

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	January 24, 2019
<b>Subject / Report No:</b>	HDR-CW-02-19
<b>Title:</b>	Increasing Housing Supply in Ontario Provincial Consultation Document
<b>Prepared by:</b>	Randy Scherzer, Director of Planning Scott Taylor, Senior Planner Anne Marie, Shaw Director of Housing
<b>Reviewed by:</b>	Kim Wingrove
<b>Lower Tier(s) Affected:</b>	All Municipalities
<b>Status:</b>	Recommendation adopted by Committee of the Whole as presented as per Resolution CW29-19; Endorsed by County Council on February 14, 2019 as per Resolution CC15-19.

## Recommendation

1. That Report HDR-CW-02-19 be received and staff be directed to submit the response to the Province's Consultation Document "Increasing Housing Supply in Ontario" on behalf of Grey County to the Province; and
2. That the report be shared with member municipalities in Grey County for their review; and
3. That Committee of the Whole direct staff to share the comments with the Province prior to Council endorsement.

## Executive Summary

To assist in increasing the supply of housing in Ontario, the Province is developing a Housing Supply Action Plan to address barriers for new ownership and rental housing.

The Province has launched a consultation period to hear views on how to expand the housing supply in Ontario. The consultation commenting period ends January 25, 2019.

## Background and Discussion

Ontario is experiencing a housing shortage for not only low income earners but also middle income earners (\$40,000-\$100,000). This crisis impacts a broad cross section of the population,

from young families just starting out to our seniors. The province has experienced housing costs which have risen more quickly than household incomes as well as housing supply shortfalls.

To assist in increasing the supply of housing in Ontario, the Province is developing a Housing Supply Action Plan to address barriers for new ownership and rental housing.

The Province has launched a consultation period to hear views on how to expand the housing supply in Ontario. The deadline for the consultation period is January 25, 2019.

The consultation focuses on five broad themes:

- Speed: The time it takes development projects to get approved
- Mix: Too many restrictions for the right mix of housing
- Cost: Development costs are too high
- Rent: It is too hard to be a landlord in Ontario and tenants need to be protected
- Innovation: Other opportunities and innovation to increase housing supply

## Feedback Process

Staff sought feedback from non-profit housing providers (landlords) and municipal planning staff. The Ontario Municipal Social Services Association is also providing a response to the consultation paper from various Service Managers throughout the Province. Grey County staff participated in the teleconferences.

## Consultation Questions and Grey County Comments

### **Speed: It takes too long for development projects to get approved**

*Question: How can we streamline development approval processes, while balancing competing interests and the broader public interest?*

County staff see the above question as two separate and distinct issues: (1) how can we streamline the approvals process, and (2) how do we balance competing interests and the broader public interest.

With respect to item # 1, upper and lower tier municipalities can work to update their approvals process, to ensure that applications are processed in an expeditious process. Provincial approvals and agencies such as conservation authorities and the Niagara Escarpment Commission would also need to be considered here if the development process is to be truly streamlined. Municipalities should ensure that their planning documents (official plans, zoning by-laws, design guidelines) are (a) kept up to date, and (b) prioritize affordable rental and owned housing. As-of-right permissions for secondary suites, no minimum dwelling unit size (beyond those requirements in the Building Code), appropriate development densities, and permitting a flexible range of unit types, all help towards removing 'road-blocks' to new housing. Pre-zoning priority lands may also provide an attractive incentive to new housing units.

To the extent feasible, the elimination of duplicative review processes, or applications across multiple levels of government could also be examined, to eliminate any unnecessary process.

Other phases of the development process can be difficult to expedite i.e. environmental or archaeological site work, which can only be undertaken in certain seasons based on provincial guidelines.

Other municipal incentives could include undertaking a Community Improvement Plan (CIP) to encourage new rental units, or the refurbishment/intensification of existing units.

With respect to item # 2, this question may go beyond the abilities of municipal governments to answer or effect change. Municipalities can ensure that proper official plan designations and zoning is in place, which provide for a range of housing unit types. This zoning could require a higher or medium density housing type. However, a municipality has little direct effect over rental or selling prices, unless there is government money attached. Ontario operates in a housing market that is primarily driven by private developers, who are motivated largely by financial returns. If a developer can buy land and develop houses which retail for \$250,000, versus developing those same lands with houses selling for \$400,000, while retaining greater profits on the more expensive houses, it's difficult to 'make the argument' for the less expensive homes.

