

## Report to Planning and Environment Committee

**To:** Chair and Members  
Planning & Environment Committee  
**From:** John M. Fleming  
Managing Director, Planning and City Planner  
**Subject:** Update on Response to Provincial Consultation on  
“Increasing Housing Supply in Ontario”  
**Meeting on:** March 18, 2019

## Recommendation

That, on the recommendation of the Managing Director, City Planning and City Planner, this report **BE RECEIVED** for information.

## Report: Background and Submission

### 1.0 Executive Summary

- The Province has identified that rising housing costs and limited supply has resulted in rising prices and rents which makes it difficult for many Ontarians to afford the housing they need.
- In response, the Province is developing a “Housing Supply Action Plan”. In support of that Plan, the Province released a consultation guide entitled “Increasing Housing Supply in Ontario” at the end of November 2018.
- The consultation guide identified five themes of consultation and asked for public feedback by January 25, 2019.
- Through a January 7, 2019, report to Planning and Environment Committee, the approach for a City response to the questions posed in the consultation guide was identified, noting that comments would be provided to the Province by the consultation deadline, and reported back to municipal Council at a later date.
- On January 24, 2019, the attached comments were submitted to the Province in response to the “Increasing Housing Supply in Ontario” consultation guide.

### 2.0 Response

#### 2.1 Key Considerations

At the January 7, 2019, meeting of the Planning and Environment Committee, it was identified how the City would approach its response to the Provincial Government’s consultation on “Increasing Housing Supply in Ontario”. This approach included identifying City actions and initiatives which seek to address the consultation guide’s questions regarding housing cost, affordability, and supply. Opportunities for potential Provincial actions were also identified.

Directions to Staff included that the City’s submission should:

- Address the specific questions of the consultation guide;
- Seek opportunities for City involvement in any engagement processes related to subsequent legislation or regulations that result from this consultation;
- Identify that housing affordability should be a key consideration of any discussion seeking to address matters of housing supply;

- Ensure tools, such as existing Provincial legislation and regulations, which address housing affordability should be supported and enhanced. This includes tools such as Inclusionary Zoning;
- Recognize that municipal fees and charges are levied for the purposes of cost recovery, and that any reduction in fees (such as Development Charges for initial capital cost recovery) would be required to be off-set by increases in property tax, which would also adversely affect long term housing affordability.

## 2.2 Consultation Submission

In accordance with the comments and direction from Council, an inter-departmental staff and agency team compiled a response. The response was submitted electronically to the Province on January 24, 2019. The submission (attached as Appendix 'A' to this report) included comments and suggestions such as:

- The need for flexibility in Provincial approaches, thus allowing municipalities to meet local housing and affordability needs;
- The need for municipal engagement in any future legislation or regulations stemming from this consultation;
- The Province should continue to support its existing tools, legislation, and funding (including Inclusionary Zoning, the Local Planning Appeals Tribunal, and intensification policies);
- The need for Provincial support for intensification to address pressure on Employment lands;
- Addressing the “missing middle” of affordability as well as the “missing middle” built forms (i.e. townhouses to mid-rise developments);
- The sale of surplus Provincial lands provide unique opportunities to address housing supply and affordability within cities;
- The recognition of a “Transitional Industrial” land use designation, which would identify lands with the potential to change to non-Employment uses such as residential or mixed use, but would not be considered part of the “Employment” land supply for purposes of a land needs study (comprehensive review);
- The review of the 1990s “D-Series” Guidelines which identify separation distances between Industrial and non-Industrial uses (such as residential), noting the Guidelines are effective for protecting public health and safety but could be reviewed and confirmed given changes in industrial practices and emerging and new mitigation opportunities;
- The Province could consider lowering the cost of developing new housing by providing capital funding for growth-related infrastructure costs, thus lowering Development Charges (DCs);
- Provincial funding for growth-related infrastructure costs could include funding related to Community Housing and developments that include affordable units;
- The Province could also consider creating a Provincial fund which municipalities could have access to in order to rebate capital infrastructure costs (i.e. reduce development charges);
- The City also highlighted its GMIS (Growth Management Implementation System) program, where the City of London undertakes an annual review of its growth-related infrastructure projects to ensure that the projects and timing are aligned with growth needs. This annual review incorporates significant engagement with the development community, including several consultation

meetings and one-on-one interviews to seek feedback. Reviewing and adjusting City servicing investments annually through the GMIS process ensures that serviced land is available for housing;

- The City of London is also in the process of updating the five-year Homeless Prevention and Housing Plan. Within this process, the City will be consulting directly with landlords and housing providers to better understand their needs and discuss new approaches to support them within a competitive rental market;
- Landlords and tenants are protected through such measures as the Vulnerable Occupancy Protocol, the Landlord Licensing Team and the City provides additional resources to support the Landlord and Tenant Board;
- Within London, all non-apartment building rental properties, including secondary suites, are required to have a Residential Rental Unit Licence; and
- The Province could encourage homeowners to create legal secondary suites by reviewing its legislation and regulations to ensure that policies and regulations are aligned.

### **3.0 Conclusion**

Civic Administration submitted the attached response to the Provincial Consultation on “Increasing Housing Supply in Ontario” on January 24, 2019. The response to the Province also included the January 7, 2019, report to the Planning and Environment Committee.

The response identified that housing affordability is a key component of any discussion regarding housing supply, and that the existing tools, legislation, regulations, and funding provided by the Province should be maintained and enhanced. It also identified several opportunities for the Province to support or fund projects that would lower the cost or increase opportunities for housing supply and support housing affordability.

The response also reiterated the City’s interest in continued participation in any consultation processes related to changes to legislation or regulations that result from this consultation on housing supply.

