

To: SPECIAL COUNCIL

Meeting Date: 5/31/2022

Subject: **Attainable Housing Update**

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Report No.: 22-016-CRE

File No.: Enter the File Number

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report (22-016-CRE) Attainable Housing Update be received.

EXECUTIVE SUMMARY:

Purpose

The purpose of this report is to provide a summary of recent activity related to the national housing crisis and the promotion of attainable housing for all Canadians. This includes activity at the federal and provincial levels as well as the municipal response (both regional and city) to some of these efforts. This report also outlines steps that the City is taking to address this challenge and makes recommendations for future action.

Key Findings

- Housing across all types has become increasingly unattainable due to various market forces. The Covid-19 pandemic has made this situation more evident and governments at all levels are taking action to address the crisis.
- The 2022 Federal Budget outlined a significant financial commitment to addressing some of the structural inequities faced by Canadians who can not compete with international and corporate interests related to the housing market

- The Province of Ontario has focused on implementing measures to increase the supply of housing. This has included consultation with the municipal and private sectors, as well as introducing new legislation and providing grant funding.
- Both the Region of Waterloo and the City of Cambridge have been actively participating in the provinces consultation opportunities as well as advocating more broadly for a more coordinated approach with respect to attainable housing. The Region of Waterloo is responsible for the approval of local Official Plan Amendments, Condominiums and Subdivision plans. They are also responsible for the administration of subsidized Community Housing and homelessness services (as the service manager). The City of Cambridge is responsible for the approval of Zoning Bylaw Amendments, Site Plans and Building Permits.

Financial implications

The evolution of the landscape related to housing, including changing legislative frameworks, market forces (supply and demand), consumer preferences and financial pressures have the potential to generate both positive and negative financial implications for all municipalities. At present the main influences are Bill 109 and the potentially punitive financial measures to ensure development application timelines are adhered to. Alternatively, the Province has made funding available to make improvements and address some of the backlog of applications through the Streamline Development Approval Fund valued at \$1,000,000 for the City.

STRATEGIC ALIGNMENT:

- Strategic Action; or
- Core Service

Objective(s): VIBRANT NEIGHBOURHOOD - Promote, facilitate and participate in the development of safe and healthy neighbourhoods with a range of housing options

Strategic Action: Increase housing options

Program: Not Applicable

Core Service: Not Applicable

Participation in the discussion around attainable housing is directly aligned with the City's strategic plan, specifically the action to increase housing options through collaboration with all stakeholders involved.

By attending the Provinces' Housing Affordability Summit and providing comment through the Ontario Big Cities Mayors Forum, the City was able to provide current information on the status of development approvals and some of the key barriers to the provision of housing at the City.

Further, by continuing to advocate for a predictable and flexible planning and development framework balanced by public outreach and education, the City can play an important role in supporting the changes needed to proactively address challenges in the housing market.

Lastly, by accessing up to \$1,000,000 through the Streamline Development Approvals Fund, the City will be able to take direct steps to further streamline the development and approvals process, complete important policy work and upgrade internal systems as well as address some of the backlog in planning application review due to higher than typical volume.

BACKGROUND:

Overview of the Housing Challenge

That housing prices in Ontario have increased significantly over the last several years has been well established. In fact, the estimate is that in the past 10 years they have nearly tripled – growing much faster than incomes over this same period. For the average first-time homebuyer, this has made home ownership largely unattainable and has affected all other areas of the housing spectrum, including demand for rental units and affordable housing.¹

