
REPORT TITLE: Region of Peel Comments on Ontario Housing Affordability Task Force Recommendations

FROM: Kealy Dedman, Commissioner of Public Works

RECOMMENDATION

That Regional staff comments on recommendations from the report of the Ontario Housing Affordability Task Force as outlined in the report of the Commissioner of Public Works, listed on the April 7, 2022 Planning and Growth Management Committee agenda titled “Region of Peel Comments on Ontario Housing Affordability Task Force Recommendations”, be endorsed;

And further, that the Regional Chair, on behalf of Regional Council, write a letter to the Minister of Municipal Affairs and Housing to provide feedback on the recommendations of the Ontario Housing Affordability Task Force, and a copy of the subject report for information and consideration;

And further, that a copy of the subject letter and report be forwarded to all Peel Members of Provincial Parliament, the Association of Municipalities of Ontario, the Town of Caledon, the City of Brampton, and the City of Mississauga.

REPORT HIGHLIGHTS

- On February 8, 2022, the Provincially-appointed Housing Affordability Task Force (the Task Force) published its report (Appendix I).
- Many of the Task Force’s recommendations are supported by Regional staff and should help to reduce some barriers and delays in adding housing supply. However, some of the recommendations minimize the shared responsibility between the private development industry and public agencies to address complex technical issues to allow development approvals to proceed in a timely manner.
- The Task Force’s report offers a limited response to addressing factors beyond supply such as demand, labour, materials, infrastructure, interest and inflation rates, and investment practices to make housing more affordable.
- Regional staff support efforts to reduce exclusionary zoning but have concerns with proposed unlimited permissions for development of multi-unit four-storey buildings on any residential lot and unlimited heights in some areas given the potential technical and community implications of such broad permissions.
- Some Task Force recommendations more directly affect the public, including prohibiting additional public meetings beyond those required under the *Planning Act*, requiring digital public consultation options, increasing the filing fee for third-party appeals, funding pilot projects that create innovative pathways to homeownership for marginalized groups, and promoting and investing in skilled trades.

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- Recommendations to reduce public consultation or increase filing fees for appeals may have unintended consequences on the ability for public consultation to improve project outcomes and resolve issues.
 - Task Force recommendations may improve housing outcomes and create more housing options such as purpose-built rental to better meet local need. Recommendations may improve affordability for moderate income households but will likely not lead to improved affordability for low income households.
 - As well documented in the recent “Blueprint for Action” published by the Association of Municipalities of Ontario, solutions to housing challenges are found at all levels (municipal, provincial, federal, industry and community) and municipalities play a critical role in addressing housing challenges for people as housing service managers, housing providers, and through management and implementation of municipal official plans that contribute to provincial and municipal planning objectives such as complete communities (Appendix II).
 - Regional staff are committed to working with the Province to examine and determine how to operationalize the recommendations of the Task Force that the Province may choose to implement.
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DISCUSSION

1. Background

Housing affordability continues to be a significant challenge facing Peel Region as resale home prices rose faster (127 percent) than inflation (17 percent) and household incomes (18 percent for renters and 20 percent for owners) between 2010 and 2020. Resale home prices for all housing types have continued to rise quickly over the past year (29 percent from February 2021 to February 2022). There are virtually no pathways to affordable homeownership for low income households and increasingly limited pathways to affordable homeownership for moderate income households. In addition, there are limited rental housing options in relation to housing need. Average market rents have increased by 42 percent over the last 10 years (2010 to 2020), making it more challenging for households to access affordable rental options.

The Region of Peel, as service manager for housing and homelessness, oversees affordable and subsidized rental housing units. The Region also manages and supports new affordable rental housing developments, such as a housing provider and the development of new homes underway through the Housing Master Plan. This Plan has received Regional and Federal support but still has a funding gap of \$319.6 million.

In May 2019, the Province introduced *More Homes, More Choice: Ontario's Housing Supply Action Plan* to make housing more affordable by increasing the supply of the full range of housing options. On December 6, 2021, the Minister of Municipal Affairs and Housing established Ontario's Housing Affordability Task Force (the Task Force). The Task Force's mandate was to explore measures to address housing affordability by increasing the supply of market rental and ownership housing and building housing supply in complete communities, reducing red tape and accelerating timelines, encouraging innovation and digital modernization, supporting economic recovery and job creation, and balancing housing needs with protecting the environment.

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The Task Force is part of Ontario's ongoing consultation with industry, municipalities, and the public to help the government identify and implement real solutions to address the housing supply crisis. Members of the Task Force represent experts in real estate, home builders, financial markets, not-for-profit housing, Indigenous housing, and economics. The Task Force did not include members from municipal government.