Acknowledgements: Douglas Calderwood-Smith, Manager, Strategic Program and Partnerships (Housing); Stephen Giustizia, CEO, HDC London; Brian Turcotte, Development Manager, HDC London; Kevin Edwards, Manager, Development Finance; Matt Feldberg, Manager, Development Services (Subdivisions).

<b>Prepared by:</b>	<b>Travis Macbeth, MCIP, RPP Planner II, Policy Planning</b>
<b>Submitted by:</b>	<b>Gregg Barrett, AICP Manager, Long Range Planning and Sustainability</b>
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Note: The opinions contained herein are offered by a person or persons qualified to provide expert opinion. Further detail with respect to qualifications can be obtained from Planning Services	

February 19, 2019  
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## Appendix A: City Submission to “Increasing Housing Supply” Consultation

### January 24, 2019 Submission to the Province Regarding “Increasing Housing Supply in Ontario” Consultation



300 Dufferin Avenue  
P.O. Box 5035  
London, ON  
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January 24, 2019

Hon. Steve Clark  
Minister of Municipal Affairs and Housing  
17<sup>th</sup> floor  
777 Bay St.  
Toronto, ON  
M5G 2E5

Re: “Increasing Housing Supply in Ontario”: City of London Response to the Provincial Consultation

Dear Minister Clark,

The Province is to be commended for this consultation initiative that serves to prioritize the issue of housing supply and affordability in Ontario. The City of London and its partner Housing Development Corporation appreciate the opportunity to contribute to this important discussion that will inform the Province’s Housing Supply Action Plan (HSAP). Foundational to the HSAP should be the notion that a coordinated public-private sector response is required.

Actions advanced under the Housing Supply Action Plan should be flexible, recognizing that “one size” does not fit all municipalities. The City would encourage any new Provincial legislation or regulations resulting from this consultation provide municipalities with the flexibility to respond to local needs and local priorities. Any new legislation or regulations should allow municipalities to adapt to changing markets and economic situations, including municipalities able to respond to high- and low-growth markets. The City would appreciate the opportunity to engage with the Province regarding any proposed legislation or regulations resulting from this consultation process.

Additionally, the City would strongly urge the Province to maintain and enhance the existing Provincial legislation, funding, and tools that support the creation of housing supply, the mix of housing forms and which address the affordability of housing. It is critical to recognize that housing affordability is an important component of any larger strategy to address housing supply.

Community Housing is also an important component of the spectrum of housing supply. The consultation questions do not address Community Housing/Social Housing sector considerations. As such, the City would recommend these considerations be included into any subsequent consultations on housing supply or proposed legislative or regulatory changes.

This response is being sent further to a report to the City of London’s Planning and Environment Committee, which was prepared with input from the City’s partner Housing Development Corporation (Note: the staff report is attached as an appendix to this response, for reference). The remainder of this submission is comments which address

the specific themes and questions of the Province's consultation guide on "Increasing Housing Supply in Ontario".

## **Theme 1: "Speed"**

### **City response:**

Development review is one aspect related to the availability of housing supply. Expediency of processing applications should not be at the cost of one public interest over another. It is incumbent on all levels of government to review policy, procedures and processes to identify process improvements and efficiencies appropriate for localized housing challenges.

The City of London has taken various actions to improve the efficiency of development review, including:

- Introducing *The London Plan*, the City's new official plan with a policy framework that is more flexible to various forms and intensities of housing;
- Applying Lean Six Sigma principles to City departments' processes; and
- Engaging a stakeholder working group with development industry representatives to review process improvements.

The province is encouraged to enhance provincial tools that support the efficiency of development applications and delivery of housing, including support for the Local Planning Appeals Tribunal (LPAT). The LPAT is an important Provincial support for creating new forms and supply of housing through residential infill and intensification projects. Residential infill and intensification is supported by the PPS; however, such projects often encounter neighbourhood resistance. Through the introduction of the LPAT, there will be fewer appeals and appeal of residential intensification will be limited in those areas of municipalities that are identified as appropriate for intensification by policies of municipal Official Plans. However, the City would note that recent reductions in the number of LPAT adjudicators may have the potential to protract LPAT appeals because of the scheduling and availability of fewer adjudicators.

## **Theme 2: "Mix"**

### **City response:**

In order to build the kind of housing people want and can afford in the right places with the right supports, the City of London has introduced a new official plan after extensive public consultation. *The London Plan* identifies a framework for mixed-use development and growing "inward and upward", as well as coordinating land use planning permissions with transportation infrastructure planning (a city structure that aligns with a future rapid transit system).

The City suggests that the Province continue to provide supports for urban regeneration, community housing regeneration, and policy tools to support different forms and prices of housing. These important Provincial housing policies include appropriate range and mix of housing, minimum ten years' supply of lands for intensification and redevelopment, and minimum targets of affordable housing, in accordance with section 1.4 of the Provincial Policy Statement 2014.

The consultation guide identifies the "missing middle" forms of housing as a means to address affordability of housing. Medium- and high-density forms of housing are often perceived as intrinsically more affordable than other housing forms; however, a mix of forms does not necessarily address a mix of tenure or a mix of housing affordability.

Any Provincial directions and actions to address the missing "built form" middle of housing supply are also recommended to address the missing "middle" of affordability.

To address new types and forms of housing being integrated into existing neighbourhoods, the City would encourage the Province to maintain and enhance the planning tools that support housing affordability and create housing supply. Such tools include Inclusionary Zoning and Bonus Zoning.