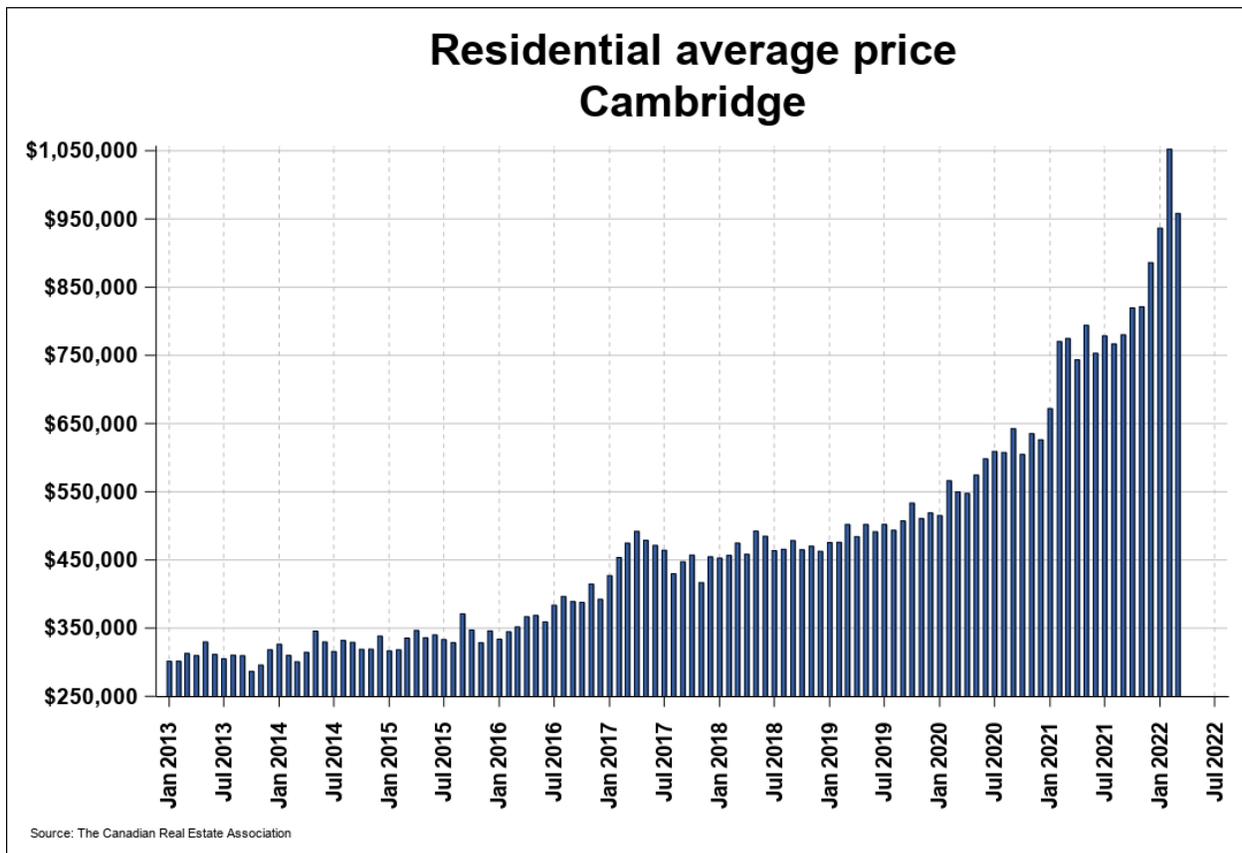
In Waterloo Region this trend has been observed and in Cambridge, the price of an average single family home in March 2022 was \$958,158, a sizable gain of 23.7% from March 2021.²

¹ The term attainable housing is used, without reference to the CMHC affordability metric (30% of gross income), to describe the ability of households to enter, and graduate to successively higher levels of, the local housing market. Implicit in this usage of attainability is the idea that a range of housing options (type, size, tenure, cost) exists in the local market. Households at various income levels can find and secure (attain) suitable housing, and can ultimately advance to a different level.

<https://www.belleville.ca/files/Affordability%20and%20Attainability%20-20Stephen%20Ashton%20presenter.pdf>

² <https://creastats.crea.ca/board/camb>

Clearly, this is a growing challenge, one that requires attention and action at all levels of government, as well as in the private and non-profit housing sectors.



Federal Activity

The need to address the housing challenge has been a consistent message from local municipalities across the country and individual advocacy efforts have been amplified by associations such as the Federation of Canadian Municipalities (FCM) and the Association of Municipalities of Ontario (AMO) as well as the coalition of Ontario Big Cities Mayors and others.

On April 7, 2022 the Federal Government delivered the 2022 budget.³ This budget recognized the need for the federal government to play a more active role and included several highlights related to housing, including:

- Significant investments related to housing (4 billion for Housing Acceleration Fund)

³ <https://budget.gc.ca/2022/report-rapport/toc-tdm-en.html>.

