

City of Mississauga

Corporate Report



Date: 2016/08/16 To: Chair and Members of Planning and Development Committee	Originator's files: CD.06.AFF
From: Edward R. Sajecki, Commissioner of Planning and Building	Meeting date: 2016/09/06

Subject

Information Report (All Wards)

Comments on the Provincial Long-Term Affordable Housing Strategy Update and Bill 204: Promoting Affordable Housing Act, 2016

File: CD.06.AFF

Recommendation

That the report titled, "*Comments on the Provincial Long-Term Affordable Housing Strategy Update and Bill 204: Promoting Affordable Housing Act, 2016*" from the Commissioner of Planning and Building, dated August 16, 2016, be received and forwarded by the City Clerk to the Ministry of Municipal Affairs, Ministry of Housing and Region of Peel.

Report Highlights

- In March 2016, the Province released the Long-Term Affordable Housing Strategy (LTAHS) update. The LTAHS takes bold steps to continue to transform the housing system in Ontario. The update reflects current realities, new research and incorporates best practices.
- To support the initiatives in the LTAHS, the Province also introduced Bill 204: Promoting Affordable Housing Act, 2016. This included amendments to the *Planning Act* to enable municipalities to apply inclusionary zoning (IZ) and changes to the *Development Charges Act, 1997*, requiring development charge exemptions for second units in new homes.
- It is recommended that:
 - Flexibility in requiring cash-in-lieu and off-site replacement units be incorporated in IZ to ensure units are provided in appropriate developments and the IZ contribution is not lost.
 - Clear Provincial direction be provided on a number of matters including program targets, units set aside, the use of Section 37, nature of incentives and the municipal role in the implementation of IZ in a two-tiered municipal structure.
 - Changes to the *Development Charges Act, 1997* and Ontario Building Code are supported in principle to remove barriers in the development of second units.

- Clarification is required as to when the development charge exemption would apply as well as the changes and timing of changes to the Ontario Building Code.

Background

In March 2016, the Province released the Long-Term Affordable Housing Strategy (LTAHS) update. The LTAHS, initially introduced in 2010, was the first strategy of its kind in Ontario. It sought to transform the housing system in the Province to one with greater flexibility and a more community-based approach to housing and the delivery of services. The LTAHS update continues to take bold steps that reflect current realities, new research and best practices.

The Province held consultation sessions in 2015 to update the LTAHS. The City of Mississauga submitted comments on the update in a report titled “*Ontario’s Long-Term Affordable Housing Strategy Update – Comments*” dated June 2, 2015 that included:

- exploring incentives and tools to assist with the development of new affordable housing and the development of legal, safe second units;
- assistance for municipalities in determining the safety conditions of second units in relation to right-of-entry for inspection;
- the Province to lead in the collection of data and monitoring of affordable housing, best practices, education programs and a Province-wide registry for second units;
- advocating for a national affordable housing strategy and the Long Form Census; and,
- engaging the insurance industry as stakeholders in the creation of legal, safe second units.

The report is available at:

http://www7.mississauga.ca/documents/agendas/committees/pdc/2015/06-22-2015_-_PDC_Agenda_1.30pm.pdf.

Pursuant to Council direction, Mississauga staff also met with senior provincial staff to discuss a range of common affordable housing initiatives.

The LTAHS and the City’s Comments

The LTAHS update has responded to the City’s comments to address the supply of affordable housing in a number of ways:

- providing municipalities with additional tools to develop affordable housing, particularly purpose-built rental housing, such as IZ; and,
- exploring additional funding mechanisms to develop legal, safe second units such as the expansion of Provincial renovation programs and review of Ontario Building Code requirements.

The following matters included in the City's comments have not been addressed:

- assistance for municipalities in determining the safety conditions of second units in relation to right-of-entry for inspection;
- undertaking a leadership role in the availability of data associated with monitoring affordable housing, a second unit education program and Province-wide registry of second units; and,
- engaging the insurance industry as stakeholders in the creation of second units.

Additionally, the City advocated for the reinstatement of the Long Form Census and a National Housing Strategy. These matters are the responsibility of the Federal government and have been, or are being, addressed.

Bill 204

To support the initiatives in the LTAHS, the Province introduced *Bill 204: Promoting Affordable Housing Act, 2016* (Bill 204). Bill 204 proposes changes to:

- *The Planning Act* – IZ is introduced to give municipalities the ability to require affordable housing units in development proposals.
- *The Development Charges Act, 1997* – Requires development charge exemptions for second units in new homes.
- *The Housing Services Act, 2011* - Requires Regional Service Managers to conduct enumeration of persons who are homeless.
- *The Residential Tenancies Act, 2006* – Disallows tenants to be evicted on the grounds that they are no longer eligible for rent-geared-to-income programs.