Additionally, to create new housing supply in and address housing affordability, the City of London would encourage the Province to consider land sales of its surplus Provincial properties. The Province is a significant landowner, and such sites present a unique opportunity to create a mix of housing forms and address housing affordability within urban centres. Within the City of London, sales of surplus Provincial properties have resulted in the ongoing re-development of the Old Victoria Hospital Lands and the recent announcement of the sale of the former London Psychiatric Hospital site (approximately 75 hectares combined). The City would encourage the Province to continue with the disposition of its surplus sites, which may contribute to affordable housing.

Furthermore, in order to balance the need for more housing with the need for employment and industrial lands, the City would encourage the Province to support policies and tools for residential infill and intensification so that potential pressure to convert employment areas (both urban/industrial and agricultural lands) is lessened. Additionally, the Province could consider the concept of “Transitional Industrial” land use designations. A “Transitional Industrial” designation could recognize and support the existing employment uses while also recognizing the potential for transition over time to new uses such as commercial uses or mixed-use areas with commercial, office, and/or affordable housing uses. “Transitional Industrial” lands would not be considered as Employment Lands, and as such, would not require a comprehensive review as contemplated by section 1.3.2.2 of the PPS 2014. The concept of “Transitional Industrial” could also support economic development by streamlining and scoping the types of studies that are required for applications for such changes in land use (currently a comprehensive review of the entire municipality is required to convert employment land to non-industrial uses per the PPS).

The Province could also consider reviewing and confirming appropriate separation distances between Industrial and non-Industrial urban uses. The “D-Series” Guidelines are very effective in ensuring public health and safety by separating housing and other sensitive uses from Industry; however, given changes over time to the nature of industry and the advances in industrial technologies with improved capacity to mitigate some nuisances such as noise, vibration, and odour, the Province may consider reviewing and confirming such separations in the “D-Series” Guidelines and other Provincial regulations.

### **Theme 3: “Cost”**

#### **City response:**

Land acquisition costs are one the greatest impediments to increasing the supply of affordable housing. In response, many municipalities, including the City of London, have adopted “affordable housing first” policies for surplus municipal lands and/or municipal acquisition of surplus school sites. These policies offer great opportunities to increase the supply of affordable housing stock.

The City of London uses Development Charges to fund required growth-related infrastructure on a cost-recovery basis. If costs are not recovered through DCs, then there would be a required increase in property taxes to recover those costs. The Province could consider lowering the cost of developing new housing by providing Provincial capital funding for growth-related infrastructure costs. This may help ensure that the use of new infrastructure is optimized and strategically located for cost-effectiveness, in accordance with section 1.6 of the PPS 2014. Provincial funding for growth-related infrastructure costs could include funding related to Community Housing

and affordable housing projects. The Province could also consider creating a Provincial fund which municipalities could have access to, in order to rebate development charges, including for affordable housing projects. These actions would have the effect of lowering development charges.

Through its GMIS (Growth Management Implementation System) program, the City of London undertakes an annual review of its growth-related infrastructure projects to ensure that projects and timing are aligning with growth needs. This annual review incorporates significant development community engagement including several consultation meetings and one-on-one interviews to seek feedback. Reviewing and adjusting City servicing investments annually through the GMIS process makes sure serviced land is available in the right places for housing.

#### **Theme 4: “Rent”**

##### **City response:**

###### a) Landlords

To make the current system work better for landlords, the City of London understands the importance of working directly with landlords in an effort to increase housing stability for all Londoners. Through the *London For All, A Road Map to End Poverty* policy framework, the City has previously committed to working with landlords to reduce the number of evictions from low income from rental properties.

Given London’s lack of affordable apartment units and the lengthy wait for social housing, the private rental market provides more immediate opportunities in terms of growing housing stock. There is a significant need to work creatively with housing providers to help make the system work better for landlords.

Private landlords and housing providers have expressed their desire to house tenants who are able to meet their financial obligations on time, maintain the condition of their units and become good neighbours. Any future strategies must mitigate a landlord’s risks. This can be achieved through innovative approaches to the following themes:

- Tenant education;
- Eviction prevention strategies and resources; and
- Additional case management resources to support tenant longevity and stability.

The City of London is currently in the process of updating and re-envisioning the five-year homeless prevention and housing plan. Within this process, the City will be consulting directly with landlords and housing providers to better understand their needs and discuss new approaches to support them within a competitive rental market.

Once completed, this strategic document will guide the work of the City’s Homeless Prevention and Housing service areas while meeting the requirements from the City, Province of Ontario and the Government of Canada.

###### b) Tenants

To protect tenants, the City of London respects and enforces the legal rights and protections of all tenants in London, as outlined in the Human Rights Code and the Residential Tenancies Act. All tenants in London must have access to, for example, a clean home in good repair, vital services such as heating, hot and cold water and electricity, privacy, controlled rent increases and protection from unlawful evictions.

The City has taken a proactive approach to ensure tenants are supported, as evidence of implementing the following:



- ***Vulnerable Occupancy Protocol: Supporting those living in more challenging accommodations.***
  - Vulnerable Occupancy Protocol Response Strategy establishes a closer direct working relationship between service providers most closely engaged in responses to vulnerable occupancy.
  - This strategy is intended to address the safety of individual tenants or occupants or a group together in one residence where the physical state of the residence or the behaviours within it are putting existing vulnerable people at risk.
- ***Landlord Licencing Team: Ongoing compliance to ensure residential locations are licensed.***
  - The Residential Rental Unit Licence by-law was adopted in 2011 and aims to effectively address sub-standard housing conditions in rental units and to protect the amenity, character, and stability of residential areas.

Through the updating and re-envisioning the five-year homeless prevention and housing plan, the City of London will be consulting with tenants to develop initiatives to improve the ability of households to retain their housing. Any new supports developed as part of the homeless prevention and housing plan are intended to complement existing provincial legislation.