While the Region was not invited to participate in the Task Force's consultations, local municipalities such as the City of Mississauga were invited. The Region contributed to the Province's overall consultation on housing supply by responding to an online survey, engaging with municipal partners through the 2022 Provincial-Municipal Housing Summit, and participating in discussions leading up to the 2022 Rural Ontario Municipal Association Conference.

On February 8, 2022, the Province published the report of the Housing Affordability Task Force (Appendix I).

2. Findings

The Task Force grouped its 55 recommendations to quickly increase the supply of market housing into five key areas. Although affordable housing units provided at below-market rates with government support and government-owned land were not part of the Task Force's mandate, recommendations on these aspects of housing were included in the appendix of the Task Force's report.

Many of the Task Force's recommendations are positive and could create more market housing. The report, however, offers a limited response to addressing other factors such as demand, labour, materials, infrastructure, interest and inflation rates, and investment practices to make housing more affordable.

Some recommendations are well intentioned but do not adequately consider some of the complexities and impacts to existing communities and infrastructure.

Several recommendations support affordable housing development, including streamlining planning processes, allowing cash-in-lieu of affordable units as part of inclusionary zoning, and more encouragement of pre-zoning and requiring affordable housing as part of the sale of government surplus land.

a) Focus on getting more homes built (Recommendations 1-2)

The Task Force set an overall goal of building 1.5 million new homes in 10 years. While this goal will help to provide more housing options in Peel, it is important that timing, community need, affordability, and servicing and infrastructure requirements guide implementation to ensure that growth is sustainable and adequately supported and funded.

Regional staff are supportive of the Task Force's recommendation to amend Provincial legislation and plans to set "growth in the full spectrum of housing supply" and "intensification within existing built-up areas" as the most important residential housing priorities for Ontario. This recommendation aligns with the Regional Official Plan's goal of creating a range and mix of housing options, including affordable housing and rental

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housing stock, and directing growth to the delineated built-up area through intensification of strategic growth areas such as major transit station areas.

b) Require greater density (Recommendations 3-11)

The Task Force proposes a number of recommendations to require greater density through “as of right” permissions that do not require municipal approval. Regional staff generally support recommendations related to limiting exclusionary zoning and modernizing the building code. Regional staff conditionally support the recommendation to allow “as of right” residential housing up to four units and up to four storeys on a single residential lot but only in strategic growth areas (such as major transit station areas and urban growth centres).

Some “as of right” provisions could be supported in other areas pending further studies demonstrating availability of infrastructure and services to support housing that includes units that are affordable to low and moderate income households with appropriate limitations to reflect local technical considerations and community context.

Recommendations to expand permissions for conversion of underutilized or redundant commercial properties, additional residential units (e.g., secondary suites), and multi-tenant housing are positive. When permitting greater density, however, there is a need to adequately consider implications on water and wastewater, servicing and infrastructure requirements, and downstream plant or additional conveyance capacity and there should be provisions in place to ensure long-term affordability.

Regional staff are not in favour of allowing “as of right” zoning up to unlimited height and unlimited density near major transit stations as this has not proven to be as effective in securing more housing options including affordable housing and may be constrained by insufficient community infrastructure to accommodate increased density. Similarly, Regional staff do not support applying “as of right” zoning of six to 11 storeys with no minimum parking requirements on any streets serviced by public transit due to significant variations in current ridership and service levels. This recommendation would be more effective in areas with higher order transit and strategic growth areas rather than being applied broadly and may be applicable to affordable housing developments pending further studies demonstrating availability of infrastructure and services. The risk of implementing these recommendations would be insufficient infrastructure capacity, servicing connections, and community services to adequately meet the needs of the new population in these areas as well as incompatibility of unlimited height and density in areas without the necessary infrastructure and transportation network.

The Region will continue to work with local municipalities and other stakeholders to increase public awareness of the role of intensification in creating sustainable, compact, transit-oriented complete communities.

c) Reduce and streamline urban design rules (Recommendation 12)

Municipalities support a more permissive land use, planning, and approvals system and are working towards this goal while supporting planning objectives. Efforts to create province-wide standards should focus on development of housing that expands purpose-built rental and housing and housing options that are affordable to low and moderate income households. It may also be helpful to establish separate guidelines for projects

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that prioritize the creation of affordable housing and address provincial, regional and local municipal planning objectives and outcomes.

d) Depoliticize the process and cut red tape (Recommendations 13-25)

The recommendation to expand digital participation options in public consultations is positive and will create more opportunities for stakeholder engagement. This was a component of the recent Peel 2051 Regional Official Plan Review and is part of the Region's future plans for hybrid online and in-person public consultation while being mindful of digital barriers. Recommendations around simplifying planning legislation and policy documents and requiring pre-consultation with all relevant parties are positive efforts that currently exist in the Regional planning approval and commenting process.