Similarly in slower growth markets, the incentives to build new purpose-built medium density rental housing (e.g. a 45 unit apartment building) can be difficult to realize. If a developer were to consider building new homes, they can pre-sell the units and build them in phases, in order to recoup their investment in a reasonable timeframe, without over extending themselves. However, if that same developer were to build an apartment building with a similar number of units, they need to build the entire structure at the outset, and spend a significant amount of money in doing so. Once built, the developer could recoup costs on a monthly basis over a long term. If developers have to choose between short term 'in-and-out' investments, versus longer term projects, where recouping costs takes much longer, many will opt toward the short-term projects.

Education for developers, the public, and municipal councils could help bring awareness to the need for more affordable housing and the 'missing middle' (including semi-detached, townhouses, and midrise buildings), as it's referred to in the consultation document. However, while this may help 'shed light on the problem', it still does not change the fact that we expect private developers to 'do the right thing' versus prioritizing profitability. Unless the Province or municipalities have more tools to make affordable housing development more profitable, or contribute more government funds, it may be tough to dramatically increase supply through new private development.

In recent years Municipal staff have seen greater interest in townhomes and semi-detached dwellings, but even these dwellings rarely meet the Province's definition of 'affordable'. Even once a plan of subdivision is approved, containing a range of housing units, municipalities have no control (unless there is municipal investment involved) over the costs those housing units will sell for (i.e. a developer could choose to build townhouses with high-end finishes which 'drive-up' the price).

### **Mix: Too many restrictions for the right mix of housing**

*Question: How can we make the planning and development system more effective to build the kind of housing people want, and can afford, in the right places with the right supports (e.g. schools, transit and other amenities)?*

*How can we bring new types of housing to existing neighbourhoods while maintaining the qualities that make these communities desirable places to live?*

*How can we balance the need for more housing with the need for employment and industrial lands?*

Similar to item # 1 above, many of these 'restrictions' can be alleviated through up-to-date planning documents, which permit a flexible range of housing and mixed-use opportunities. Our planning documents need to consider the life-cycle costs of infrastructure and ensuring that new development is constructed at densities which provide for efficient servicing costs.

Ensuring age-friendly housing and quality public spaces will also be crucial to implement in our planning, and through the Building Code, as our population continues to age. Considering the cultural differences of new Canadians, and alternative housing choices this segment of our population requires, will be essential in meeting the needs of our communities moving forward. Inter-generational homes, and more flexible definitions for what constitutes a dwelling unit versus common space, could also aid in achieving a better mix of housing here. Other ownership types including co-operative or co-share housing may also be important to further explore.

Another 'restriction' that could be improved upon would be to reduce minimum parking standards. Particularly in communities which are well served by transit or active transportation, some housing units may not need to provide parking at historic rates zoning by-laws have relied upon. The need for less parking could reduce the developer's cost, and aid in providing a more affordable product. While this solution may not be as applicable in places like Grey County, there may still be instances where parking standards can be reduced.

Other planning tools such as CIP's and inclusionary zoning can help 'incent' a broader range of housing, but neither offer a complete solution. Inclusionary zoning can also be administratively cumbersome to implement and administer. Furthermore inclusionary zoning would not appear to address rental housing needs, and would only be beneficial to home ownership.

Municipalities will need to be strategic where they incent new housing, and the types of housing that are promoted. The 'missing middle' will be crucial to support and promote.

The mix of land uses, residential, commercial and employment will also be important to monitor, both in relation to our aging population, but also in relation to changing technology. With a higher mix of older adults, and less younger people, what will the employment needs of our communities look like? Similarly with increased on-line shopping, and working from home, what will the commercial and employment needs be? Planning authorities may need to revisit standard assumptions that underlie existing policies and standards in their planning documents. In revisiting these standards some of these existing uses e.g. a shopping mall, may be able to be retrofitted to a mixed use development and intensified.

**Cost: Development costs are too high because of high land prices and government-imposed fees and charges**

*Question: How can we lower the cost of developing new housing while ensuring that funds are available for growth-related infrastructure?*

*How can we make sure that serviced land is available in the right places for housing?*

Development charges operate under the philosophy that 'growth should pay for growth', i.e. new growth should not trigger new costs to the existing tax-base. As noted above municipalities may choose to develop a CIP which looks at incenting certain types of housing. As part of the CIP a municipality may choose to defer or rebate development charges, or they may choose to waive planning application fees for certain types of development (e.g. affordable housing).