The City of London also supports the province providing additional resources to the support the Landlord and Tenant Board to ensure all tenants, particularly those more vulnerable, have access to an efficient and fair adjudication process.

#### c) Secondary Suites

Legal and safe secondary suites are an important tool to increase the supply of affordable housing and increase housing supply through “invisible densification” in established and new neighbourhoods. Secondary suites help optimize the use of the existing private housing stock while creating an income revenue stream for the housing provider.

Within the City of London, all non-apartment building rental properties in the City of London, including secondary suites, must have a Residential Rental Unit License. This License ensures the rental property is a safe dwelling for the tenant and meets current legislation and building and fire code.

Through the updating and re-envisioning the five-year homeless prevention and housing plan, the City of London will be consulting with private housing providers to develop new and innovative approaches to promote the growth of secondary suites. Any new protections developed as part of the homeless prevention and housing plan are intended to complement existing provincial legislation.

To encourage homeowners to create legal secondary suites, the Province could review the Provincial legislation, regulations and codes in a manner consistent with the PPS, thus ensuring policy and code alignment and easing homeowner navigation through the applications process.

## Theme 5: “Innovation”

### City response:

In sum, the City appreciates the opportunity to contribute to this important discussion on the housing supply and affordability in Ontario. The City would suggest that the Province consider the following measures to address housing supply and housing affordability:

- That the existing tools and supports for creation of housing supply and affordable housing be maintained and enhanced. This includes, but is not limited to, the targets, infrastructure, and growth management policies of the 2014 Provincial Policy Statement, as well as Inclusionary Zoning and Bonus Zoning.
- That any subsequent changes to legislation or regulations are flexible and recognize local priorities and local needs (high growth and low growth municipalities and flexibility to adapt to changing markets);
- That the City, as an administrator of the local economic development through housing application review, be given the opportunity to engage with the Province in any subsequent legislation or regulatory changes proposed;
- That housing affordability and the entire housing sector (including the community housing component) be evaluated collectively for its ability to deliver housing units and affordable housing;
- That the Province consider financial contributions to growth-related capital costs to help improve housing affordability (e.g. assisting paying for growth infrastructure or creating a Provincial fund where DC rebates for qualifying programs may be accessed by municipalities);
- That a new type of employment land in transition be considered (e.g. “Transitional Industrial”). This designation would recognize areas as they change over time from Industrial uses to other uses such as mixed-use or affordable residential, and that these areas may have a scoped application requirements (e.g. not the comprehensive employment land review now required for all changes in designation);
- That the Province review and confirm the distances between industrial and non-industrial uses in the “D-series” guidelines, for example the noise and vibration guidelines;
- That the Province review codes and regulations related to secondary suites to ensure alignment and to ease homeowners navigation through the application process to create legal second suites; and
- That the Province continue disposition processes for surplus Provincial properties. Recent examples in London have been successful and these unique surplus sites have the potential to increase housing supply and address the “missing middle” of housing forms and housing affordability in municipalities across the Province.

Appendix:  
Report to City of London Planning and Environment Committee  
January 7, 2019

## Report to Planning and Environment Committee

**To:** Chair and Members  
Planning & Environment Committee

**From:** John M. Fleming  
Managing Director, City Planning and City Planner

**Subject:** Provincial Consultation on “Increasing Housing Supply in Ontario”

**Meeting on:** January 7, 2019

## Recommendation

That, on the recommendation of the Managing Director, City Planning and City Planner, with the concurrence of the Managing Director, Housing, Social Services, and Dearness Home, and the Managing Director, Development and Compliance Services and Chief Building Official, the following actions be taken:

- a) That this report **BE RECEIVED** for information;
- b) That the consultation guide entitled “Increasing Housing Supply in Ontario” **BE CIRCULATED** to community and stakeholder organizations (the Housing Development Corporation, London Development Institute, London Home Builders Association, and Urban League) for information; and
- c) That Civic Administration **BE DIRECTED** to submit a response to the Ontario Ministry of Municipal Affairs and Housing before January 25, 2019, it being noted that Civic Administration will provide a subsequent information report to Council with the submission provided to the Province.

## Executive Summary

- The Province has identified that rising housing costs and limited supply over the last few years has resulted in rising prices and rents which makes it difficult for many Ontarians to afford the housing they need.
- In response, the Province is developing a “Housing Supply Action Plan”. In support of that Plan, the Province has released a consultation guide entitled “Increasing Housing Supply in Ontario”.
- The consultation guide identifies five themes of consultation and asks for public feedback by January 25, 2019.
- Through this report, the City has identified its approach to respond to the housing cost and supply questions posed in the consultation guide.
- Administration will identify recent and upcoming municipal initiatives that also seek to address these same issues of housing cost, affordability, and supply.
- The information in the report may also serve to inform other organizations or members of the public who wish to respond to the consultation guide.
- Staff will provide comments to the Province regarding actions and initiatives that the Province could undertake to increase housing supply in Ontario.

- Staff will provide a subsequent information report to Council with the submission provided to the Ontario Ministry of Municipal Affairs and Housing.
- Staff have identified that housing affordability is also an important factor in increasing housing supply within Ontario.

## **1.0 Consultation Document: Increasing Housing Supply in Ontario**

### **1.1 Background**

On November 28, 2018, the Ontario Government announced a public consultation process to inform the province's development of a broad-based action plan to help increase the supply of housing in Ontario. To inform the Province's development of a "Housing Supply Action Plan", a consultation guide has been released through the Environmental Registry of Ontario (formerly the Environmental Bill of Rights)

The period to submit comments is **up until January 25, 2019**.

