



*Allan Thompson*  
*Mayor*

July 25, 2022

Sent via E-Mail: [minister.mah@ontario.ca](mailto:minister.mah@ontario.ca)

The Honourable Steve Clark  
Minister of Municipal Affairs and Housing  
College Park 17th Floor  
777 Bay Street  
Toronto, ON M7A 2J3

Dear Minister Clark,

**RE: CALEDON RESPONSE TO THE ONTARIO HOUSING AFFORDABILITY TASK FORCE REPORT**

The Town of Caledon Council at its meeting on July 19, 2022, passed a resolution regarding Staff Report 2022-0365: Caledon Response to the Ontario Housing Affordability Task Force Report.

Town Staff have reviewed the recommendations and provided comments in Schedule C of this report. In addition, Staff support the financial concerns addressed by Municipal Finance Officers' Association outlined in Schedule D of this report.

The resolution reads as follows:

*That the comments regarding the Task Force Report contained in Schedule C, and the Municipal Finance Officers' Association comments on the Task Force Report contained in Schedule D, to Report 2022-0365, be approved; and*

*That a copy of Report 2022-0365 be forwarded to the Ministry of Municipal Affairs and Housing, Sylvia Jones, MPP for Dufferin-Caledon, the Region of Peel, the City of Brampton and City of Mississauga.*

A copy of Staff Report 2022-0365 has been enclosed for your reference. While the goal of increased housing supply is supported, there were additional comments made by Members of Council that were identified during the deliberation of the report and summarized for your consideration:

- The non-profit sector has been effective in the Town of Caledon for building capacity and integrating affordable housing into the community;
- Community character is a key driver to bring new residents to the Town of Caledon and limiting the utility of design standards policy would be a detriment to growth;
- With a community as geographically large as Caledon, limiting the allocation of development charges to the areas they are produced would hinder community development in rural areas;
- It is imperative that supply chain factors and the availability of skilled labour be considered at the provincial level in order to maintain lower development costs and the consistent provision of new housing stock; and
- While the Province has identified additional dwelling units as a priority in increasing density, council has noted provincial policy areas (e.g. the Oak Ridges Moraine Conservation Plan or the Greenbelt Plan) as barriers to residents hoping to develop on their properties.

**THE CORPORATION OF THE TOWN OF CALEDON**

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*Allan Thompson*  
*Mayor*

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Minister Clark, please contact me if you have any questions. I can be reached by email to [mayor@caledon.ca](mailto:mayor@caledon.ca) or by phone at 905.584.2272 ext. 4155.

Thank you for your attention to this matter.

Sincerely,

Allan Thompson  
Mayor

Cc. The Honourable Sylvia Jones, Deputy Premier / Minister of Health and MPP Dufferin-Caledon, [Sylvia.Jones@pc.ola.org](mailto:Sylvia.Jones@pc.ola.org)  
Aretha Adams, Regional Clerk and Director of Legislative Services, Region of Peel, [Aretha.Adams@peelregion.ca](mailto:Aretha.Adams@peelregion.ca)  
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Steven Burke, Manager, Strategic Policy Planning, Town of Caledon, [Steven.Burke@caledon.ca](mailto:Steven.Burke@caledon.ca)

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## Staff Report 2022-0365

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Meeting Date: July 12, 2022

Subject: Caledon Response to the Ontario Housing Affordability Task Force Report

Submitted By: Michael Balch, Intermediate Planner, Strategic Policy Planning

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### RECOMMENDATION

That the comments regarding the Task Force Report contained in Schedule C, and the Municipal Finance Officers' Association comments on the Task Force Report contained in Schedule D, to Report 2022-0365, be approved; and

That a copy of Report 2022-0365 be forwarded to the Ministry of Municipal Affairs and Housing, Sylvia Jones, MPP for Dufferin-Caledon, the Region of Peel, the City of Brampton and City of Mississauga.

### REPORT HIGHLIGHTS

- The Housing Affordability Task Force was formed by industry representatives to provide recommendations in remedying the provincial housing affordability crisis
- The key recommendation of the Task Force was to bring 1.5 million more homes to market in the next 10 years, to address a housing supply shortfall
- The Task Force recommendations were focused on five themes: Making housing a greater planning priority, requiring more density, and broadly expanding development rights; Streamlining development application processes; Depoliticizing the planning process; Fixing the Ontario Land Tribunal (OLT) and appeals system; and, Supporting municipalities that commit to transforming the system
- The Association of Municipalities of Ontario (AMO) published a 'Blueprint for Action' highlighting that solutions to housing challenges must be found at all levels of government and industry, but that municipalities play a critical role through the implementation of official plans to create complete communities
- Bill 109, which was informed by some of the recommendations made by the Task Force received Royal Assent April 14, 2022. Council received Report 2022-0209 on the June 21, 2022 Planning and Development Committee, which described the measures contained in Bill 109 focused on the streamlining of development approvals and provided recommendations on how to respond to those measures.
- This report does not address the Bill 109 changes but focuses instead on the recommendations of the Task Force report related to land use planning not addressed in Bill 109.
- Town Staff have reviewed the recommendations and provided comments in Schedule C of this report and Staff support the financial concerns addressed by Municipal Finance Officers' Association outlined in Schedule D of this report. In general, while the goal of increased housing supply is supported, some concerns are noted with particular recommendations to address the lack of supply.

