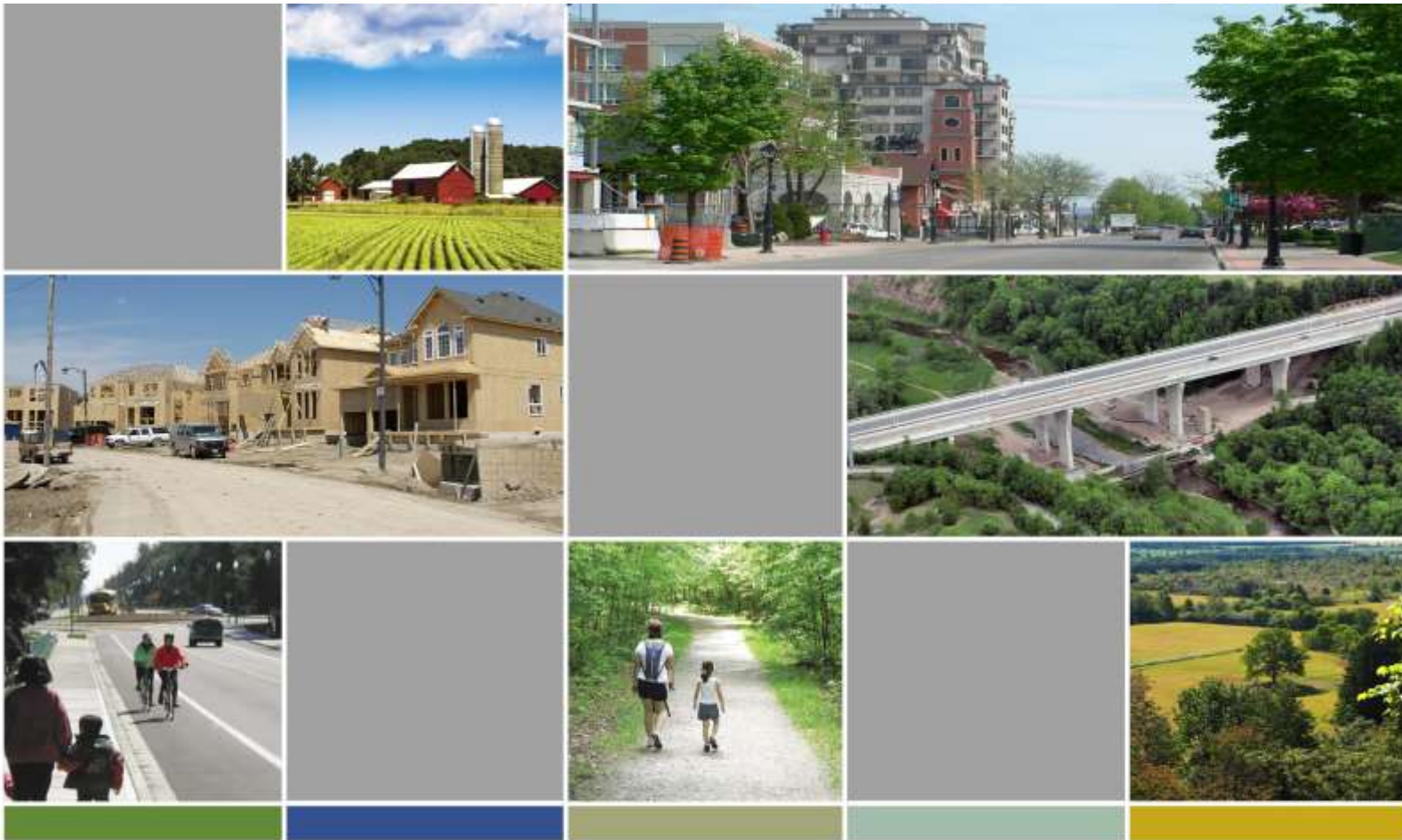


## Halton Area Planning Partnership (HAPP)

# Increasing Housing Supply in Ontario Joint Submission

January 11, 2019



## **Introduction**

The Halton Area Planning Partnership (HAPP) is comprised of Halton Region and the local municipalities of the City of Burlington, the Town of Halton Hills, the Town of Milton, and the Town of Oakville.