Attached as Appendix "A" to this report is the Province's consultation discussion paper, "Increasing Housing Supply in Ontario". The consultation guide and associated website (see: [www.ontario.ca/housingsupply](http://www.ontario.ca/housingsupply)) reflect that this initiative is being driven in recognition that "housing is one of the largest cost burdens for households in Ontario" and notes that "high prices and rents have made it hard for people to afford the housing they need".

Communications from the Ministry of Municipal Affairs and Housing reflect that this is a cross-government initiative that seeks broad participation from any and all interested parties and individuals.

The consultation guide identifies five (5) broad themes related to barriers to housing supply and housing cost. Many of the statements and related public consultation questions are similar to those that have been recently posed by Council related to addressing gaps in housing stock. The categories of questions in the consultation guide are:

- Time taken for development projects to be approved;
- The appropriate mix of housing forms, including the so-called "missing middle" forms of housing (i.e. medium intensity forms of housing that are not single detached dwellings or high rises);
- Costs of development, including land prices and the fees and charges associated with providing services;
- Rent, including improvements for landlords and protection of tenants; and
- Innovation, including any opportunities for innovative forms of homeownership, or improvements to construction and design approaches.

### **1.2 "Increasing Housing Supply in Ontario" Consultation Guide Questions:**

The following is the list of consultation questions by theme:

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

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

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

- 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?

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

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

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

- How can we make the current system work better for landlords?
- What additional protections should be provided for tenants?
- How do we encourage homeowners to create legal second units and new rental supply?

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

- How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?
- 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?
- Do you have any creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing?
- What other creative solutions could help increase the supply of housing?
- What type of protections would help new home buyers?

### **1.3 Approach to Response**

Given the short time for responses, Staff have begun identifying to various stakeholder and network organizations that the Province is seeking comments on this “Increasing Housing Supply” consultation. Although there is not time to provide for a Council endorsed response, information is provided to ensure an understanding of local needs, strategies, and actions to address housing stock and affordability. In addition to information that forms the basis for the City’s response, such information may help to inform other stakeholders and the public in their responses to the “Increasing Housing Supply in Ontario” consultation guide.

Staff will respond with a submission by the January 25, 2019 deadline. The response will identify a number of recent municipal initiatives that address the themes of the consultation guide, including initiatives to address housing supply, affordability, housing forms, as well as timing and cost. Examples of such recent initiatives include:

- *The London Plan* (the new Official Plan for the City of London);
- The Closed Schools Strategy;
- Development Charges (DC) By-law Update;
- The Growth Management Implementation System (GMIS);
- Taxation rates for purpose-built rental buildings;
- Development Services’ Continuous Improvement Strategy;
- CMHC Rental Market Survey;
- CMHC London Housing Market Report.

The summary of what the City is currently doing under each of the five consultation themes will provide the Province with an understanding of what the City of London is currently doing to increase housing supply. These current initiatives are included as Appendix C.

The response will also identify additional municipal initiatives related to housing affordability that are currently underway or scheduled within various service areas' work plans. Examples of upcoming initiatives include:

- Revision and Update to the Homeless Prevention and Housing Plan;
- Council's direction to create an Affordable Housing Strategy (to coordinate various Housing initiatives with related Planning tools);
- Review of Inclusionary Zoning;
- Review of Bonus Zoning (Section 37) and its evaluation criteria regarding housing affordability;

The City's response will build on what the City is currently doing to increase the supply of housing as the basis for identifying what the Province could do to both build on these current initiatives, but also provide tools, incentives or funding to address any gaps between what the City currently does, and what more could be done under the five themes. For example, The London Plan contains many policies to support and encourage residential intensification, however, applications for these types of development often encounter strong resistance from neighbours. The Province could consider limitations on appeals to the Local Planning Approvals Tribunal (LPAT) where residential intensification projects are located in areas identified as appropriate in the Official Plan for these types of projects.

## **2.0 Housing Affordability**

*The London Plan* identifies a series of key planning challenges facing the community, including: 77,000 new people; a growing senior's population; growing diversity and affordability challenges.

*The London Plan*, in part, responds to these economic and demographic changes and the gap in housing affordability in London. Housing and rental prices have risen sharply over the past decade and there remains a pressing need to develop affordable housing for those Londoners who need it the most. Average market rent is out of reach for people earning minimum wage or receiving social assistance and the cost of homeownership is increasing faster than household incomes.

A recent study undertaken by the Canada Mortgage and Housing Corporation (CMHC), which provides housing and rental market intelligence for London, further identifies the affordability challenge. CMHC's findings, as well as reports from the MMAH and City of London have recently identified the following affordability issues:

- Required income to purchase an average home is increasing faster than actual household income;
- Mortgage payments on average priced homes are rising;
- Historically low vacancy rates are resulting in rising rents;
- Penalties to move are resulting in lower turnover;
- Strong migration is pushing population growth;
- The number of units under construction is lower in 2018 but remains elevated (with affordability remaining an issue);
- The share of households in core housing need is significant.

It is important to recognize that housing affordability is an important component of any strategy to increase housing supply. Additional information and statistics regarding housing affordability are attached to this report as Appendix "B", and will also be provided as part of the City's submission to the Province.

### 3.0 Conclusion

Staff will provide a submission to the Province's consultation on "Increasing Housing Supply" by January 25, 2019. The submission will identify actions that the Province could undertake to increase housing supply in Ontario that would help to address matters that the City is currently unable to address, or fill in the gaps of any current initiatives that would require Provincial support. Staff will provide a subsequent information report to Council that includes the submission to the Province.

The Staff report will also be provided to other community stakeholders (HDC, LDI, LHBA, and Urban League) for their information.