The cost of providing infrastructure and maintaining existing infrastructure only continues to rise. The impacts from climate change and more extreme weather events also add to municipal costs in this regard. Some of these costs may be lessened by providing expedited Provincial approvals (e.g. approving an expansion to a wastewater treatment plant), but the costs are still significant. Additional infrastructure money from senior levels of government could help reduce municipal costs, but staff are cognizant of the fact that existing tax-payers cannot be overburdened across all levels of government.

Implementing a 'housing-first' disposal of surplus lands policy, across all levels of government, would also help provide additional serviced land supply. Grey County recently went through a request for proposal (RFP) process for surplus lands in Durham and were able to secure new housing, including some affordable units. This could easily be transferable to other levels of government, including government agencies such as school boards.

### **Rent: It is too hard to be a landlord in Ontario, and tenants need to be protected**

*Question: How can we make the current system work better for landlords?*

*What additional protections should be provided for tenants?*

The Landlord Tribunal Board process can be very confusing and hard to maneuver especially if you are a smaller landlord that does not use the tribunal that often. When a landlord is having difficulty with a tenant and is unable to solve the problem, for example non-payment of rent, there is a process of forms and steps that must be followed. A help-line for landlords to clarify process and procedures or an on line resource library that is easily accessible would take the unknown factors out of this process.

Wait times to have a hearing heard are often long and can cause more stress on the landlord and tenant. If a landlord has to wait for months for a hearing often more arrears add up if the tenant is not paying rent and there is a loss of income. This can have a negative effect on small and large landlords and is a deterrent to becoming a landlord. A consistent date of the month for tribunals would also assist as most landlords also have employment and can plan in advance for such matters. Better resourcing of the LTB is encouraged.

Currently there is assistance by phone and in person for tenants to maneuver the system and financial assistance. These practices should continue to support tenants through the tribunal process.

*Question; How do we encourage homeowners to create legal second units and new rental supply?*

Promote secondary suites as solutions to provide low impact densification and maintain community character but still increase the housing supply. Provide incentives to homeowners to create legal second units such as waiving or reduced building permit/application fees. Continue and expand on funding available through the Ontario Renovates Program to support the development of secondary suites

Secondary suites are often not popular by neighbours due to negative perceptions on density and other issues. The Province and municipalities should be encouraged to negate NIMBY (not in my back yard) through public consultation and education, planning for additional parking and creating design standards. Public opinion needs to change so developing and living in secondary suites and rentals is considered the norm.

Programs that promote secondary suites should be promoted such as linking post-secondary schools to seniors programs to identify possible second units. Investigate lane way housing as options for secondary units (currently underway in B.C.)

### **Innovation: Other concerns, opportunities and innovations to increase housing supply.**

*Question: How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?*

*What other creative solutions could help increase the supply of housing?*

Housing needs to be redefined from the current norm of homeownership of detached homes. A cultural shift in thinking that smaller units, rentals, shared accommodations and secondary suites are standard and financially make sense for builders is needed to encourage the development of higher density housing.

Promote the development of rental housing through a rental supply strategy to private sector so long term commitments are not burdensome. Remove barriers or legislation preventing tiny homes or tiny home communities. Support conversion projects for vacant commercial units and apply a housing first policy for surplus lands.

Ontario's non-profit housing sector is a natural partner in assisting the Province to increase housing supply. Non-profit housing providers are dedicated to providing affordable and appropriate housing. Continue funding through the Investment in Affordable Housing Program or its successor program to encourage the non-profit sector to create additional units on to existing affordable housing or create new affordable housing units.

There is a need to increase supply but it needs to be affordable supply. Lack of affordable rental in middle/entry level housing puts more pressure on community housing. There is a trickle-down effect.

Provide funding and incentives to explore alternate housing programs such as co-share housing programs, modular communities for transitional housing.

Consultation is needed to ensure there is an indigenous housing strategy to provide culturally appropriate affordable housing.

