

AMO's Submission to Ontario's Housing Supply Action Plan Consultation

January 29th, 2019

Introduction

AMO welcomes this provincial government consultation to create a made-in-Ontario Housing Supply Action Plan. Housing is unaffordable for too many families in this province. Lack of suitable and affordable housing affects Ontarians from all walks of life and is a pressing challenge for municipal governments of all shapes, sizes, and geographies. Finding solutions that address the housing supply and affordability crisis will require thoughtful contributions from all orders of government and by private sector housing developers. As a frontline order of government, Ontario's municipalities are ready to work with provincial, private sector, and community housing partners to find and implement housing approaches that make sense for Ontario families.

Given the municipal role in planning and community housing, it is important to respect municipal autonomy in the creation of complete communities that reflect local aspirations and sound planning principles. AMO emphasizes throughout this submission that there is no 'one size fits all' solution. There are different housing markets across Ontario and flexibility for municipal governments is essential to make room for localized solutions. Any intervention must also be evidence-based to make sure Ontario's approach to the housing crisis truly results in greater affordability and choice for the people of this province.

Municipal cost-recovery tools such as development charges must be left alone. These cost-recovery user fees pay for new developments to be connected to critical municipal services such as water, sewage, and roads. A house is not a home without these key services and municipal governments need development charges to finance the necessary infrastructure. Otherwise, neighbouring property tax payers will be left on the hook to fund the cost of new development. Instead, AMO insists that growth pay for growth. Municipal governments should retain their discretion to waive development charges as they see fit and where fiscally sound to incent new development in local communities.

There can be no discussion of housing solutions without consideration of the state of community housing in Ontario. While this submission focuses on the themes and questions identified by the Province in its consultation package, AMO will soon release a comprehensive housing paper focusing on municipal interests in community housing and on homelessness prevention. We ask that the provincial government consider this paper alongside AMO's formal submission to the Housing Supply Action Plan Consultation when drafting its Action Plan. An all-of-government approach is necessary to address challenges in community housing. The federal, provincial and municipal orders of government must also work closely with municipal, non-profit, co-op, and Indigenous community housing providers to find meaningful solutions.

This submission was prepared with input from municipal officials and staff serving on AMO's Housing and Planning Task Forces. We thank members of these taskforces for their contributions. We are confident the provincial government will give these perspectives from Ontario's frontline order of government due regard.

Theme 1 – Speed

AMO agrees that speed is an important factor in bringing new housing supply to market faster. However, good processes and due diligence are required to ensure that the public interest is served. While there are changes that can be made locally by municipal governments to cut red tape and by private housing developers to improve their applications, the provincial government should also examine its own imposed process and approval requirements. There are contributions that all involved parties can make to increase the speed of development approvals.

For example, housing developers can play a role to ensure submission of complete, timely and good quality applications, and comply with requirements for building inspections and agreed upon conditions. For their part, municipal governments can provide certainty for housing developers by ensuring that zoning by-laws are reflective of their Officials Plans. The provincial and municipal governments should continue to work to achieve a higher degree of coordination between multiple departments and agencies. The better coordinated this is, the faster an application moves through the process. There are a number of models to facilitate this level of coordination.

The government is cautioned not to make unilateral changes to municipal processes without the agreement of municipal planning staff and building officials to ensure that municipal governments retain the authority to ensure that developing plans conform to local needs. Municipal governments require the flexibility to manage their own planning processes. The municipal role in local land use planning must be respected.

Solutions will be most effective where there are multiple, flexible options. While some municipal governments are tackling significant housing pressures, others are not. Some municipal governments have implemented best practices that maximize efficiencies; others need to consider new processes.

The issue of speed needs a broad examination. Infrastructure approvals that municipal governments must secure from the provincial government can contribute to the length of time. Delayed provincial approval, or non-approval, for critical housing related infrastructure, such as water or wastewater services, also affects the speed that housing can come to market.

In the past, Not in My Back Yardism (NIMBYISM) often contributed to opposition of housing developments with the result of causing more delays for new builds. This should change now that the Ontario Municipal Board (OMB) is replaced with the Local Planning Appeal Tribunal (LPAT). It serves now as an adjudicative tribunal that hears cases in relation to a range of municipal planning, financial, and land matters. Appeals are permissible only in cases where decisions do not conform to the municipal government's Official Plan (OP) or the Provincial Policy Statement (PPS).

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

Actions for Municipal Governments

- That municipal governments continue to work to ensure that zoning by laws are up to date with official plans.
- That municipal governments pursue and move towards e-permitting if they have the resources.

- That municipal governments consider the benefit of third-party coordinating engineers as a potential option worth exploring.
- That municipal governments explore the benefits of offering one-window 'concierge services' at a premium planning fee to fast track priority proposals.
- That municipal governments consider if adopting a Community Planning Permit System would meet the needs of their local communities.
- That municipal governments consider succession management strategies to ensure that they are able to employ well-qualified building inspectors.