This submission represents a joint Halton response to the Provincial consultation document on “Increasing Housing Supply in Ontario”, which was issued on November 28, 2018. The document was prepared by the Ministry of Municipal Affairs and Housing to seek feedback on the development of an action plan to increase the supply of ownership and rental housing in Ontario.

This joint Halton response provides key comments with respect to the various consultation themes, whereby comments to specific questions associated with each of the themes are provided in Appendix 1.

## **Background**

On November 28, 2018 the Ministry of Municipal Affairs and Housing released an Environmental Registry of Ontario listing for a consultation document under EBR Registry Number 013-4190, “Increasing Housing Supply in Ontario.”

The consultation document provides provincial viewpoints and associated questions around five themes related to housing supply in Ontario: Speed, Mix, Cost, Rent, and Innovation. The first four themes focus on perceived barriers to adequate housing supply whereas the Innovation theme addresses potential for new ideas that could help increase housing supply and/or alleviate demand.

The consultation document is designed to inform a Provincial Housing Supply Action Plan that the Province intends to create in the wake of this consultation.

The Halton Area Planning Partnership has reviewed the consultation document in its entirety and offers the following comments.

## **Key Points of the Joint Halton Response**

### **General observations**

- An integral analysis of the various factors defining and impacting housing supply and affordability is missing. Housing issues are complex and tied to economic and market conditions. Incomes have not kept pace to economic growth over time. A supply action plan must include provincial policy directions addressing those concerns, including tools and programs to incentivize more private sector interest in creation of rental housing supply.
- There is a lack of clarity regarding next steps toward the development and implementation of the Plan. As such, there should be a commitment from the Province to share the findings from this consultation and profile how the Plan can address some of the key issues raised. It is important that clarification is provided around what municipalities should anticipate from a Provincial Housing Supply Action Plan and how the strategy will fit in with other ongoing legislation and Provincial Plan reviews. What

additional research will be undertaken to paint a better, more comprehensive picture of the problem? To what extent will the province take into account that housing and transportation costs are inextricably connected and represent a large part of any given household budget? The Province is encouraged to ensure the Plan recognizes important relationships between housing and mobility.

- Halton's Allocation Program is an important tool used by the Region to manage growth and meet the requirements of the Provincial Policy Statement to provide for an appropriate range and mix of housing and densities that meets projected requirements. As an example, Halton Region has been successful in meeting the requirements under policy 1.4.1 b) in allocating at least a three-year supply of residential units to meet forecasted demand. Given these standards are being met, there are questions that remain on the validity of the statement that a lack of supply is at the core of housing affordability issues in Ontario.
- It is unclear how recent provincial initiatives, including this consultation on housing supply, Bill 66 and the Plan to Protect the Environment reflect a harmonized planning vision for Ontario. The Province is encouraged to ensure that any changes to address housing supply and affordability issues are coordinated with additional changes to plans, policies and tools the Province is contemplating. If there are changes to the broader planning vision for the Province as currently articulated through the Provincial Policy Statement, 2014, Growth Plan, 2017, Greenbelt Plan, 2017, and Niagara Escarpment Plan, 2017, it would be helpful to understand the nature of these changes and how these might also support housing supply and affordability.
- The time window for this consultation is too short, especially during the Holiday Season, and does not allow for sufficient analysis and discussion on an issue as important as affordable housing supply.

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

The consultation document suggests a link between limited housing supply and the way the planning approvals process is structured. While opportunities are identified in Appendix 1 that could help streamline the process, there is no evidence to suggest that amending the process would result in more supply.

Statutory timeframes for development review are needed to properly engage in meaningful consultation, professional review and council decision-making. It is noted that incomplete or inadequate submissions from development proponents often lead to more lengthy processing times. The complete application requirements within the *Planning Act* must be modified to allow municipalities the ability to determine not only the completeness but also the sufficiency of a submission and the accompanying studies. By clearly communicating and facilitating the applicant's understanding of these standards early in the process, it will contribute to speeding up the approvals process.

Additionally, the Province could develop other tools to speed up the approvals process. The Province could, similar to the timelines established through Bill 124 (2006) for Building Permit review, set timeframe criteria for the provision of timely comments that would be applicable for all or some commenting agencies.