## **Grey County Initiatives**

The following are some County initiatives that have either been completed or are currently in process in order to help support and create more affordable and 'missing-middle' housing throughout the County:

- County Council recently adopted Grey County's new official plan and has been sent to the Province for their approval which we hope will occur in early 2019. Based on what we heard from the community about the need for affordable/attainable housing, the

County included some policies that we hope will help support and promote affordable housing going forward. These include:

- Promoting a mix and range of housing types across the housing spectrum
  - Establishing Affordable Housing Targets
  - Density Targets - 30% of total residential development within Primary Settlement Areas will be medium and high density.
  - Recommending that minimum housing size restrictions in zoning by-laws be eliminated and letting the Ontario Building Code dictate minimum housing size
  - Establishing a 'Housing First' policy whereby surplus County-owned lands would be utilized to create more affordable/attainable housing. It is recommended that local municipalities also consider a 'Housing First' policy
  - Policies that support Second Units
  - Tiny Home policies
  - Community Improvement Plan policies
  - Policies to permit age-friendly options and implement the Healthy Communities Checklist.
  - Policies to support the development of a Complete Transportation System (supporting different modes of travel including transit and active transportation).
- The County, in partnership with local municipalities, is developing a Community Improvement Program that would provide incentives for development that we would like to promote including incentives to support affordable and attainable housing. Some of the possible incentives that we are exploring to support affordable and attainable housing through the CIP Program include:
    - Surplus land – this could be land owned by the County or the Municipality that we would offer up either for free or reduced rate for the development of affordable housing units such as purpose built rental housing, and apartment dormitory style developments.
    - Permit and application fee exemptions or reductions
    - Development charge deferral or exemptions – this would be either deferring development charges to a later date to help reduce upfront development costs or possibly looking at reducing or exempting development charges.
    - Vacant Lands Tax Assistance Grant – so this essentially is providing property tax relief over a period of time if a developer was to build purpose built rental housing or apartment dormitory style housing for example. How this works is that a grant would be provided to pay a portion of the property taxes attributed to the increased assessment based on the new development and with the property taxes gradually increasing to normal levels over a period of time, usually over a 10 year period.
    - Housing Rehabilitation and Conversion Grant is essentially providing a grant to a developer to convert an existing building into affordable housing residential units. The grant normally assists with helping to finance building improvements that would have previously been cost prohibitive. A good example of where this could be applied is the conversion of closed schools into affordable housing units.
  - There are some other programs that are offered through the Housing Department at the County which help to support affordable housing. The programs include:
    - Rental Build Program which provides a forgivable loan for up to 75% of the cost of development for affordable housing units. The units must remain affordable for

20 years. Funding is provided through the Federal/Provincial Investment in Affordable Housing Program and in 2016-19 funded 56 affordable and market rental units.

- Regeneration plan for 40 detached social housing units starting in spring of 2019.
- Homeownership program which provides a 5% down payment grant for lower and moderate income households.
- Ontario Renovates with provides funding for eligible households to help with repairs and renovations such as roofs, furnaces and septic and accessible renovations such as ramps, stair glides and grab bars.
- A new program for Grey County is our Secondary Suite program whereby the County will provide up to \$25,000 for the creation of a secondary suite such as a basement apartment.
- Rent supplement program whereby the County provides up to \$200 rent subsidy paid to the landlord to bridge the gap between what a household can afford and the actual rent.
- Grey County 10 Year Housing and Homelessness plan to create new affordable units and other options for the development of affordable units.
- These programs are in addition to the 997 social housing units that are owned and operated by the County.

## Legal and Legislated Requirements

Legislation that is applicable to housing includes Planning Act, Ontario Building Code Act, Residential Tenancies Act, Promoting Affordable Housing Act, Housing Services Act.

## Financial and Resource Implications

The programs that are offered through the Housing Department are primarily funded through provincial funds. At this time future provincial funding allocations past 2019 are unknown. The County hopes that at a minimum these funds continue if not increase in the future in order to continue to support community and affordable housing throughout the County. The 2019 budget will include recommended funds to help support the Community Improvement Plan program that is being proposed. Further information about the Community Improvement Plan program will be presented to Council in the near future.

## Relevant Consultation

Internal: Housing, Planning

External: Non Profit Housing Providers, Local Planners, Ontario Municipal Social Services Association

## Appendices and Attachments

[Housing Supply Action Plan Consultation Document](#)