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## **Laying the Groundwork for Long Term Affordable Housing in Your Community: A Tool Box**

**Northwest Ontario Regional Conference / Ministry of  
Municipal Affairs North-western Municipal  
Conference**

Thursday September 21, 2017

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- The slides should not be relied on for legal or official purposes.



# Laying the Groundwork for Affordable Housing in your Community: A Tool Box



# Existing Municipal Tools for Affordable Housing

## ***Planning Act***

- Second Units
- Official Plans and Zoning By-laws
- Garden Suites
- Community Improvement Plans
- Min. and Max. Development Standards
- Demolition Control Areas
- Height and Density Exchange
- Development /Community Planning Permit System
- Subdivision Control
- Reduction in Parkland / Cash-in-Lieu
- Reduction / Exemption from Parking Requirements
- Waiving/reduction of application fees

## ***Municipal Act Tools***

- Municipal and City Services Corporations
- Grants
- Municipal Capital Facilities Agreements
- New Multi-Residential Property Class
- Prohibiting the demolition and conversion of residential rental properties

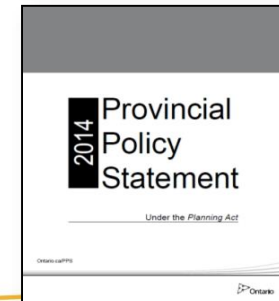
## ***Development Charges Act***

- Exempt/Reduce/Defer DCs

# Planning Act Tools

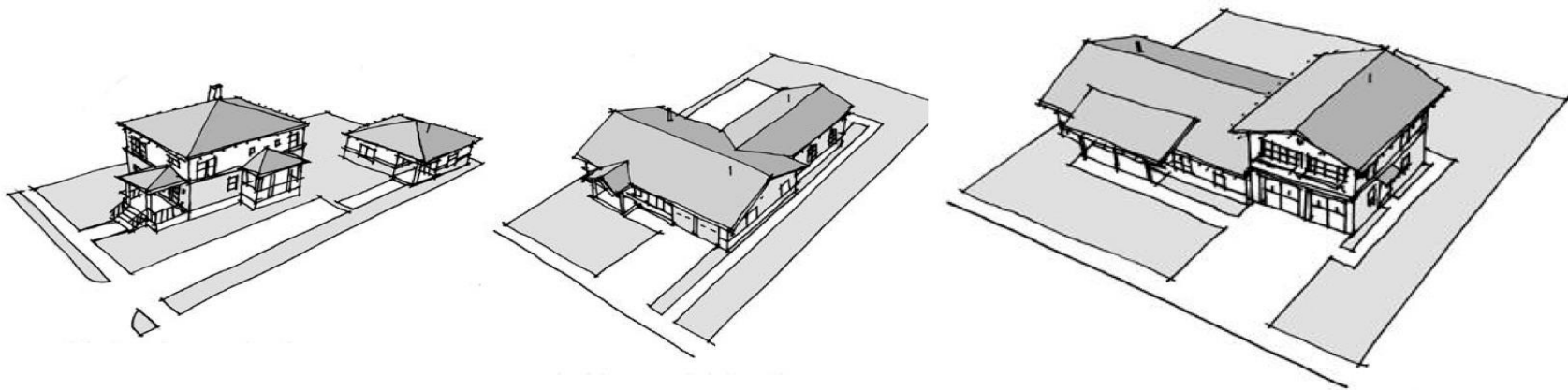
# The Planning Act and Provincial Policy Statement (PPS) 2014

- Sets out ground rules for land use planning and development in Ontario
- Provides a range of land use planning tools to help achieve a full range of housing including affordable housing
- Identifies the provision of a full range of housing, including affordable housing as a provincial interest
- PPS provides more specific policy direction
- Requires municipalities to address local housing needs



# Planning for Second Units

- Self-contained residential units with kitchen and bathroom facilities within dwellings or within structures accessory to dwellings
- Also known as accessory or basement apartments, secondary suites and in-law flats



# Benefits of Second Units

## Second units benefit homeowners, tenants and the wider community by:

- Increasing the stock of affordable rental units helping to create mixed-income communities
- Creating jobs in the construction / renovation industry, and supporting local businesses and the local labour market
- Maximizing use of existing housing stock and land
- Optimizing infrastructure, and supporting transit and active transportation
- Allow homeowners an opportunity to earn additional income to help meet the costs of homeownership
- Supporting changing demographics by providing more affordable housing options for extended family, elderly parents, or for live-in caregivers

### CASE EXAMPLE



Second units can **reduce housing ownership costs** significantly.