Bill 204 passed first reading in May 18, 2016 and is anticipated to be brought forward for second reading in the Fall of 2016. Comments on the draft legislation were requested by August 16, 2016. Preliminary staff comments have been provided and are attached as Appendix 1 to this report.

Comments

One of the goals in the LTAHS is to maintain an appropriate and sustainable housing supply. This report focuses its commentary on initiatives around this goal, Bill 204 amendments to the *Planning Act* and changes for Second Units (*Development Charges Act, 1997* and Ontario Building Code).

The focus on housing supply is closely related to the City's Affordable Housing Program, the City's authority in a two-tier municipal structure and the tools it may employ to address affordable housing needs. The remaining goals and legislative changes identified in the LTAHS are aimed at the responsibilities of the Regional Service Manager which is the Region of Peel.

1. Changes to the *Planning Act* – Inclusionary Zoning

The objective of IZ is to increase the supply of affordable housing while creating inclusive, complete communities. Bill 204 proposes to amend the *Planning Act* to enable municipalities to

apply this tool to require affordable housing in development proposals. This is an important policy initiative for which the City has advocated. The successful implementation of IZ requires that the following principles be addressed:

- IZ should be based on partnerships with stakeholders across the housing continuum and include financial programs from senior levels of government or the Service Managers;
- long-term financial sustainability for new affordable housing units should be maintained;
- requirements for the contribution of affordable units should be transparent and predicable; and,
- a 'level playing field' across municipal jurisdictions in the same housing market area should be created.

Appendix 1 provides further details on these matters.

Housing Affordability Advisory Panel

The IZ proposal was discussed at the meeting of the Housing Affordability Advisory Panel (Advisory Panel) held in May 2016. In addition, a special meeting of the Advisory Panel that focused on IZ was convened in July 2016 at the request of Provincial staff. The following comments emerged from the discussion:

- Provincial direction and clarity is needed on program targets and requirements;
- the development industry should not be responsible for bearing the cost of IZ; partnerships are required with the Province and municipalities to ensure incentives are in place to support IZ units;
- IZ may be combined with Section 37 contributions, provided appropriate incentives are in place for developers to be "made whole"; and,
- cash-in-lieu and off-site unit replacement to fulfill the IZ contribution should be permitted.

Recommendation

- Flexibility in requiring cash-in-lieu and off-site replacement units is recommended. This will ensure IZ units are provided in appropriate developments and contributions are not lost.
- IZ requires clear Provincial direction on a number of matters including program targets, units set aside, nature of incentives. Municipalities may not be in a position to provide financial incentives.
- There should be consideration for applying Section 37 with IZ contributions under select circumstances such as where current density requirements are up-to-date or where financial and other benefits are already in place.
- Clarity is also required in relation to the municipal role in the implementation of IZ requirements in a two-tiered municipal structure.

2. Changes to the *Development Charges Act, 1997* and Ontario Building Code for Second Units

To support second units, which are recognized as being one of the most affordable forms of rental housing, the Province is proposing changes to the *Development Charges Act, 1997* and Ontario Building Code.

Changes to the *Development Charges Act, 1997* would prohibit municipalities from imposing development charges for second units in new homes. Currently, the construction of a new purpose-built second unit within a residential dwelling, pays the small unit development charge for the second unit. The City's development charge is approximately \$12,000. This does not include development charges collected on behalf of the Region, GO Transit and the school boards. Further clarification is required as to whether this would apply primarily in the development of second units in a single new home or in the development of a subdivision which incorporates homes with second units.

The LTAHS also proposes changes to the Ontario Building Code standards to reduce unnecessary costs to build second units. Specific changes and the timing of these changes have not yet been identified.

Recommendation

- Changes to the *Development Charges Act, 1997*, and Ontario Building Code are supported in principle as they will remove barriers to the development of second units.
- Further clarification is required as to when the development charge exemption would apply. Further information is also required in relation to the change and timing of changes to the Ontario Building Code.

Strategic Plan

The need to address affordable housing requirements originated from the Strategic Plan 'Belong' Pillar. Two strategic goals relate to affordable housing – Ensure Affordability and Accessibility and Support Aging in Place. Three strategic actions link to the work underway for the affordable housing strategy:

Action 1 – Attract and keep people in Mississauga through an affordable housing strategy.
 Action 6 – Expand inclusionary zoning to permit more housing types and social services.
 Action 7 – Legalize accessory units.