Acknowledgements: Douglas Calderwood-Smith, Manager, Strategic Program and Partnerships (Housing); Stephen Giustizia, CEO, HDC London; Brian Turcotte, Development Manager, HDC London; Kevin Edwards, Manager, Development Finance; Matt Feldberg, Manager, Development Services (Subdivisions).

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<b>Concurred by:</b>	<b>George Kotsifas, P. Eng. Managing Director, Development and Compliance Services and Chief Building Official</b>
<b>Concurred by:</b>	<b>Sandra Datars Bere Managing Director, Housing, Social Services and Dearness Home</b>
<b>Recommended by:</b>	<b>John M. Fleming, MCIP, RPP Managing Director, City Planning and City Planner</b>
Note: The opinions contained herein are offered by a person or persons qualified to provide expert opinion. Further detail with respect to qualifications can be obtained from Planning Services	

December 13, 2018  
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## Appendix A – “Increasing Housing Supply in Ontario”

Copy of the Consultation Document: “Increasing Housing Supply in Ontario”

### Increasing Housing Supply In Ontario

#### Introduction

Housing is one of the largest cost burdens for households in Ontario, and an imbalance between strong demand for housing and limited supply means these costs have risen dramatically over the last few years. Across Ontario – in both urban and rural communities – high prices and rents have made it hard for people to afford the housing they need.

Creating more housing, of the types and sizes people need, will help make home ownership and renting more affordable and give people more choice.

The government is developing a Housing Supply Action Plan to address the barriers to creating more housing. It will include measures that the Province can take to increase the supply of new ownership and rental housing in Ontario.

The Housing Supply Action Plan will support the government’s commitment to reduce red tape and make it easier to live and do business in Ontario.

This consultation does not cover initiatives specifically related to community housing (e.g., social and supportive housing). However, the barriers and potential solutions being explored may have a positive impact on community housing providers, such as by either making it easier to develop new housing, or by easing some of the pressure on waitlists.

#### Barriers to new housing supply

The government has heard from many individuals and groups that it has become too complicated and expensive to build new housing in Ontario. There are five broad themes:

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

To get a new home from the drawing board to the market, a number of different planning, building and site-specific approvals and permits are needed. These may be required by municipalities, provincial ministries, agencies, utilities, and occasionally federal authorities.

A single housing project may require approvals from many of these entities. Duplication, lack of coordination and delays add burden to the development process and increase costs for builders and home buyers. Potential appeals of these decisions can add further delays and uncertainty.

The various regulatory requirements and approvals were established to serve specific public interests, policy objectives or government goals. For example, rules and processes exist to ensure the health and safety of residents, protect environmentally and culturally sensitive areas, and support economic development and a vibrant agricultural sector. Efforts to streamline these requirements need to balance these multiple goals.



## What do you think?

- How can we streamline development approval processes, while balancing competing interests and the broader public interest

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

Many people have pointed out that the mix of housing types being built does not fully reflect what people are looking for, and certain types of housing are not being built where demand is greatest. For example, the government has heard that not enough housing appropriate for families and seniors wishing to downsize is being built near transit, schools, workplaces and amenities.

Market conditions, provincial policies and plans, local planning priorities, and municipal zoning by-laws can all affect the type and location of housing.

Promoting “gentle” density and a mix of housing, and creative re-use of heritage properties and building design ideas can result in more housing, as well as economic and environmental benefits.

The character of some existing neighbourhoods will begin to change as new types of housing are built. The government has heard that plans to make more room for housing also need to respect the existing qualities of these neighbourhoods.

## The 'Missing Middle' in New Homes

In recent years, there has been increasing public discussion about the lack of “missing middle” housing. This typically includes low-to-mid-rises, as well as ground-related housing types such as row/townhouses and semi-detached homes, located close to the services and amenities required for daily living (e.g., workplaces, schools, and transit). “Missing middle” housing has also been used to refer to family-sized condo and apartment units and housing that is affordable to middle-income households, including non-luxury rental housing.

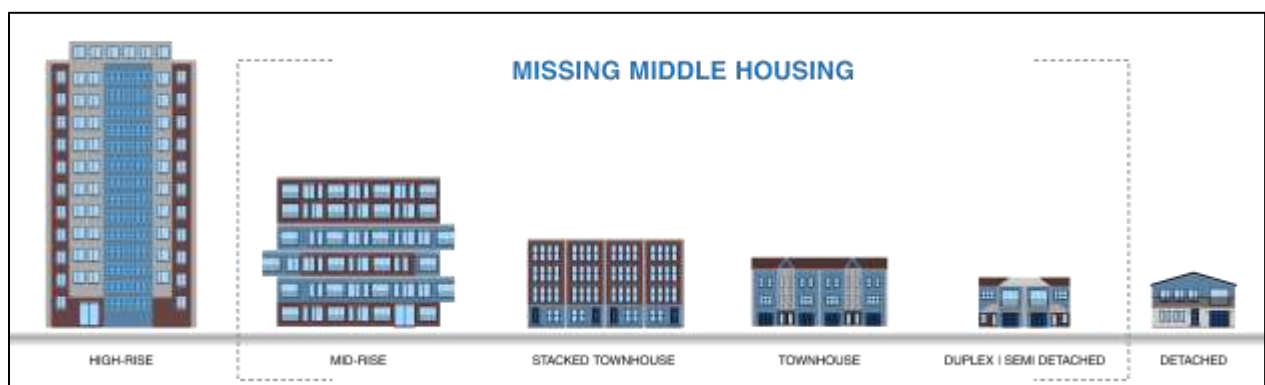


Figure 1 - Examples of different types of homes. 'Missing Middle' housing can come in the form of mid-rise buildings, stacked townhouses, townhouses, and semi-detached houses, and can be for sale or for rent.