Actions for Provincial Government

- That the provincial government conduct a review to improve timelines and reduce administrative burden associated with Environmental Assessments.
- That the provincial government should give time and needed resources to the Local Appeal Planning Tribunal (LPAT) and evaluate it with a goal of continuous improvement.
- That the provincial government should modernize notice provisions.
- That the provincial government should continue to document and disseminate Best Management Practices (BMPs) to municipal governments to foster learning, resulting in continuous improvement.
- That the provincial government provide support to housing developers including the dissemination of Best Management Practices (BMPs).
- That the provincial government provide training to help municipal governments to increase the supply of building inspectors.

Actions for Housing Developers

- That housing developers take steps to ensure the completeness and quality of applications in order to reduce timelines and reduce the number of resubmissions.
- That housing developers avoid resubmission delays that slow down the process.
- That housing developers take good care to prepare Comprehensive Site Plans.
- That housing developers diligently, completely fulfill contractual Clearing Conditions in a timely manner.
- That housing developers ensure timely Building Inspections to keep projects on track and on schedule.

Theme 2 – Mix

AMO believes in fostering complete communities with a wide range of housing options to meet needs as required by the Provincial Policy Statement (PPS) for municipal planning. In addition, it is essential to meet affordability targets. One issue is that not enough affordable housing is currently being built. Housing prices have become detached from income levels and there is a shortage of housing options appropriate for middle and lower income families. In many areas, there is a dearth of ‘missing middle’ housing. More can be done to ensure that new supply meets the needs of the population. For example, young growing families need family-size accommodations. In other situations, over-housed seniors may need options to downsize their living accommodations and/or seek shared housing arrangements.

Municipal governments have a range of tools in the municipal toolkit under provincial legislation to facilitate affordable housing development. One such tool is inclusionary zoning. While not a panacea solution, it has great potential to ensure that some new stock is offered at affordable prices and rents appropriate for moderate-income households. Community (social) housing exists to provide housing options for low-income households.

The government is cautioned against quick fixes to remove restrictions that, on the surface, would appear to make the development process more effective but may potentially cause unintended consequences, create new problems, or exacerbate existing ones.

A more specific articulation of which restrictions prevent affordable housing would be helpful in this discussion. Municipal governments are supportive of reducing red tape while retaining good planning to establish a built environment that will be affordable not only to the home owner, but to the municipal government as it extends and provides services while managing the triple bottom line.

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

Actions for Municipal Governments

- That municipal governments consider exercising their authority to enact inclusionary zoning by-laws to create more housing supply for moderate-income households if the need is warranted and is desired by the community.
- That municipal governments revisit zoning to explore zero lot line, tiny homes, laneway housing, flex housing, and other built forms that reduce land costs and increase density.
- That municipal governments can provide developers with zoning maps to indicate where supports are located which could inform developer choices regarding housing type.

Actions for Provincial Government

- That the provincial government provide further information and promote awareness among municipal governments of their option to enact inclusionary zoning by-laws.
- That the provincial government consider providing financial incentives to developers to encourage missing middle-type housing for moderate-income families.

- That the provincial government provide unused Crown land contingent on building affordable and ‘missing middle’ housing solutions.
- That the provincial government should review the PPS and any provincial growth plans with an eye towards increasing density allowances in existing neighborhoods.
- That the provincial government support growth of new housing supply with corresponding investments in infrastructure including schools, hospitals, transit, and transportation.

Actions for Housing Developers

- That developers consider a menu of finishes so that more modest options are available.
- That developers consider the potential for expandable/reducible units (i.e. time-share units often have the option of combining adjoining units for larger floor plans or closing off access for small units).
- That developers design buildings in a way that allows for the future installation of accessible features.

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

Actions for Municipal Governments

- That municipal governments should work in partnership with the Province to change public attitudes opposed to intensification by increasing public awareness of the negative impact of sprawl on the environment, traffic congestion, and on the costs of municipal service provision.

Actions for Provincial Government

- That the provincial government should work in partnership with municipal governments to change public attitudes opposed to intensification by increasing public awareness of the negative impact of sprawl on the environment, traffic congestion, and on the costs of municipal service provision.

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

Actions for Municipal Governments

- That municipal governments use local planning tools to enable the strategic use of underutilized and strategically located employment lands for mix-uses, including housing.

Actions for Provincial Government

- That the provincial government ensure there is sufficient flexibility and supports for municipal governments to strategically use underutilized and strategically located employment lands for mixed-uses, including housing.

Theme 3 – Cost

Changes to development charges are not recommended. Municipal governments already have the ability at their discretion to waive, reduce, or defer fees and charges. The decision to do so is based on fiscal capacity and priority setting. Development charges are not the root cause of the housing affordability crisis. These charges are the necessary costs of doing business in a manner that has ‘growth pay for growth’. They provide cost recovery for the development of necessary services, not additional revenue sources for municipal governments. Any reductions or elimination of fees and charges will result in a shift of the costs from developers and new residents to existing property tax payers and/or result in a degradation of services. There is no guarantee that savings accrued to developers will be passed on to the people paying rent or payments on new housing. It may just result in increased profits for housing developers. Lastly, if the costs of growth are shifted to the property tax base, there may be an unintended consequence of local residents opposing new growth due to rising property tax costs. This will result in less, not more, housing stock on the market.