Analysis of a single-detached house in **Markham** shows

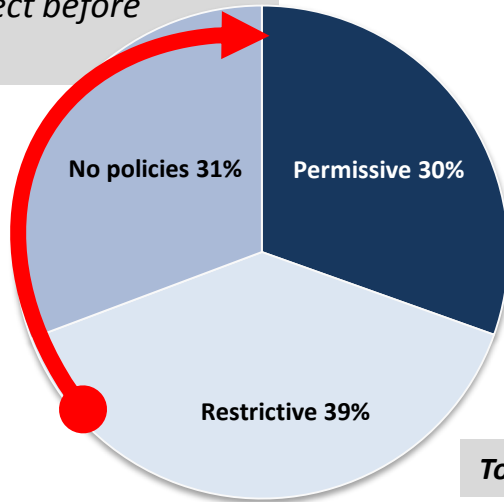


that an addition of a second unit can **reduce monthly costs by 11%**



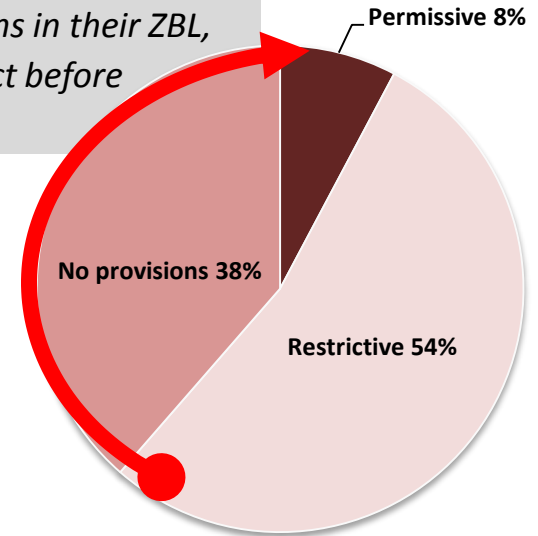
# Overview of Second Units Planning Policy/Zoning in Ontario

**Note:** Of the municipalities without second unit policies in their OP, **90%** came into effect before January 1, 2012



Official Plan

**Note:** Of the municipalities without second unit provisions in their ZBL, **78%** came into effect before January 1, 2012



Zoning By-Law

**Note:** 'Permissive' reflects the provincial position that second units should be permitted in all housing types specified in the Act, and there are no restrictions based on tenure, parking, or date of construction. 'Restrictive' indicates at least one restriction on housing type, tenure, parking or date of construction for second unit.

# Official Plans

Official Plans can include:

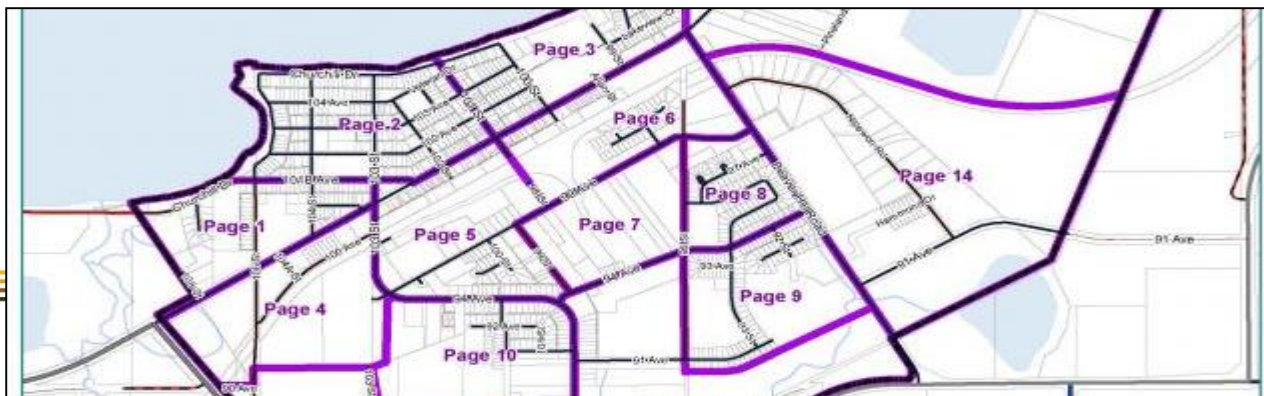
- Provisions for a range and mix of housing types and densities
- Measures and procedures for attaining housing objectives
- Targets for the provision of housing that is affordable to low and moderate income households



# Zoning By-laws

## Municipal Zoning By-laws:

- Municipalities can specify minimum as well as maximum height and density in their ZBLs
- This could guide development towards more compact, intensified built-form outcomes and create opportunities for more affordable housing