Another factor that may help reduce the time-window for approvals involves the current ability to appeal decisions. It is recommended that the province limits the ability for appeals on both lower tier and upper tier decisions that conform to and are consistent with provincial and municipal plans and policies.

**2. Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed.**

The consultation document suggests that several restrictions exist that limit the ability for an appropriate mix of housing to be built where it is needed. It is recommended that the Province recognizes the merit of the Growth Plan in directing growth to existing urban boundaries and providing direction for the development of complete communities. The Growth Plan supports creating opportunities for people of all ages and abilities to access most of the necessities for daily living, including employment, retail, social services, and a full range of housing and transportation options. The revised Provincial plans and Bill 139 released in 2017 are driving updates to municipal Official Plans and Zoning Bylaws to accommodate matters such as intensification and transit supportive development. Focus should be on investments to the urban structure of municipalities such as transit infrastructure and Provincial support to municipalities to get these updates completed.

Additionally, this section provides general discussion around planning for the 'missing middle' in terms of built-form. It should be noted that the market price of the missing middle housing is generally the key concern. Urban living choices of many households (families and singles) revolve around location, dwelling size and affordability, regardless of built-form.

As such, addressing housing needs should not solely be focused on increasing supply, but include additional tools to stimulate affordability of small and family sized units. The Action Plan must take specific and measurable action at forcing the question of real affordability and the role of both the public and private sectors in achieving those goals.

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

The consultation document identifies that another barrier to providing adequate supply of housing is that the cost of development is driven up by high land prices and government-imposed fees and charges.

Halton's municipalities disagree with the provincial suggestion that government fees and charges are barriers to adequate supply of housing. These fees and charges are designed to facilitate growth by providing adequate infrastructure. In fact, the *Development Charges Act* (DCA) should be improved to ensure that it more comprehensively supports the principle that growth pays for growth.

While development charges (DCs) have increased over time, the relative share has been fairly constant. Housing prices are largely market driven. Lowering development charges does not necessarily result in a reduction of housing prices, particularly given that DCs account for a small percentage of building costs. A range of municipal infrastructure, programs and services are required to support development. In lieu of DCs, user rates and property taxes would have to fund the infrastructure costs related to growth, resulting in substantial increases.

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

The consultation document suggests that current regulations are making it difficult for small landlords to operate, thus limiting potential housing supply. The document also indicates that tenant protection needs to remain firm. Although the province does not provide any

practical examples of these dynamics, the ultimate reason for dedicated investors and potential landlords to invest in rental housing is primarily associated with broader cost-benefit considerations. As indicated, the Action Plan could be used to incentivize creation of (affordable) housing supply. The Federal National Housing Strategy may serve as a useful point of reference to that end.

[Halton's Annual State of Housing Report](#) indicates that affordable solutions typically relate to rental housing. To increase the supply thereof, preferential tax treatment by the Province for dedicated new affordable rental housing would increase the rental supply and help address dispute issues.

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

Appendix 1 provides a summary of potential opportunities and innovations, including ideas addressing shared ownership, laneway housing, and affordable housing.

## **Conclusion**

While the Halton Area Planning Partnership (HAPP) appreciates the opportunity to provide comments on this important topic, there are concerns about the direction of this initiative. Various assumptions are being made about barriers to housing supply without a broader conceptual understanding of potential solutions and how this may impact other Provincial legislation, plans and initiatives.

The Province should proceed with additional consultation and engagement with municipalities to ensure that a meaningful framework is developed to increase the supply of affordable housing in Ontario.