Financial Impact

The financial impact of IZ will depend on the direction of IZ regulations and the incentives that may be required for its implementation. In addition, the Province has stated that IZ obligations and Section 37 benefits should not be combined which could result in a loss of potential

community benefits for municipalities. No specific impact can be determined until more specific guidelines are available.

Conclusion

The City commends the Province on the initiatives to address affordable housing in the LTAHS and Bill 204. In particular, the IZ proposal and the removal of barriers to the creation of second units are supported, although refinements as outlined in this report would strengthen the Province's initiatives. The City welcomes the opportunity to work in partnership with stakeholders across the housing continuum to address affordable housing needs in the community.

Attachments

Appendix 1: Letter to Mr. Victor Doyle, Ministry of Municipal Affairs dated August 15, 2016



Edward R. Sajecki, Commissioner of Planning and Building

Prepared by: Emily Irvine, Planner

Mr. Victor Doyle, Manager
Ministry of Municipal Affairs
Provincial Planning Policy Branch
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Toronto, ON, M5G 2E5

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Planning and Building
300 City Centre Drive
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August 15, 2016

Re: Bill 204: Promoting Affordable Housing Act, 2016- Inclusionary Zoning
Framework

Dear Mr. Doyle:

I would like to commend the Province on the inclusionary zoning (IZ) initiative contained in *Bill 204: Promoting Affordable Housing Act, 2016*. This is an important policy initiative which will assist in increasing the supply of affordable housing and creating inclusive, complete communities. The implementation of IZ will be a challenging process requiring participation from multiple sectors.

City of Mississauga comments will be provided following a report to Mississauga City Council in September 2016. The following are preliminary staff comments.

- **Cash-in-lieu/offsite** - Mississauga supports cash-in-lieu contributions and off-site replacement units where it is not practical to fulfill an IZ requirement on-site. This might apply to developments aimed at the higher-end of the housing market where maintenance fees would be difficult for low and moderate income households to carry or where there would be such a small number of units generated as to make it impractical to administer. (A number of units provided in one building is preferable to individual units scattered throughout numerous buildings.) Finally, there may be an opportunity to secure affordable units on another site that better meets the needs of low and moderate income households (e.g., close to transit). Without a cash-in-lieu or off-site replacement unit option, the IZ benefit might be lost. To ensure the supply objectives of the IZ proposal are met, the Province could require any funds collected be dedicated toward the creation of affordable units.
- **Affordability Period** - Affordability should be a permanent characteristic of IZ units. It is our understanding that subsidies for social housing agreements were tied to the life of the mortgage in buildings (typically 35 to 50 years) and that a number of these agreements will be expiring over the next 8 to 10 years. The expiration of agreements for social housing units and limited re-investment will exacerbate the shortage of affordable housing units and place additional pressure

on affordable housing waiting lists. IZ should be based on a financial model that protects the public investment and long-term financial sustainability.

- **Provincial Direction** – A number of IZ elements would benefit from strong direction from the Province. For example, program targets, units set aside, use of Section 37 and transitional matters should be based on a Provincial framework. Similar to the density requirements provided in the Growth Plan for Urban Growth Centres and designated greenfields, this framework would be predictable for private sector partners and promote a “level playing field” for municipalities in the same housing market area.
- **Data and Monitoring** – A Provincial methodology to establish affordability thresholds and information on housing market data is needed. This would ensure consistency in the implementation of IZ programs across the Province and assist municipalities with limited local resources. Provincial guidance is also needed in relation to agreements, administration, monitoring and reporting guidelines.
- **Partnerships** – Clarity should be provided as to the role in IZ for two-tier municipalities. Many of the IZ tools would be implemented by the lower-tier municipality yet the responsibility for social housing lies with the Regional Service Manager which in Peel is the upper-tier municipality.
- **Financial Incentives** – The Province has indicated that measures and incentives should be part of an IZ program. The Province could provide guidance regarding the most effective measures and tools that should be included with an IZ program. Financial incentives from senior levels of government will be an important component necessary to the success of IZ programs.

Mississauga welcomes the opportunity to work with partners across the housing continuum to ensure affordable housing is available in our community. Thank you for the opportunity to provide ideas and comments on the proposed IZ framework.

Sincerely,



Ed Sajecki
Commissioner, Planning and Building
City of Mississauga

cc. Andrew Whittemore, Director, Policy Planning
Angela Dietrich, Manager, City Wide, Policy Planning
Paulina Mikicich, Project Lead, City Planning, Policy Planning
Emily Irvine, Planner, City Wide, Policy Planning