- 1.5 million for Rapid Housing Initiative and changes to the National Housing Strategy
- Various supports for individual first-time homebuyers
- Disincentives related to house “flipping” and foreign investment

It was encouraging to see that the Federal government acknowledged that it has an important role to play and must be a part of the integrated efforts needed to address this issue of national/provincial and local significance.

Provincial Activity

Starting in December 2021, the Province of Ontario has taken several steps to address Housing - primarily focused on increasing housing supply as it relates to the municipal planning and approval process. The following is a summary of these key initiatives.

Provincial Task Force

In December 2021, the Province of Ontario, through the Minister of Municipal Affairs and Housing, struck a taskforce to investigate the issue of housing affordability within the province. The “Housing Affordability Task Force” report was released February of 2022 and included 55 recommendations, focused primarily on increasing the supply of housing. Further, the report suggested setting a “bold target” of adding 1.5 million new homes in the province in the next 10 years and “making housing the new planning priority”. If fully implemented, the recommendations would result in amendments to the Ontario Building Code, Ontario Heritage Act, Ontario Municipal Act and the Ontario Planning Act, and potentially result in changes to the Provincial Policy Statement, and Provincial Growth Plan for the Greater Golden Horseshoe (Places to Grow Plan). As a result, responses to the task force report were widespread. This included a response from the Region of Waterloo following discussions with local Planning Heads as well as the Chief Financial Officers (Report PDL-CPL-22-05/COR-CFN-22-06).

Themes identified in the Region’s response include:

- The need to increase housing density
- The desire to remove zoning that only allows low-density, single and semi-detached homes
- Depoliticizing the housing approvals process
- Exploring ways to prevent inefficiencies in the appeals process
- Providing financial support to municipalities that build more housing

For a summary of City of Cambridge staff comments, please see Appendix A.

Municipal Housing Summit

On January 19, 2022, the City of Cambridge (Mayor and City Manager) participated in the Province's Housing Summit to provide thoughts on the measures required to address the affordability challenge. This summit was attended by the Premier of Ontario as well as the Minister of Municipal Affairs and Housing. Feedback from the City of Cambridge was also provided through the Ministry's online consultation process, as well as several follow up requests for City data. Following the Summit and the release of the Housing Affordability Task Force report in February, the Ontario Big City Mayors Caucus canvassed local municipalities to better understand their perspectives on the recommendations from the report. There was a general consensus that the report contained several ideas that could be supported if further developed, but that the underlying assumption that barriers to housing supply were caused by municipalities and their councils (as well as the approval process) was problematic and does not accurately reflect the true dynamics at play.

For a summary of the comments submitted as part of this provincial consultation, please see Appendix B.

Streamline Development Approval Fund (\$1,000,000)

On January 19, 2022 the City received a letter from Minister Clark (Ministry of Municipal Affairs and Housing) regarding the recently announced Streamline Development Approval Fund.

Municipalities interested in participating in the Streamline Development Approval Fund were instructed to provide a letter signed by the Head of Council to the Province no later than January 31, 2021. The City met this requirement and has initiated the internal coordination to identify and implement eligible projects to access these funds (See Staff report 22-012-CRE).

In April, 2022, staff submitted the first progress report that identified how the funds will be allocated. The project includes four main initiatives:

- Subdivision development agreement template and process review: major review, address through review of subdivision agreement template and related corporate processes (50K)
- Official Plan, By-law, and zoning updates (110 K)
- Amanda accelerated implementation: rapid implementation of enhancements to Amanda to enable online applications for select application types and to streamline, simplify and instrument back-office processes (480 K)
- Hiring of staff to address backlog (360K)

Bill 109, The More Home for Everyone Act, 2022

On March 30, 2022, the Ontario Government announced Bill 109, The More Homes for Everyone Act, 2022. This Bill was the first step in the Province's plan to address Ontario's Housing Crisis. It included amendments to several pieces of legislation, including the City of Toronto Act, 2006, the Development Charges Act, 1997, the New Home Construction Licensing Act, 2017, the Ontario New Home Warranties Plan Act, and the Planning Act. The Bill received Royal Assent on April 14, 2022.