# Garden Suites

## Planning Act Section 39.1

- Municipalities can pass temporary use by-laws authorizing garden suites as a temporary use for up to 20 years
- Municipalities can also extend the temporary authorization for garden suites by further three year increments, as needed



# Community Improvement Plans (CIPs), Planning Act Section 28

- Within a CIP area, municipalities can undertake a variety of community improvement activities, and provide financial incentives (e.g. grants, loans, and property tax assistance ) for development and redevelopment within built-up areas of a community
- Subsection 28 (1.1) expressly provides that community improvement includes the provision of affordable housing
- Municipal OPs must contain policies related to community improvement and municipalities have enacted a by-law designating a CIP project area



# Reduction or waiving of application fees, Planning Act Section 69

- Municipalities may reduce or waive planning application processing fees
- A reduction or waiver of fees for applications required for an affordable housing development would reduce the costs associated with that development





# Reduction or Exemption from Parking Requirements Planning Act Section 40

- Municipalities can enter into agreements with developers to allow for the reduction or waiving of parking requirements
- These agreements could be drafted so as to facilitate the provision of affordable housing



# Conveyance of Parkland or Cash in lieu, Planning Act Sections 42 & 51.1

- A municipality can require the conveyance of land (up to 5%) or cash-in-lieu for park purposes as a condition of approval of a plan of subdivision or development/redevelopment
- Municipalities could tailor their parkland/cash-in-lieu requirements to facilitate the development of affordable housing





# Land Division Provisions

## Planning Act Sections 51 & 53

- The Planning Act requires decision makers to have regard to the effect of a proposed subdivision or consent on matters of provincial interest
- Matters of provincial interest are listed in section 2 of the Act, including the adequate provision of a full range of housing



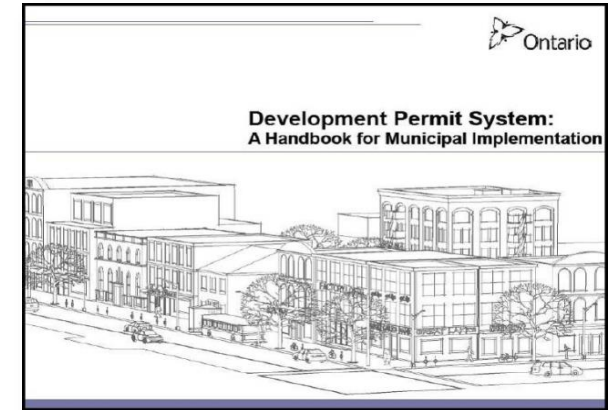
# Height and Density Exchange Planning Act Section 37

- Section 37 provides a discretionary, incentive-based system which enables municipalities, through their Official Plans, to negotiate density/height increases on specific sites in exchange for the provision of community benefits



# Community Planning Permit System (CPPS) Planning Act Section 70.2 and O. Reg. 608/06

- Formerly called ‘Development Permit System’
- Similar to a zoning by-law
- Combines zoning, site plan, and minor variance processes into one approval process
- A municipality can pass a by-law to establish a CPPS if set out in the official plan
- Can encourage affordable housing by:
  - Promoting a range of housing types and densities
  - Promoting appropriate residential intensification, compact form and building and site design
  - Eliminating “Third Party” appeals to the Ontario Municipal Board



# Demolition Control Areas, section 33

- Municipalities can establish demolition control areas protecting ownership and rental properties, as well as properties with less than six units
- Within demolition control areas, municipalities can refuse to issue a demolition permit unless a building permit has been issued to erect a new building on the site



# Inclusionary Zoning

- Bill 7 – *Promoting Affordable Housing Act, 2016* given Royal Assent December 8, 2016.
- Would allow municipalities to mandate that affordable housing units be provided within development projects
- This approach combines housing policy and land-use planning approvals to require private-market development to include below market-rate rental and/or ownership housing
- <http://www.mah.gov.on.ca/Page13790.aspx>

# Municipal Act Tools

## Development Charges Act Tools

# Municipal Service Corporations

## Municipal Act 2001, S. 203 and O. Reg. 599/06

- Municipalities can establish corporations for delivering municipal services and facilities to residents more efficiently (*see Municipal Act, 2001 s. 203 and O.Reg 599/06*)
- Benefits of Corporations:
  - Allows municipalities to work with partners in the public, private or non-profit sectors
  - Potential to provide municipal services and develop facilities more efficiently
  - May create increased capital, pooling of expenses, expertise and staff resources, and better economies of scale
- Authority to use a levy for “economic development services” with a definition that includes:
  - Public Transit
  - Housing Land Re-development
  - Parking
  - BIA type services
  - Facilities for arts/heritage

