 PPS, as well as the need to consider some of the criteria covered under a comprehensive review. The 2023 PPS includes some criteria that planning authorities should consider when looking at new settlement areas or boundary expansions.

Staff Comments

The need for a comprehensive review has evolved since it was first introduced in the 2005 PPS. In more recent iterations of the PPS, there is still a requirement for a comprehensive review, but there are some caveats attached for when the scope of a comprehensive review could be reduced, or when a comprehensive review would not be needed. The County relied on this scoped comprehensive review permission with a recent official plan amendment to expand the Chapmans factory into West Grey. County staff prefer the approach outlined in the 2020 PPS which can scope or remove the need for comprehensive reviews in select purposes, versus removing the need altogether.

While staff recognize the need to protect specialty crop areas, the former PPS placed a prohibition on expanding a settlement area into such lands. While there are limited settlement areas in Grey that this would impact, both Thornbury and Meaford would be impacted here, should they ever need to expand. The 2023 PPS does allow for some greater flexibility in this regard.

Staff have concerns that 'easing up' the requirements for settlement area expansions, could make it more difficult to promote infill and intensification within settlement areas. For example, if a developer has the choice between buying a 40-hectare greenfield site on the edge of town, versus a smaller brownfield site in town, then the greenfield site may be more attractive, leaving the brownfield site to continue undeveloped. Even with Community Improvement Plan (CIP) incentives this could make it more difficult to market and utilize these important infill opportunities. Communities may also experience more land speculation in rural and agricultural areas on the edge of settlement areas because of this change. Removing the comprehensive

review requirements also makes it much more difficult for a municipality to ‘say no’ to a new settlement area which could functionally compete with existing serviced settlement areas, or provide for an inefficient form of growth (urban sprawl) into rural or agricultural lands.

Staff believe that the new policies will create more opportunities for sprawl in the County’s agricultural and rural lands.

Staff Recommendation

Staff see merit in some flexibility around settlement area expansions, but recommend that the comprehensive review provisions not be deleted from the PPS. Alternatively, the province may wish to better define those instances where a comprehensive review is not required or can be further scoped.

4. Missing Natural Heritage Policies

One of the tenants of the PPS, is that the document is to be read as a whole, and that no one policy is to be read in isolation. Given that the province has yet to release natural heritage policies, it’s difficult to understand the full scope of the province’s proposed changes. County staff encourage the province to consider putting this PPS review ‘on hold’ or delaying the final comment deadline until such time as those draft policies have been released and stakeholders such as municipalities have had the opportunity to review and bring reports to their respective councils, boards, or clients.

County staff will monitor this matter and advise when the draft natural heritage policies are released. If there are major changes being proposed, staff anticipate a future staff report being warranted, provided the commenting deadline facilitates the timing for such a report. Depending on timing, such comments may need to bypass the County’s Agricultural Advisory Committee and proceed directly to Committee of the Whole. Should the deadline not facilitate a staff report, staff may seek direction to provide comments directly to the province.

Legal and Legislated Requirements

None with this report.

Financial and Resource Implications

At this stage, the financial impact of proposed policy changes is not known. Staff will continue to monitor the PPS review and will keep County Council up to date on the status and impact. An update to the PPS could trigger future updates to the County Official Plan and member municipal official plans. These updates could also create more inefficient land development that may have broader tax levy implications.

Relevant Consultation

Internal: Planning, CAO/Deputy CAO

External: Member municipalities within Grey County, Agricultural Advisory Committee, Other municipalities/counties outside of Grey

Appendices and Attachments

[ERO Posting 019-6813](#)

[ERO Posting 019-6821](#)

[PDR-PEDAC-19-23 County comments on Bill 97 and Draft Provincial Policy Statement](#)

[Proposed Provincial Policy Statement, 2023](#)

[PDR-CW-01-23 Comments on Review of Growth Plan and PPS](#)

[Provincial Policy Statement, 2020](#)