The amendments include the following:

- Changes related to zoning, plan of subdivision and site plan application processes in an effort to expedite approvals and in-cent decisions within the designated timelines
- Measures to make sure provincial housing policies are implemented and priority projects are expedited by providing the Minister of Municipal Affairs and Housing with new tools including a Community Infrastructure and Housing Accelerator (CIHA) which will include public notice and consultation requirements
- Changes that increase public reporting, public consultations, and bylaw renewals that will apply to the use of Development Charges or Community Benefit Charges
- Strengthened protections for purchasers of new homes

On April 11, 2022, the Association of Municipalities Ontario (AMO) provided remarks to the Standing Committee on the Legislative Assembly with respect to Bill 109. Overall the association noted that they appreciated that the Province did not implement every recommendation from the Housing Affordability Task Force – though it was understood that the report was intended to be a roadmap. They stressed that continued municipal engagement and representation in the Housing Supply Working Group is needed as implementation continues. Further, several concerns were identified:

- Concern that the legislation and regulatory changes give municipalities more responsibility, transfer risk and create a more punitive planning regime that may have unintended consequences
- Concern that the changes could give the Ministry additional powers related to the Planning Act that may reduce the role of local councils and inhibit sound planning and development practices
- Increased administrative burden that will stretch municipal government capacity to implement⁴

⁴ City Staff responded to the ERO Posting – Proposed Amendments to O. Reg. 82/98 under the Developments Charges Act in relation to the reporting requirements for municipalities that levy DCs by the April 6, 2022 deadline. Comments confirmed additional administrative work to comply with the reporting requirements.

- Concern that the legislation does not ensure new development will be supported with sufficient community services and infrastructure capacity to grow. Reiterated the principal that “Growth must pay for growth”.
- More discussion around housing mix – and the missing middle⁵

It should also be noted that the City of Cambridge has reviewed and commented on several of the consultation opportunities that were “bundled” with the release of Bill 109 and posted on the Environmental Registry. See Appendix C for a summary of these comments.

This includes:

- Proposed amendments to O. Reg 82/98 under the Development Charges Act (Due April 6, 2022)
- Proposed changes under the Planning Act (Due April 29, 2022)
- Proposed changes under the Development Charges Act (Due April 29, 2022)
- Opportunities to Increase the Missing Middle Housing and Gentle Density, Including Supports for Multigenerational Housing (Due April 29, 2022)

Municipal Activity

In addition to participating in the provincial consultations above and reviewing, as well as responding to the new legislative environment, it should be noted that the City has been actively addressing the housing challenge on several fronts.

In fact, a review of development trends related to Housing Starts and New Households demonstrates that the city is processing an increasing number of permits. For example, the number of permits issued for new residential units between January 1 and September 30, 2021 was 647. This number compared to 182 new residential units by the end of Q3 2020 (and the five-year average of 442) is significantly higher.

In addition, the City has several tools in place to encourage housing across the spectrum. This includes:

- Affordable housing incentives to waive application fees (Planning, building permit and sign permit) for affordable housing projects
- City Development Charge Deferrals for 20 years for affordable housing
- Tax Increment Grant (TIG) over a 20-year period for affordable housing projects

⁵ City Staff responded to the ERO Posting – Opportunities to increase missing middle housing and gentle density, including supports for multigenerational housing, by the April 29, 2022 deadline.

- Cambridge Council passed a resolution to waive Development Charges and all application fees for Habitat for Humanity projects (2016)
- A Development Services Review (lean processes) to streamline processes and expedite approvals
- An Affordable Housing Reserve Fund and require conditions through draft plans of subdivision requiring affordable units and/or contributions to the reserve fund to facilitate affordable housing
- As-of-right zoning is being updated to include as-of-right permissions for up to 3 units on most residential lots (once approved by the Region)

Ontario Land Tribunal

The Ontario Land Tribunal (OLT) hears and decides appeals and matters related to land use planning, environmental and natural features and heritage protection, land valuation, land compensation, municipal finance, and related matters.

The OLT was established on June 1, 2021 under the authority of section 2 of the Ontario Land Tribunal Act, 2021. The Act amalgamates the Board of Negotiation under the *Expropriations Act*, and continues the Conservation Review Board, the Environmental Review Tribunal, the Local Planning Appeal Tribunal and the Mining and Lands Tribunal, as the Ontario Land Tribunal.