As we consider the details behind this statement, it becomes apparent that development charges are the least of the various taxes and fees being addressed. Further, as we look at the increase in development charges (DCs) over time compared to the rise in housing prices, there is no correlation. Housing prices are rising well above any rises in DCs. Finally, programming to rebate DCs have been cancelled as the provincial government has stated that this has proven ineffective in stimulating affordable housing.

Question: 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)?

Actions for Municipal Governments

- That municipal governments should continue to exercise the ability to voluntarily provide financial incentives when they are able, and at their sole discretion, to facilitate the targeted development of new affordable housing in line with local municipal objectives.

Actions for Provincial Government

- That the provincial government should ensure development charges are calculated in a way that ensures growth pays for growth.
- That the provincial government should continue to allow local discretion to make adjustments to planning and development approval fees on a cost recovery basis.
- That the provincial government should provide surplus or under-utilized crown land for affordable housing development for free or for a nominal fee to bring down housing costs.
- That the provincial government should consider allocating revenues generated from the land transfer tax and the non-resident speculation tax to affordable housing and the provision of financial incentives to facilitate housing solutions for moderate-income households.

Theme 4 – Rent

The issue of facilitating new rental housing that is safe, secure, suitable, and adequate for renters requires special attention. There is a widespread shortage of rental housing in the province and little new purpose built rental is being developed. Making changes in this area may benefit landlords (by making it easier) and tenants (by ensuring housing stability) but it is not evident that this will significantly impact on the creation of new housing supply.

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

Question: What additional protections should be provided for tenants?

AMO believes that a balance needs to be struck between landlord and tenant rights and obligations in order to encourage new rental units and to preserve existing ones.

Actions for Municipal Governments

- None, as there is no direct role for municipal governments under the *Residential Tenancies Act*.

Actions for Provincial Government

- That the provincial government consider the input from the public, including landlord and tenant organizations, to determine the appropriate balance between landlord and tenant rights and obligations.
- That the provincial government should provide more public education to both landlords and tenants on their rights and obligations.
- That the provincial government should explore ways to speed up the slow landlord and tenant board process.

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

AMO agrees that second units have great potential to create new housing supply. However, measures to streamline the process of creating second units cannot compromise municipal review and approval power or ignore public safety.

Actions for Municipal Governments

- That municipal governments exercise their ability under the *Planning Act* to facilitate the creation of legal second suites and new rentals in a manner that meets the needs of communities, conforms appropriately to municipal by-laws, and advances public safety.

Actions for Provincial Government

- That the provincial government promote awareness and provide information to municipal governments about ways to effectively facilitate legal second suites and new rentals in a manner that meets the needs of communities.

- That the provincial government provide low cost loans to homeowners who wish to renovate in order to create new legal second units in accordance with local municipal bylaws.
- That the provincial government not exempt new second suites from Development Charges.

Theme 5 – Innovation

AMO believes that encouraging innovation could result in new housing supply while balancing the needs of communities and continuing to ensure public safety. There is an opportunity to learn about promising practices from other jurisdictions in Canada and the world. Examples may include allowing flex housing, pre-fabricated homes, laneway housing, and/or tiny house construction in small parcels of land. The Province should also explore innovative alternative financing models including rent-to-own and shared equity approaches.

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

Actions for Municipal Governments

- That municipal governments continue to work with developers to encourage innovative housing while still conforming to the standards of the Ontario Building Code.

Actions for Provincial Government

- That the provincial government research and disseminate promising practices from other jurisdictions about how to facilitate innovative housing supply.

Question: 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?

Actions for Municipal Governments

- That the provincial and federal governments ensure that municipal governments continue to have the ability to exercise their discretion to offer home ownership programs and renovation support programs with funding from federal-provincial housing programs available under the National Housing Strategy.

Actions for Provincial Government

- That the provincial government explore and pilot new innovative home ownership programs for low and moderate-income people, with a special focus on first-time homebuyers, including shared equity schemes and rent-to-own-approaches.
- That the provincial government advocates to the federal government to develop more robust home ownership programs.

Question: Do you have any creative ideas to make better use of existing homes, buildings, and neighbourhoods to increase the supply of housing?

Actions for Provincial Government

- That the provincial government research and disseminate promising practices to make better use of existing homes, buildings, and neighbourhoods to increase the supply of housing (e.g. match maker services that facilitate shared living arrangements between seniors in over housed situations and renters, including students).
- That the provincial government consider a “Yes in My Backyard” initiative to address NIMBYism and change public attitudes against new ‘missing middle’ developments.