Some of the Task Force's recommendations regarding streamlining processes are well intentioned but minimize the shared responsibility between the private development industry and public agencies to address complex technical issues to allow development approvals to proceed in a timely manner. For instance, recommendations that seek to limit public consultation could be detrimental to moving some projects forward and resolving issues and comments on applications. This recommendation should instead focus on supporting truly affordable housing developments.

Regional staff are not supportive of the recommendation to restore the right of developers to appeal Official Plans and Municipal Comprehensive Reviews as it would delay housing from being built and hinder the Region's ability to designate lands for long-term growth and meet housing objectives and provincial targets, which is contrary to the overall goals of the Task Force. This recommendation could create delays in official plan policy implementation and development approvals due to lengthy appeals and additional uncertainty in the ability to meet municipal planning objectives and forecasts.

Efforts are being made to better understand why development applicants with subdivision draft approvals or site plan approvals have yet to apply for building permits. For instance, City of Brampton staff indicate that approximately 9,000 approved residential units have not proceeded to construction. While it is understood that there is a period of time that exists between when units are approved and when construction commences, not adding housing supply in a timely manner places negative pressures on housing options and affordability. The Province should consider mandating timelines to require developments to commence construction within a certain period after receiving the necessary planning approvals. In addition to units specifically approved through subdivisions and site plans, "as of right" zoning exists in communities such as Mississauga's Downtown Core. City of Mississauga staff estimate that lands in the Downtown Core are pre-zoned to accommodate a further 40,000 units beyond the approximate 10,000 units currently in the development pipeline, for a total potential of 50,000 units. These permissions have not led to any substantial increase in affordable units being built by the development industry.

e) Fix the Ontario Land Tribunal (Recommendations 26-31)

The recommendation to remove right of appeal for projects with at least 30 percent affordable housing in which units are guaranteed affordable for at least 40 years is a positive step that could be strengthened by expanding its applicability to all projects with

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an affordable housing component (e.g., lower affordability threshold or shorter affordability period). Regional staff also support the recommendation to require appellants to demonstrate to the Ontario Land Tribunal that an appeal has merit, through reliance on evidence and expert reports, before the appeal is accepted, as this would support stronger vetting of appeals to ensure that more housing developments can move forward. Regional staff are concerned, however, about other recommendations, such as those that increase the filing fee for third-party appeals or limit additional public meetings beyond what is required under the *Planning Act*, that may have unintended consequences on the ability for public participation.

f) Support municipalities that commit to transforming the system (Recommendations 49-50)

Regional staff support the recommendation on adopting consistent municipal e-permitting efforts and encouraging the federal government to match funding as this aligns with the Region's existing efforts to leverage provincial funding to further this objective. The recommendation on reducing funding for municipalities that fail to meet provincial housing growth and approval timeline targets, however, is of concern as there is uncertainty as to how this would be measured and there does not appear to be an understanding that municipalities have limited control on the pace of growth, particularly on how quickly units are built.

g) Others (may take more time to resolve or may not directly increase supply, monitoring and reporting) (Recommendations 32-48, 51-55)

Recommendations to support purpose-built rental through provincial and federal loan guarantees and aligning property taxes with those of condos and low-rise homes are positive and may help create much-needed rental housing stock by improving the economics of investing in purpose-built rental.

Regional staff support the Task Force's recommendation to waive development charges on all forms of affordable housing that is guaranteed to be affordable for 40 years provided that such a waiver is reflected in legislative changes such as the *Development Charges Act* or through funding transfers from the provincial or federal governments. Staff recommend that other housing types such as long-term care homes, hospices, and affordable housing be provided with statutory development charge exemptions.

Regional staff are not supportive of recommendations that broadly waive development charges and parkland cash-in-lieu and further restrictions on when and how funds are drawn upon. These efforts contradict the principle of "growth pays for growth" and do not align with the Region's system-wide approach.

Development charge rate calculations are informed by infrastructure investment plans and growth forecasts and any broad waivers would create funding constraints for infrastructure and negatively affect the Region's financial sustainability. Many of the Region's growth-related capital expenditures are incurred far in advance of development charge collection, resulting in the Region having to borrow funds to cover project costs. Prohibiting municipalities from further collection of development charges would further exacerbate the Region's ability to invest in infrastructure on a timely basis. Requiring development charges to be spent in the neighbourhood where they were collected could be difficult to implement and would create disconnects in cash flows due to differences

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by area that do not align with the Region's system-wide approach to development charges infrastructure planning.