## What do you think?

- 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?

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

New housing development requires access to serviced land (land that has critical infrastructure like water and sewer lines in place). Some people have raised concerns that land prices are driven up because there is a lack of serviced land available for development in locations where people want to live. There have also been debates about how best to pay for that servicing and how to ensure it is done in the most cost-effective manner.

Government-imposed costs also make it more difficult and expensive to develop new housing. Examples include municipal and education development charges, planning and building approval fees and federal and provincial taxes.

Rental housing developers have noted that the challenges created by high land prices and government-imposed costs make some of their projects financially unfeasible due to the inability to attract investment capital.

Many of the investments in public infrastructure (e.g., sewer and water services, roads, etc.) needed to support housing development are funded by these fees and charges. There is a need to balance efforts to lower the costs of development with building and maintaining vital public infrastructure.

## Development Charges

Under the *Development Charges Act, 1997*, municipalities are permitted to levy certain charges on new developments, including housing and commercial developments. These funds are designed to assist municipalities in paying a portion of the costs for growth related services, such as roads, water services, and police and fire services.

Under the *Education Act*, school boards may also levy education development charges. Education development charges are primarily levied by school boards that cannot accommodate new students in their existing schools and may only be used to purchase and prepare land for future school sites.

## What do you think?

- 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)?

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

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

It is hard for Ontarians to find rental housing that is affordable and meets their needs. In many urban areas, vacancy rates have fallen to historic lows. In northern and rural communities, a long-term shortage of suitable rental units has made it difficult for renters to find a home in their communities.

A rental unit can be an apartment, a house, a condominium unit, a unit in a retirement or care home, or a home in a mobile home park or land lease community.

In Ontario, rental housing is regulated by the *Residential Tenancies Act, 2006*. This Act establishes rules for landlords and tenants, including rent increase rules. It also establishes the Landlord and Tenant Board, which helps landlords and tenants resolve disputes.

Many small landlords say the Act makes it difficult to be a landlord. On the other hand, tenants have said they need stronger protections against unlawful evictions, and poorly maintained rental housing.

Second units, such as basement apartments, are an important part of the rental market and can make better use of existing homes. Yet creating new legal second units is difficult because of government requirements, such as the Building Code and local bylaws/restrictions.

#### **Landlord and Tenant Board**

The Landlord and Tenant Board (LTB) is an adjudicative tribunal that is accountable to Ontario's Ministry of the Attorney General, and makes decisions independent of government.

The LTB adjudicates disputes and also provides information to landlords and tenants about their rights and responsibilities under the *Residential Tenancies Act, 2006*.

Over the past few years, wait times for hearings and orders have increased at the LTB.

#### **What do you think?**

- How can we make the current system work better for landlords?
- What additional protections should be provided for tenants?
- How do we encourage homeowners to create legal second units and new rental supply?

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

The government is interested in other creative ideas to help increase the supply of housing. Some examples include:

- Innovative forms of homeownership
- State-of-the-art building designs and materials
- Creative building design ideas to improve the quality of the community.

The government is also interested in hearing your input about other issues that people face when trying to find or afford a home, including issues that new home buyers face.

### **What do you think?**

- How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?
- 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?
- Do you have any creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing?
- What other creative solutions could help increase the supply of housing?
- What type of protections would help new home buyers?

## Appendix B – Additional Housing Affordability Information

### Recent Report and Survey findings regarding Housing Affordability

The Canada Mortgage and Housing Corporation (CMHC), which provides housing and rental market intelligence for London, has recently conducted a survey and housing report. This research has identified the magnitude of the affordability challenge in London.

The most recent CMHC Rental Market Survey and CMHC London Housing Market Report are available online at the following addresses:

<https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/rental-market-reports-major-centres>

<https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/housing-market-outlook-canada-and-major-centres>

Recent findings from these CMHC reports, as well as City of London and MMAH reports, have identified the following affordability issues:

- **Required income to purchase an average home is increasing faster than actual household income.**
  - The average value of a dwelling in London has increased 16% between 2013- 2017,<sup>a</sup> which exceeds the 11% increase in household incomes within the City over a similar time period.<sup>b</sup>
  - Similar to individuals in the rental market, existing homeowners in London are increasingly occupying unaffordable homes and unsuitable accommodations. The average shelter-to-income ratio for a homeowner in London before taxes is 54% of income, which is higher than CMHC's affordability target of 30.
- **Historically low vacancy rates are resulting in rising rents.**
  - The vacancy rate for available units has decreased in recent years, from 5% in 2009 to 2.1% in 2018.
  - With fewer units on the market, prices are increasing. From 2017 to 2018, the rental market in London experienced a 4.4% increase (\$952 – \$995) in the average rent paid to a landlord. This is the largest year over year increase since the CMHC started recording this data in 1993.<sup>c</sup>
  - For individuals who are already within rental market, the units they occupy are increasingly unaffordable. In 2018, the average shelter-to-income ratio was 49% of annual gross income, which is much higher than CMHC's affordability target of 30%.
- **Strong migration pushing up population growth.**
  - London has also experienced an unprecedented inter-provincial migration of individuals and families migrating to London from the GTA. In 2016, London experienced a 39% increase in the number of

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<sup>a</sup> 2018 Housing Data Profile for Service Managers, Ministry of Municipal Affairs and Housing, Table 8.1 Average and Median Value of Dwelling

<sup>b</sup> City of London, City of London Profile, <https://www.london.ca/About-London/community-statistics/city-profiles/Pages/City-Profile.aspx>

<sup>c</sup> Statistics Canada, Core Housing Need, 2016 Census <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

individuals and families moving to London within a 12 month window compared to the same question asked in 2011.<sup>d</sup>

- **The number of units under construction lower in 2018 but remain elevated (but housing affordability remains an issue);**
  - The supply of net-new purpose built rental units has decreased from 1,059 units in 2016 to 681 units in 2018. According to CMHC, in 2017, condo and detached homes accounted for 77% of all new construction development in London.
  