# Municipal Act, 2001-- Grants

## Section 107 - General power to make grants

- Municipalities may be able to provide property tax exemptions and other incentives such as:
  - Loans
  - Grants
  - Development charge waivers

## Section 106 – General prohibition on “bonusing”

- Prohibits municipalities from “directly or indirectly assisting any manufacturing business or other industrial or commercial enterprise through the granting of bonuses”





# Municipal Housing Facilities By-law and Municipal Capital Facilities Agreements

- In Ontario, all municipalities can now enter into Municipal Housing Facilities Agreements with any party and provide financial incentives to facilitate the creation of affordable housing facilities.
- Municipal Housing Facilities Agreements can be used by municipalities to create relationships with other parties such as public bodies, municipal service corporations, the private sector, not-for-profit organizations, and aboriginal communities to deliver municipal facilities.
- Prior to entering into a Municipal Capital Facilities Agreement to provide affordable housing, the municipality must pass a Municipal Housing Facility By-law. (The Municipal Act 2001, Section 110)

# Municipal Housing Facilities By-law and Municipal Capital Facilities Agreements (continued)

- **A Municipal Housing Facility By-law must include**
  - Definition of “affordable housing”
  - Policies regarding public eligibility for the housing units to be provided as part of the municipal capital facilities
  - Summary of the provisions that an agreement respecting municipal housing project facilities is required to contain
- **Assistance for municipal capital facilities from a municipality may include:**
  - Giving or lending money
  - Giving, leasing or lending property
  - Guaranteeing borrowing
  - Property tax exemptions or reductions



# Property Tax Rate Reduction

- Generally, the multi-residential class includes rental apartment properties with seven or more units, and the residential class includes condos and single residential dwellings.
- The municipal tax rate for multi-residential is often higher than the rate for the residential class.
- Municipalities had the option to tax new multi-residential properties at a rate similar to other residential properties.
- As of April 20<sup>th</sup>, 2017, all new multi-residential properties will be taxed at the lower rate.
- The municipality will determine the ratio within the target range for the class (1.0-1.1)



# Demolition and Conversion of Residential Rental Properties

## Municipal Act 2001, S. 99.1(1)

- A tool that allows a municipality to prohibit demolition or conversion to condominium of residential rental property containing six or more units
- Municipalities must pass a by-law to give effect to this tool (The Municipal Act , Section 99.1 (1))



# Development Charges Act Tools

## Sections 5, 6

- Municipalities can give a full or partial exemption from development charges to certain types of development
- Could be used as a financial incentive

# Thank you.....

## QUESTIONS?

# For more information:

## **Ministry of Municipal Affairs and Ministry of Housing**

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# Select Resources

- The Municipal Act, 2001: <https://www.ontario.ca/laws/statute/01m25>
- The Planning Act: <https://www.ontario.ca/laws/statute/90p13>
- The Provincial Policy Statement, 2014: <http://www.mah.gov.on.ca/page10679.aspx>
- The Housing Services Act, 2011: <https://www.ontario.ca/laws/statute/11h06>
- The Housing Policy Statement:  
<http://www.mah.gov.on.ca/AssetFactory.aspx?did=9262>
- Community Improvement Planning Handbook, 2008:  
<http://www.mah.gov.on.ca/Page1297.aspx>
- Municipal Tools for Affordable Housing Handbook, 2011:  
<http://www.mah.gov.on.ca/AssetFactory.aspx?did=9270>



# Select Resources (continued)

## Municipal Guide for Facilitating Affordable Housing

- This guide is intended for Municipalities, DSSABs, non-profit housing providers, builders and developers.
- It highlights initiatives of Ontario municipalities to promote the development of affordable housing. Some of these municipal initiatives were part of broader provincial initiatives, while others were developed locally.
- It is intended as a source of inspiration and ideas and not as a step-by-step implementation manual. Municipalities are encouraged to do their own due diligence in considering how a potential initiative would work locally.
- <http://www.mah.gov.on.ca/Page16567.aspx#Purpose+of+the+guide>

# Select Resources (continued)

## Brownfields Ontario

- <http://www.mah.gov.on.ca/Page220.aspx>

## FCM Green Municipal Fund –Brownfields Sector Funding

- <http://www.fcm.ca/home/programs/green-municipal-fund/what-we-fund/eligibility/brownfields-funding.htm>

- EBR-Second Unit Regulation

- <http://www.ebr.gov.on.ca/ERS-WEB-External/displaynoticecontent.do?noticeId=MTMxNjMz&statusId=MTk5NjYz>