Respectfully submitted,

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

Questions	Comments
1.1 How can we streamline development approval processes, while balancing competing interests and the broader public interest?	<ul style="list-style-type: none"> <li>▪ Build on Bill 139 to improve the enforceability of in-effect plans. Complete Application requirements within the <i>Planning Act</i> must be modified to allow municipalities the ability to determine the caliber/quality or sufficiency of a submission. Allowing municipalities to reject non-complying applications instead of spending months negotiating with developers, and eventually going through the appeal process will greatly improve the development process timelines.</li> <li>▪ Limit the ability to appeal decisions of both upper tier and lower tier Councils to the Local Planning Appeals Tribunal which are in accordance with Official Plans deemed to conform to and be consistent with Provincial plans and policies.</li> <li>▪ Recognize that many municipalities undertake a strong pre-consultation process. A strong pre-consultation process lays out submission requirements for applicants including all studies, plans, and drawings required for the submission. This is important in setting the stage for an expedited development approvals process.</li> <li>▪ Halton Region and local municipalities have voluntarily agreed to standards related to timeliness of reviews. Setting application processing times helps to identify best practices and set expectations. Possible measures include: Time from pre-consultation to Complete Application, processing times for: as-of-right projects, Minor variances, Zoning By-law Amendments, Official Plan Amendments.</li> <li>▪ Set similar legislated timelines for Provincial Ministries for the provision of comments on applications. This could apply to all commenting agencies, with any appropriate exceptions.</li> <li>▪ The Province should consider reforms to the Municipal Class Environmental Assessment process to facilitate the planning of infrastructure required to service new growth in an expedited fashion. Construction of critical infrastructure to service growth is often significantly delayed due to the Municipal Class Environmental Assessment planning process when there are frivolous requests to elevate the undertaking to comply with Part II of the Environmental Assessment Act. There is an opportunity for the Province to streamline this process especially when infrastructure is identified by an approved Official Plan.</li> <li>▪ The Province should consider delegating additional authority to municipalities with an approved Official Plan. In many cases the Province gets involved in the review of matters where Provincial oversight is not value-added or contributing to outcomes to increase the supply of housing.</li> <li>▪ The Province could investigate the potential of developing an online portal for submissions and circulations. Any such online portal must be developed to work with existing development application and property information tracking systems.</li> </ul>

## 2. Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed.

Questions	Comments
2.1 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)?	<ul style="list-style-type: none"> <li>▪ Bill 139 is driving updated zoning and policies for intensification and transit supportive areas. The Province can provide support to municipalities to get these OP updates completed.</li> <li>▪ The market price of the missing middle housing is generally the key concern. Urban living choices of many households (families and singles) revolve around location, dwelling size and affordability, regardless of built-form. Addressing housing needs should not solely be focused on increasing supply but include additional tools to stimulate affordability of small and family sized units.</li> <li>▪ There needs to be flexibility in introducing new housing supply in underutilized and strategically located employment lands, such as Major Transit Station Areas. The Provincial Growth Plan prohibits the introduction of residential uses on designated employment lands. There are existing employment areas that exhibit significant potential for introducing new residential uses without compromising the vitality of the employment uses. The Province should consider amending the Growth Plan to allow municipalities to introduce residential uses in select designated employment areas, outside of a municipal comprehensive review process, provided that performance criteria for meeting employment growth and density can be achieved. This will assist in generating additional opportunities for housing supply.</li> <li>▪ Encourage the development of “Urban Structure” plans in Official Plans which responds to community vision, guides intensification, and provides growth management policies to support the development of housing close to transit and existing infrastructure.</li> <li>▪ Major investments in transit service and infrastructure improvements at the Provincial level should guide where additional housing should be planned. Investing in infrastructure in identified areas will ensure the planning and development system is more effective in delivering housing in accordance with approved Official Plans which conform to the provincial Growth Plan. This includes promoting investment in areas that are transit supportive and supporting existing and planned transit infrastructure and investment.</li> <li>▪ Housing Market Assessments should be undertaken across whole housing market regions (i.e. not confined to administrative regions).</li> <li>▪ Provide enhanced support to municipalities in implementing inclusionary zoning (IZ) in areas intended for intensification. This will result in a wider range and mix in desirable areas.</li> </ul>
2.2 How can we bring new types of housing to existing neighbourhoods while maintaining the qualities that make these communities desirable places to live?	<ul style="list-style-type: none"> <li>▪ Flexibility should be encouraged in stable residential neighbourhoods to facilitate intensification close to transit and amenities.</li> <li>▪ Encourage municipalities to create urban design policies that require medium and high density housing to integrate into existing character of a neighbourhood (ex. colour, materials, and suitable height transition).</li> </ul>