- **Share of households in core housing need;**
  - In 2016, 13.9% of all households in London were identified as being in core housing need, which means the dwelling type did not suit their family's needs.<sup>e</sup> This places London in the top ten nationally for all census metropolitan areas<sup>f</sup>.

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<sup>d</sup> City of London, City of London Profile, <https://www.london.ca/About-London/community-statistics/city-profiles/Pages/City-Profile.aspx>

<sup>e</sup> CMHC, Housing Market Information Portal, <https://www.cmhc-schl.gc.ca/hmiportal>, Ontario — Household Type (% of Households in Core Housing Need),

<sup>f</sup> Statistics Canada, Figure 1, core housing need prevalence rates for all census metropolitan areas. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

## Appendix C – Current Municipal Initiatives to Increase Housing Supply

The following are examples of City initiatives that will be used to inform the response to the five themes of questions in the Consultation Guide.

- **Theme 1: “Speed” and time for development projects to be approved:**
- Local Policies and Initiatives Informing Response to Theme 1:
  - City of London’s commitment to improved response and review times through review and action using the principles of Lean Six Sigma as outlined in the Corporate Continuous Improvement program.
  - Stakeholder working groups with the City of London addressing issues related to lot supply, subdivision approval process enhancements, streamlining the review of similar applications and coordination of public input process.
  - Municipal Benchmarking Network Canada (MBNC) and its annual benchmark reporting for the City’s processing costs and timeline relative to other major cities/regions across Ontario and Canada.
    - Building Permits;
    - Planning and Development Services Applications.
  - City of London’s recent re-organization of Development Services and City Planning’s service area work portfolios.
  - Following extensive public consultation, 2016 Ministry approval of *The London Plan* (new Official Plan for City) with policy framework allowing greater flexibility for range of housing types within neighbourhoods (including “missing middle” forms), and ranges of affordability.
- **Theme 2: “Mix”: How to create the right mix of housing where needed:**
- Local Policies and City Initiatives Informing Response to Theme 2:
  - *The London Plan* policy framework: all decisions of Council are to be in conformity with the community’s official plan (*The London Plan*).
  - Providing more flexible framework for range of housing forms.
  - Providing for ranges of affordability to match needs (including affordability targets).
  - Permitting intensification opportunities within the existing built and serviced urban area.
  - Permitting mixed-use developments and transit-supportive development so amenities and housing combine for complete communities.
  - Permitting small to large scales of intensification (Secondary Suites to regeneration of larger sites, such as Closed School sites and former hospital lands).
  - Providing incentives strategically to encourage urban regeneration (including public housing stock) within existing neighbourhoods.
  - Urban employment and farmland employment areas protected for planned employment uses (managing growth).
  - Closed Schools Strategy (approved 2018).
  - Regional issues (e.g. transportation, economic development) identified as priority area under re-organized City Planning department structure.
  - Upcoming work program (City initiatives): Affordable Housing Strategy, Review of Inclusionary Zoning, and Review of Section 37 (Bonus Zoning) criteria.
- **Theme 3: “Cost”: Development costs are too high because of land prices and government-imposed fees and charges:**
- Local Policies and City Initiatives Informing Response to Theme 3:

- Brief summary of *Development Charges Act/DC* By-law.
  - Paying for growth-related services based on DC By-law update.
  - Development Charges are a capital cost recovery tool to extend/expand public services to accommodate new urban growth (roads, sewers, fire department, library, etc.).
  - Making sure serviced lands are available in the right locations based on the City's annual GMIS review to align growth patterns with DC infrastructure timing and affordability.
  - First phase of Planning and Development fees review completed in Fall 2018 to streamline and coordinate fees, with a commitment to undertake a full review in 2020.
  - Municipal fees are cost recovery – such costs would otherwise be added to property tax.
- **Theme 4: “Rent”: It is too hard to be a landlord in Ontario, and tenants need to be protected:**
- Local Policies and City Initiatives Informing Response to Theme 4:
    - ***London For All, A Road Map to End Poverty*** policy framework: The City has committed to working with landlords to reduce the number of evictions from low income from rental properties. Those discussions are ongoing.
    - **Revision and a five-year Update to the Homeless Prevention and Housing Plan:** The public consultations process that will inform this Plan will seek input from both landlords and tenants to ensure a renewed strategic direction addresses their respective needs.
    - **Vulnerable Occupancy Protocol:** Supporting those living in more challenging accommodations.
    - **Landlord Licencing Team:** Ongoing compliance to ensure residential locations are licensed.
- **Theme 5: “Innovation”: Other concerns, opportunities and innovations to increase housing supply:**
- Local Policies and City Initiatives Informing Response to Theme 5:
    - Opportunity for City to identify other issues with housing cost and supply, emerging trends, gaps in housing supply.
    - Labour market and demographic trends – housing supply to match community's growth.
    - Emerging issues and best practices to be identified: Demographics (Inter-generational homes, aging populations, household sizes); Building Code for Secondary Suites in older neighbourhoods; Tenant protections.
    - A review of best practices from other jurisdictions regarding affordable housing (Affordable Housing Strategy).
    - Creation of the Housing Development Corporation (HDC) London as a subject matter expert and consulting partner to the City on affordable housing matters.