## **DISCUSSION**

### **Background on the Housing Affordability Task Force (HATF)**

The Housing Affordability Task Force was established on December 6, 2021 by Steve Clark, Minister of Municipal Affairs and Housing with the mandate of exploring measures to address housing affordability in Ontario. This mandate considers increasing the supply for market rental and homeownership, building complete communities, reducing red tape and accelerating timelines all while supporting economic recovery and balancing environmental protection.

The Task Force notes that house prices in Ontario have almost tripled in 10 years, a rate that is outpacing inflation and incomes. The market implications have spread to not only impact homeownership but to place further stress on the rental market.

The Task Force was chaired by Jake Lawrence, CEO and Group head of Scotiabank and comprised of industry experts/representatives from development groups, academia, and provincial housing organization. The task force did not include members from municipal or regional government. While some municipalities were invited to participate in an online survey, neither the Region of Peel nor the Town of Caledon were identified.

The core finding of the Task Force is that lack of supply to meet the housing needs of Ontarians is driving the ongoing housing crisis. The report submitted by the HATF provides recommendations which include establishing a goal/direction for housing targets to be achieved provincially, increasing housing density, removing exclusionary rules and zoning, preventing abuse of the appeals process, and incentivizing successes in achieving these goals at the municipal level. The Task Force report is attached as Schedule A to this report.

### **Findings**

The Task Force delivered their report to the Minister of Municipal Affairs on February 8, 2022 and included a total of 55 recommendations with the intention to quickly increase the supply of market housing. These recommendations were classified into the following categories:

- Making housing a greater planning priority, requiring more density, and broadly expanding development rights;
- Streamlining development application processes;
- Depoliticizing the planning process;
- Fixing the Ontario Land Tribunal (OLT) and appeals system, and,
- Supporting municipalities that commit to transforming the system.

### Greater Density

To allow for greater density in municipalities, the Task Force recommends limiting exclusionary zoning, and permitting more “as of right” uses in zoning by-laws, to maximize land use efficiency, decrease planning approval timelines, and permit a variety of rental/ownership options. These recommendations encourage development in areas where municipal servicing and institutional infrastructure already exists or is underutilized.

### Streamline Urban Design Rules

The Task Force asserts that urban design rules are a hinderance to the development process, which delays the creation of new housing. The report recommends that a more permissive land use, planning and approvals system be imposed which overrides considerations of physical character, reduces site plan approval requirements, removes restrictions on high-density towers and establishes province-wide zoning standards.

### Depoliticize the Process

With the intent to limit the impact of politics on the housing development process, the Task Force recommends that municipal council decision-making and public participation be more limited at various stages of the development approvals process. It is recommended that municipalities reduce the number of public meetings to those required by the Planning Act, and that virtual consultation opportunities be encouraged where possible. The Task Force further recommends the establishment of stricter timelines with facilitators to guide the development process and establishing standardised practices and language. The use of designations under the Ontario Heritage Act is recommended to be restricted in order to avoid perceived abuse.

### Fix the Ontario Land Tribunal (OLT)

The Task Force acknowledges that while the OLT can be the mechanism to resolve land use matters impacted by municipal politics or public participation, the appeals process can also be abused. In addition to providing greater funding and resources to the Tribunal, the Task Force recommends: requiring appellants to demonstrate merit for their appeal; increasing the fees associated for third party appellants; limiting the opportunity for appeal for properties featuring affordable housing, and awarding punitive damages against municipalities where it can be demonstrated that political considerations have delayed development approvals.

### Transforming the System

Recognizing the role that both the Province and Municipalities have in solving the housing affordability crisis, the Task Force recommends that funding be provided to municipalities that adopt standardized digital permitting systems, and province-wide data architecture standards. Reductions in provincial funding is recommended for those municipalities that do not meet identified housing targets.

The remaining Task Force report recommendations address the implementation of the above recommendations, including how reporting/monitoring should be conducted, the development of a skilled workforce to build housing, and how development application fees are set. Development application fees were addressed in Staff Report 2022-0209 on Bill 109.

Further, the Task Force recommends the development of strategies in partnership with the federal government for pursuing housing affordability for urban, rural, and northern communities as well as establishing pathways to homeownership for Black, Indigenous and marginalized people/first-generation homeowners.

### **Town Staff Comments**

Town Staff have provided comments on some of the recommendations of the Task Force Report, and they are provided in Schedule C to this report. The recommendations have been summarized based on the areas Town Staff have specifically commented on.

Attached as Schedule B to this report is the AMO 'Blueprint for Action' which includes recommended actions to be taken at the Federal, Provincial and Municipal level as well as by the development industry in addressing the ongoing housing crisis. While there are points of overlap between this Blueprint and the Task Force's recommendations, this report provides sound recommendations recognizing that a collaborative effort is needed to address the housing crisis. Town Staff generally support the recommendations of the 'Blueprint for Action'.