## 2. Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed.

Questions	Comments
2.3 How can we balance the need for more housing with the need for employment and industrial lands?	<ul style="list-style-type: none"> <li>Balance must be struck between employment land protection and Major Transit Station Areas (MTSAs). Within MTSAs employment protection should be balanced with conversions and only when conversions actually deliver full time employment and new homes and other supporting uses. Residential conversion on employment lands next to the major transit station areas must ensure that additional lands are not sterilized from active industrial use.</li> <li>A municipality's urban structure should provide a balance of areas for housing and employment based on land needs. Growth nodes and corridors should provide opportunities for both residential and employment uses, and be the focus for mixed use developments, specifically at urban growth centres and major transit station areas, as provided for in the Growth Plan. To ensure a balance of employment and residential opportunities are realized in the urban growth centres and major transit station areas, tools such as Conditional Zoning, which include regulations and/or performance measures, may assist in achieving this balance.</li> </ul>

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

Questions	Comments
3.1 How can we lower the cost of developing new housing while ensuring that funds are available for growth-related infrastructure (e.g., water and sewer systems, fire and police services, schools, roads and transit)?	<ul style="list-style-type: none"> <li>DCs apply to all growth related projects permitted under the DCA to support growth. Unfortunately, the DCA does not support the principle of growth pays for growth as recently amended by the Province. As a result, there is a growth-related infrastructure funding gap, which needs to be financed to support the provincially-mandated growth plan. The costs of servicing growth that cannot be recovered through DCs are funded by Halton taxpayers. Under the current DCA, Halton Region's DC revenues are estimated to be, at minimum, \$14.1 million per year lower than a calculation based on a growth pays for growth principle.</li> <li>In lieu of DC's, the user rates and property taxes would have to fund the infrastructure costs related to growth. This would cause a substantial rise to the already high tax and user rates and result in additional costs to the entire tax base. Municipalities are part way through a long-term process of raising water rates to adequately fund their current asset management needs. In order to keep user and tax rates affordable, Council will have to make decisions to balance the cost of future growth with the state-of-good repair program as the combined increase for both needs would be unacceptable to taxpayers.</li> <li>Although DCs have increased over time, the relative share (5-7% of a new single family home in the GTA), has been somewhat constant since the inception of the DCA. Housing prices are largely market driven and lowering DCs does not necessarily result in a reduction of housing prices, particularly given DCs are a small percentage of building costs.</li> <li>It is highly unlikely that the absence of development charges will have a measurable impact on housing prices. This</li> </ul>



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

Questions	Comments
	<p>was tested in the City of Ottawa when they exempted some specific areas from DC's to encourage development. They concluded that the prices of homes in the DC exempt areas did not fall and were not lower than the prices of homes in areas where developers paid DCs.</p> <ul style="list-style-type: none"> <li>Also, the DCs in southern York Region historically have been much higher than in the City of Toronto, but housing prices continue to be higher in Toronto. Further to this, a report by RBC "Priced Out: Understanding the factors affecting home prices in the GTA" indicated that: DCs are not the primary driver of home prices, the actual dollar increase in DCs account for a small portion of the increase in average housing prices and other factors such as strong economies, low interest rates and favourable mortgage rules have increased the demand for homes and driven up prices across Canada.</li> </ul>
3.2 How can we make sure that serviced land is available in the right places for housing?	<ul style="list-style-type: none"> <li>All orders/levels of government need to fund infrastructure in growth areas, such as Urban Growth Centres. Particularly when linked to transit investment and implementing the Provincial Growth Plan and the Metrolinx 2041 Regional Transportation Plan.</li> <li>Reforms to the Municipal Class Environmental Assessment process to facilitate the planning of infrastructure required to service new growth, as discussed above, would help to ensure the provision of servicing in an expedited fashion.</li> </ul>

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

Questions	Comments
4.1 How can we make the current system work better for landlords?	<ul style="list-style-type: none"> <li>Examine different incentives opportunities that support building purpose built rental and create more favourable tax treatment of rental income and expenses.</li> <li>The main reason for dedicated investors and potential landlords to invest in rental housing is primarily associated with broader cost-benefit considerations. The Action Plan could be used to incentivize creation of (affordable) housing supply.</li> </ul>

