

Needed Action on Attainable Housing

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Executive Summary

- Bill 109 has made some positive changes in removing roadblocks to building new homes, but more is needed to ensure that there are homes built that are attainable for the average Ontarian
- This can be achieved by:
 1. Implementing Inclusionary Zoning Ontario-wide
 2. Requiring local planning authorities to establish and implement minimum targets for the provision of housing which is affordable to low and moderate income households, as is required by the Provincial Policy Statement
 3. Implementing an Attainable Housing Quota System which would incentivize builders to build attainable housing and require that a percentage of all homes built be attainable.



Introduction / Overview

- The Blue Mountains is the second fastest growing community in Canada
 - population has grown more than 33 per cent since 2016, according to the first 2021 Census data released by Statistics Canada.
 - population grew from 7,025 people in 2016 to 9,390 people in 2021
- Over the last two years we have been building over 400 new homes per year

YEAR	DWELLING UNITS	CONSTRUCTION VALUE (\$ millions)
2020	429	\$214.0
2021	394	\$332.1



The Problem

- Is not getting homes built!!!! We do that now!
- The problem is that none of the homes built is affordable for households with low or moderate income.
- Builders find it more profitable to build high end homes.
- That will not change with Bill 109.
- Bill 109 has made some positive changes in removing roadblocks to building new homes, but more is needed to ensure builders build at least some homes that are attainable for the average Ontarian



Provincial Policy Statement

The Provincial Policy Statement already states that ***“Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by:***

a) establishing and implementing minimum targets for the provision of housing which is affordable to low and moderate income households and which aligns with applicable housing and homelessness plans.

- Although the language of the PPS is prescriptive, note the word **shall**, planning authorities do not have the tools to implement the targets in the absence of Inclusionary Zoning, which is restricted to areas within a Protected Major Transit Station Area (PMTSA), or a Development Permit System (DPS) area.



Grey County Official Plan

- The language in the Grey County Official Plan is aspirational, and does little to “implement” the targets as would seem to be required by the language of the PPS
- County Official Plan Paragraph 4.2.f
 - The goal of providing housing opportunities to moderate and lower income households. The County would like to achieve a minimum target of 30% of new housing, or units created by conversion, to be affordable in each local municipality. Local municipalities are encouraged to have regard for the Grey County Housing and Homelessness Plan (2014-2024) when setting targets in their local official plan. Local municipalities will be encouraged to set a minimum target similar to the County for affordable units;
- 4.2.1 Definition of Affordable Home Ownership
 - Housing ownership affordability is defined by the PPS as the least expensive of the following:
 - a) Housing where the purchase price is at least 10 percent below the average purchase price of a resale unit in Grey County or,
 - b) Annual housing expenses do not exceed 30% of gross household income (i.e. before tax household income) .



Recommendations

Amend Bill 109 to:

1. Implement Inclusionary Zoning Ontario-wide
2. Require local planning authorities to establish and implement minimum targets for the provision of housing which is affordable to low and moderate income households, as is required by the Provincial Policy Statement
3. Implement an Attainable Housing Quota system which would incentivize builders to build attainable housing and require that a percentage of all homes built be attainable.



Attainable Housing Credit System Explained

- The province makes it mandatory that all proposed developments of more than 10 units include at a minimum 20% of units “Attainable Quota Units” which will be sold or rented at a price which is below the Attainability Threshold which is defined as:
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 - 1) In the case of ownership units, less than 80% of the averaged assessed value of a single family unit within the municipality, as determined by MPAC for that Lower or Single Tier municipality. Note: may need a couple of classes (ie. Single family homes, multi-residential units etc.)
 - 2) In the case of a rental unit, less than 80% of the average rent reported by the CMHC in its rental Rental Market Survey for that Lower or Single Tier municipality.
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 - Note: Percentage of units, and percentage of average assessed value, need to be refined after more analysis. Also, there is probably a need for different classes of units which should be the same as for development charges (ie. Singles, semis, rows, and multi residential).



Attainable Housing Credit System Explained

Attainability Thresholds for each class for each Lower Tier or Single Tier Community will be set annually by MPAC.

A developer may meet the Attainable Housing Quota by either

- 1) Building the requisite number of Attainable Quota Units; or,
- 2) Purchasing excess quota from another developer who has exceeded the 20% requirement in another development in the same municipality.

Attainable Unit certificates will be issued for units at the time of initial sale or rental of the property. In the case where there is a question of whether the initial sale price or rental rate is bona fide, there be a review process For example there will have to be a review for a sale for a lower price to an affiliate to get Attainable Quota status, who then flips it for a higher price. This will have to be defined as fraud in the legislation.

Failure to meet Quota requirements would be an offence, with a financial penalty to be paid to the local municipality exclusively for use in funding Attainable Units through the municipality's community improvement fund.

It would be up to the market to set pricing for Attainable Quota Units, however as the example below shows this system offers a powerful incentive for developers to build more modest homes, with a minimal effect on the economics of building higher end homes.



Attainable Housing Credit System Example

Example of Attainable Housing Quota System			
Average Assessed Value of Single Family Home			\$ 700,000
Attainability Threshold	(80% of assessed value)		\$ 560,000
		Development A (Expensive Homes)	Development B (Attainable Homes)
Units		30	30
Attainable Quota	20%	6	6
Sales Price		\$ 1,200,000	\$ 500,000
Excess or (shortfall) of Attainable Quota Units)		(6)	24
Examples of the effect of quota pricing, if shortfall is purchased or excess sold		Increase (decrease) in Profit per Unit	Increase (decrease) in Profit per Unit
Assumed Quota Price	\$100,000	(\$20,000)	\$80,000
Percentage Increase (Decrease)		-1.7%	16%
Assumed Quota Price	\$200,000	(\$40,000)	\$160,000
Percentage Increase (Decrease)		-3.3%	32%



Thank You