Previously, Ontario's five land tribunals were part of a cluster of tribunals known as Tribunals Ontario and prior to that, the Environment and Land Tribunals Ontario cluster. The OLT and all who work within it are committed to providing access to justice and to high quality, independent, timely, fair and principled resolutions of the matters brought before them.

In February 2022, several municipalities passed motions requesting the Premier of Ontario "Dissolve the Ontario Land Tribunal". Some municipalities included; the Town of Markham, Township of Georgian Bay, West Lincoln, Town of New Market, the Town of Blue Mountains. In general, the resolutions focused on the following:

- That municipalities across Ontario spend millions collectively to develop Official Plans that meet Provincial Planning Policy
- That Official Plans are developed through consultation to meet the specific needs of a community
- That Official Plans have zoning to encourage many forms of development, including the "Missing Middle"
- Official Plans are approved by the Province

- Amendments to the Official Plan are approved by Municipal Council and it is also within their purview to deny applications that do not fit the community vision
- Decisions of Municipal Council may be appealed to the Ontario Land Tribunal - which is an unelected, appointed body. The OLT then has the ability to make final decisions on planning matters based on “best planning outcome” regardless of compliance with the Official Plan or Provincial Planning Policy
- Ontario is the only province in Canada that empowers a separate adjudicative tribunal to review and overrule local decisions applying provincially approved plans

As a result, municipalities requested that the Province instruct the OLT to cease accepting cases and then dissolve the tribunal once through the existing case load.

On April 1, 2022, the Ontario government announced more than \$19 million of funding over three years to help reduce the longstanding backlogs and accelerate decisions at the Ontario Land Tribunal (OLT) and Landlord and Tenant Board (LTB). It was also stated that this funding would help to appoint more impartial adjudicators at the OLT and LTB and support additional technology at the land tribunal to resolve cases faster. This commitment was also included as part of the Provincial Budget.

ANALYSIS:

City staff have been reviewing the activity related to housing at every level with interest. Discussions with internal subject matter experts as well our local partners (Region and other area municipalities) have helped staff to better understand these developments as well as potential implications and areas for future focus or action.

In general, the staff suggest the following messages be communicated at the Provincial level:

- The Province must recognize that housing targets will not be met by focussing on the municipal development approval process alone. There are a number of factors (from skilled trade and material shortages to a number of approved - but unbuilt units, supply of land) that will undoubtedly impact the ability of communities to meet these targets.
- Development review processes rely on the accuracy/completeness of information as well as the timely response from all the reviewing agencies and the applicant themselves. We must work together to achieve the quick turn-around times that is aspired to by all parties.
- The most effective approach that the government can employ, is one based on predictability, flexibility and education for all parties. It is not recommended that a

“one size fits all” policy framework be used to “standardize” development at the expense of community character, fit or context.

- More detail and information is needed on many of the recommendations from the Housing Affordability Task Force report. If this is intended to be the blueprint going forward (with further legislative amendments expected), then more time and effort to consult with municipalities in a fulsome manner is requested. Changes of this nature, have a major impact on the ability of the municipality to grow in a sustainable, efficient and fiscally responsible way.

Further, with the release of the Federal Budget it is suggested that staff continue conversations with the Region to understand their plans to access these housing funds and ensure that new affordable units can be built in Cambridge.

EXISTING POLICY / BY-LAW(S):

As noted above, the recommendations, if acted upon by the Province, would lead to amendments to several pieces of provincial legislation and policy, and this would require updates to both the Official Plan and Zoning By-law as well as potential changes to established internal policies and procedures. Specific details to these changes will not be known until amendments to the legislation are made and regulations brought forward.

Bill 109 changes effective immediately

Most of Bill 109 came into effect on April 14, 2022. Generally, there are no process, resourcing, by-law or policy changes that need to occur in short order in response to the portions of Bill 109 that are in effect. Staff continues to have questions and requests additional information from the Province to better understand any implications on complete application requirements for site plans and conditions of subdivisions that are pending through future Ontario Regulations.

Bill 109 changes effective July 1, 2022

Delegation of site plan approval to staff is required in accordance with Bill 109 by July 1, 2022. As the City has delegated site plan approval to staff pursuant to by-law 20-060, this requirement is satisfied.