Recommendations for using a utility model instead of development charges for water and wastewater could place billions of dollars of infrastructure costs on the property tax and utility ratepayers. These recommendations do not appear to be practical and may create affordability challenges for residents and businesses. While Regional staff believe that the concept of alternative governance and funding models could be explored further, there are significant obstacles regarding both concepts which will require detailed analysis before implementation. These implications should be considered as part of provincial efforts to explore alternative funding models for utilities.

In addition, market housing prices and property values are primarily driven by market conditions and not by development charges. For example, Regional development charges represented approximately three to five percent of average home prices in January 2022. Moreover, house price increases over the last five years (2017 to 2022) are well above increases in the Region's development charge rates (e.g., 72 percent increase in prices versus 35 percent development charge increase for detached homes and 191 percent price increase for condo apartments versus 60 percent increase in development charges).

h) Affordable Housing (Appendix B) and Government Surplus Land (Appendix C)

In addition to its main set of recommendations, the Task Force offered additional recommendations for building more affordable housing. Several of these recommendations support affordable housing development and purpose-built rental, including recommendations related to streamlining planning processes, allowing cash-in-lieu of affordable units as part of inclusionary zoning, and more encouragement of pre-zoning and requiring affordable housing as part of the sale of government surplus land. Recommendations on affordable housing, however, do not address the role of municipalities in delivering human services, including securing housing for low income households and the provision of non-market housing.

3. Proposed Direction

It is recommended that Regional Council endorse the comments on the Task Force's recommendations outlined in this report and forward a copy of this report to the Minister of Municipal Affairs and Housing. Regional staff encourage the Province to account for the role of municipalities and continue to collaborate on improving the planning approvals process and housing investments to create more housing options that are affordable and meet local need to enable people to live in the community of their choice.

RISK CONSIDERATIONS

Where staff have identified a concern with a Task Force recommendation, information about the risk associated with that recommendation has been noted in the discussion above. Some of the Task Force's recommendations could hinder the Region's ability to meet provincial and regional housing objectives including providing a range and mix of housing options and improving housing affordability. In addition, depending on which recommendation(s) are implemented by the Province, some of the recommendations could have financial and operational implications for a range of Regional services.

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FINANCIAL IMPLICATIONS

The Task Force Report includes a number of recommendations related to development charges and growth-related infrastructure capital. While these recommendations are well intended, some may have unintended consequences that could cause a widened development charges funding gap and risks such as infrastructure needs not being met due to insufficient or suspended funding, additional uncertainty for budget planning and cash flow management, and disconnects between the Region's system-wide approach to development infrastructure planning and where funds are being spent.

The Province has yet to announce which of the Task Force's recommendations will be implemented and more details are needed to assess the full impact of some recommendations.

CONCLUSION

While supply exceeding demand will help to reduce house prices, there are demand-side solutions and economic factors and levers that are not addressed by the report that help create more affordable housing supply and complete communities.

Provincial efforts to streamline approval processes should be prioritized for housing options that are in particular need, such as purpose-built rental and units that are affordable to low and moderate income households. Moreover, a Ministerial Zoning Order (MZO) and community planning permit system areas are strategic tools that provide additional opportunities to ensure that affordable housing is a key component of a proposed development to maximize community benefits through the inclusion of specific conditions of approval by the Minister.

There is an opportunity to leverage some of the Task Force's recommendations and other recommendations such as those put forward by the Association of Municipalities of Ontario (AMO) that suggest an integrated approach (Appendix II). These include key actions for the federal, provincial and local municipal governments and development sector on collaboration and coordination, funding and incentives, improving outcomes for people, innovation, streamlining processes, and workforce development and the supply chain. In addition, other stakeholders such as conservation authorities play an important role in ensuring that increased density does not place undue pressure on existing greenspaces and recreational facilities.

While solutions to housing challenges are found at all levels (municipal, provincial, federal, industry and community), municipalities play a critical role in addressing these challenges as service system managers and through management and implementation of municipal official plans. The Region will continue to work with local municipalities, the development industry, and other stakeholders as part of a shared commitment to achieving a range and mix of affordable housing options and complete communities. Regional staff are committed to working with the Province to examine and determine how to operationalize the recommendations of the Task Force that the Province chooses to implement.

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APPENDICES

Appendix I – Report of the Ontario Housing Affordability Task Force, February 2022

Appendix II – AMO Blueprint for Action: An Integrated Approach to Address the Ontario Housing Crisis, February 2022

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