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

Questions	Comments
4.2 What additional protections should be provided for tenants?	<ul style="list-style-type: none"> <li>Where support services are in place supporting a tenancy and providing documentation supporting the viability of the tenancy, or responding to claims made during the LTB processes, the support services agencies should be allowed to participate in mediation through LTB processes.</li> </ul>
4.3 How do we encourage homeowners to create legal second units and new rental supply?	<ul style="list-style-type: none"> <li>Consider the following: <ul style="list-style-type: none"> <li>Remove Section 99.1(3) of the <i>Municipal Act</i> which allows demolition or conversion of rental units when there are 5 or fewer units.</li> <li>To help reduce loss of available rental units, prohibit conversion to condominiums of residential structures/properties with less than 10 units within residential (not mixed use) zones.</li> </ul> </li> <li>Establish an amnesty program for illegal secondary dwelling units to bring them up to Building Code and Fire Code standards.</li> <li>Create provincial tax incentive programs for the development of secondary dwelling units as an effective way to reduce building costs to individual homeowners interested in adding another unit.</li> <li>Develop a low barrier, Province-wide license for these types of units. This will ensure that units across the Province meet the requirements of the OBC and OFC. Additionally, this will empower tenants to ask for proof of any rented unit being licensed and will support the proactive identification of illegal and potentially unsafe rental units. Human health and safety must be a priority established alongside enhancing the supply of housing units.</li> </ul>

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

Questions	Comments
5.1 How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?	<ul style="list-style-type: none"> <li>▪ Creating continuously improving targets is the best way to spur innovation; known future targets allow the industry to strategically and incrementally invest to achieve those goals. To drive innovation: adopt the 2030 challenge: require new/modified buildings to be carbon neutral by 2030. <a href="https://architecture2030.org/2030_challenges/2030-challenge/">https://architecture2030.org/2030_challenges/2030-challenge/</a></li> <li>▪ Exempt residential renovations from the 2030 carbon neutral requirements, to avoid the creation of waste and lost carbon investment contained in the existing building.</li> <li>▪ The Province should provide tools and incentives to support the development and implementation of Green Development Standards. Unless a standard is covered in the building code, or it's a matter of exterior sustainable design (i.e. permitted in the <i>Planning Act</i> for site plan), most Green Development Standards are voluntary.</li> <li>▪ Enhance emphasis on urban design and sustainable design practices as part of the building code to reduce energy use and water consumption.</li> </ul>
5.2 Are there any innovative forms of homeownership (e.g., shared ownership or rent-to-own models) that you feel could help make housing more attainable?	<ul style="list-style-type: none"> <li>▪ Consider allowing fractional ownership to enable senior co-ownership houses. (A large home with multiple seniors living in it.)</li> <li>▪ Encourage pooled ownership condominiums. Similar to a co-op, but in a condo building – the organization that owns the condo units has a capital pool that is used to provide down-payment assistance, and retains the right to the unit appreciation (or most of it).</li> <li>▪ Establish key Workforce Housing Partnerships to enable people to live in places where they work.</li> <li>▪ Private co-operative housing may provide other housing forms which makes housing more attainable.</li> <li>▪ Consider incentives for older adults living in ground related units to downsize to smaller units.</li> <li>▪ Explore self-build housing co-operatives where sites considered unattractive to commercial developers can be purchased by co-operatives where members of the co-op will help in the building of each other's homes. Houses can be made available as affordable rental or as a part-ownership model.</li> </ul>

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

Questions	Comments
5.3 Do you have any creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing?	<ul style="list-style-type: none"> <li>Encourage senior's co-ownership homes. (A large home with multiple seniors living in it. This frees up homes where the owner is over-housed, and gets the senior(s) into a community of similarly aged independently living people.)</li> </ul>
5.4 What other creative solutions could help increase the supply of housing?	<ul style="list-style-type: none"> <li>The Provincial government could build rental units on provincially owned land and rent it in a break-even financial model. Not having to pay DCs or taxes make provincially owned and operated rental buildings much more financially viable.</li> <li>Encourage laneway and coach houses as a means to help landowners create a second unit on their properties where it is otherwise not feasible or possible.</li> </ul>
5.5 What type of protections would help new home buyers?	<ul style="list-style-type: none"> <li>Creation of an independent local registry of certified home inspectors in good standing.</li> <li>Require that new homes have design features built-in for an anticipated basement residential unit i.e. fire separation, window egress, HVAC. This would ensure that the new home buyer as well as any subsequent home buyer could potentially add another unit in an efficient and safe manner.</li> </ul>