Bill 109 changes effective January 1, 2023

Effective January 1, 2023, for site plan applications that are not approved within the required Planning Act timeframe and Zoning By-law amendment (ZBA) applications

(including combined Official Plan Amendment (OPA) applications) which are not decided on within the required timeframe, the application fees collected by the City are required to be refunded between 50 and 100 per cent based on the amount of time that has passed since a complete application was received by the City (see Table 1).

Table 1: Summary of Bill 109 Proposed Fee Refunds by Application Type

Application Type	No Refund	50% Application Fee Refund	75% Application Fee Refund	100% Application Fee Refund
ZBA	Final decision made by Council within 90 days	Decision made within 91 and 149 days	Decision made within 150 and 209 days	Decision made after 210 days
Combined OPA and ZBA	Final decision made by Council on ZBA and Regional Council on OPA within 120 days	Decision made within 121 and 179 days	Decision made within 180 and 239 days	Decision made after 240 days
Site Plan	Decision made by Manager of Development Review within 60 days	Decision made within 61 and 89 days	Decision made within 90 and 119 days	Decision made after 120 days

FINANCIAL IMPACT:

The evolution of the landscape related to housing, including changing legislative frameworks, market forces (supply and demand), consumer preferences and financial pressures have the potential to generate both positive and negative financial implications for all municipalities. At present the main influences are Bill 109 and the potentially punitive financial measures to ensure development application timelines are adhered to (see Table 1 above).

Alternatively, the Province has made funding available to make improvements and address some of the backlog of applications through the Streamline Development Approval Fund valued at \$1,000,000 for the City.

PUBLIC VALUE:

Sustainability:

Ensuring a sustainable process for housing review and development is critical both from a city administrative perspective (impacting development charge revenues, future property taxes and infrastructure requirements) as well as from a broader societal perspective. Where we can address a mix and diversity of housing in complete communities, we are supporting sustainability as well as climate action, addressing positive progress for the housing crisis as well as the climate crisis, as declared by council in climate emergency.

Collaboration:

The City of Cambridge is one of many partners who must work together to support opportunities for affordable and market housing models that will allow for a greater supply of attainable housing, in addition to affordable housing. The City continues to contribute to this work through the various planning, coordination and advocacy work in collaboration with the other municipalities in the region and the not-for-profit housing sector.

ADVISORY COMMITTEE INPUT:

Not Applicable

PUBLIC INPUT:

Posted publicly as part of the report process.

INTERNAL / EXTERNAL CONSULTATION:

Staff from across the corporation were consulted in the review of the content circulated as part of the Province's Housing Summit, OBCM consultation, Task Force Report and Bill 109. Further, the implementation plan for the Streamline Development Approval

Fund, was developed in consultation with Finance, Legal, Planning, Accessibility & Inclusion, Building, Information Technology, Human Resources and Corporate Strategy.

Staff also consulted with professional colleagues within Waterloo Region and across the province as part of the review and commenting period.

CONCLUSION:

There is significant activity taking place on the housing front at the federal, provincial and local level. At the provincial level, if the recommendations from the Taskforce report are accepted and implemented by the next government, it may result in broad changes in provincial policy and legislation. Those changes may have impacts on existing internal processes surrounding development applications up to and including the ability for Council to consult with the public and the authority for Council to retain decision making abilities for certain types of applications and development scenarios.

While the province did not solicit comments on the Taskforce report, they did release Bill 109 which implemented a few of the recommended changes. The City reviewed this Bill and provided comments where able. However, it should be noted that Bill 109 received royal assent on April 14th – 2 weeks before the applicable ERO postings deadlines for comment on April 29th, 2022.

REPORT IMPACTS:

Agreement: **No**

By-law: **Yes**

Budget Amendment: **No**

Policy: **Yes**

APPROVALS:

This report has been reviewed by the Chief Financial Officer and City Solicitor. It has been reviewed and approved by the Director, Deputy City Manager and City Manager.

ATTACHMENTS:

1. Report Number Appendix A – Housing Affordability Task Force Report (Cambridge Review)
2. Report Number Appendix B – Summary Priority Housing Actions (Cambridge Response)
3. Report Number Appendix C – Summary of Provincial ERO Consultations (Staff Comments)