### **FINANCIAL IMPLICATIONS**

There are no immediate financial implications arising from this report. Staff Report 2022-0209 dated June 21, 2022 Impacts of Bill 109 addressed the financial implications of Bill 109 on the Town of Caledon. Attached as Schedule D are the Municipal Financial Officers' Associations response to the Task Force Report which Staff support and recommend for Council's endorsement.

### **COUNCIL WORK PLAN**

This report relates to the following objectives of the Council Workplan.

#### **Sustainable Growth**

- Develop a housing plan that allows for increased community diversity
- Pursue intensification in concert with accessibility and public transit, Bolton GO Station and other transit hubs

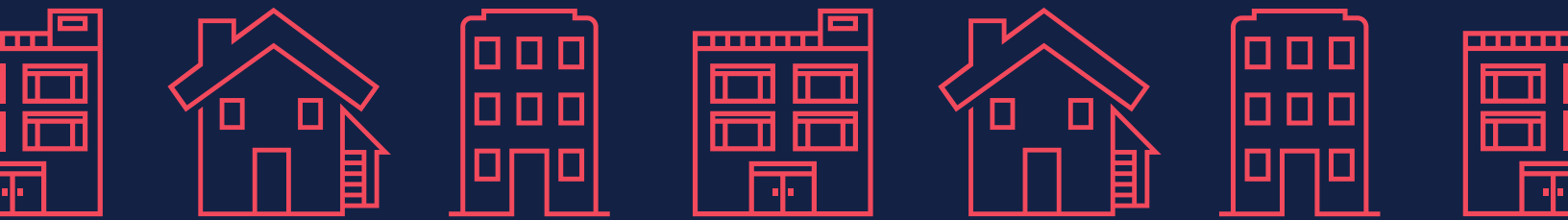
### **ATTACHMENTS**

Schedule A: Report of the Ontario Housing Affordability Task Force (February 2022)

Schedule B: AMO Blueprint for Action: An Integrated Approach to Address the Ontario Housing Crisis (February 2022)

Schedule C: Town of Caledon Comments on the HATF Report

Schedule D: Municipal Finance Officers' Association response to Housing Affordability Task Force Report



Report of the  
**Ontario Housing  
Affordability Task Force**

February 8, 2022



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# Letter to Minister Clark

Dear Minister Clark,

Hard-working Ontarians are facing a housing crisis. For many years, the province has not built enough housing to meet the needs of our growing population. While the affordability crisis began in our large cities, it has now spread to smaller towns and rural communities.

Efforts to cool the housing market have only provided temporary relief to home buyers. The long-term trend is clear: house prices are increasing much faster than Ontarian's incomes. The time for action is now.

When striking the Housing Affordability Task Force, you and Premier Ford were clear: you wanted actionable, concrete solutions to help Ontarians and there was no time to waste. You asked us to be bold and gave us the freedom and independence to develop our recommendations.

In the past two months, we have met municipal leaders, planners, unions, developers and builders, the financial sector, academics, think tanks and housing advocates. Time was short, but solutions emerged consistently around these themes:

- More housing density across the province
- End exclusionary municipal rules that block or delay new housing
- Depoliticize the housing approvals process
- Prevent abuse of the housing appeals system
- Financial support to municipalities that build more housing

We present this report to you not as an “all or nothing” proposal, but rather as a list of options that the government has at its disposal to help address housing affordability for Ontarians and get more homes built. We propose an ambitious but achievable target: 1.5 million new homes built in the next ten years.

Parents and grandparents are worried that their children will not be able to afford a home when they start working or decide to start a family. Too many Ontarians are unable to live in their preferred city or town because they cannot afford to buy or rent.

The way housing is approved and built was designed for a different era when the province was less constrained by space and had fewer people. But it no longer meets the needs of Ontarians. The balance has swung too far in favour of lengthy consultations, bureaucratic red tape, and costly appeals. It is too easy to oppose new housing and too costly to build. We are in a housing crisis and that demands immediate and sweeping reforms.

It has been an honour to serve as Chair, and I am proud to submit this report on behalf of the entire Task Force.



**Jake Lawrence**

Chair, Housing Affordability Task Force

Chief Executive Officer and Group Head, Global Banking and Markets, Scotiabank

# Executive summary and recommendations

House prices in Ontario have almost tripled in the past 10 years, growing much faster than incomes. This has home ownership beyond the reach of most first-time buyers across the province, even those with well-paying jobs. Housing has become too expensive for rental units and it has become too expensive in rural communities and small towns. The system is not working as it should.

For too long, we have focused on solutions to “cool” the housing market. It is now clear that we do not have enough homes to meet the needs of Ontarians today, and we are not building enough to meet the needs of our growing population. If this problem is not fixed – by creating more housing to meet the growing demand – housing prices will continue to rise. We need to build more housing in Ontario.

This report sets out recommendations that would set a bold goal and clear direction for the province, increase density, remove exclusionary rules that prevent housing growth, prevent abuse of the appeals process, and make sure municipalities are treated as partners in this process by incentivizing success.

## Setting bold targets and making new housing the planning priority

**Recommendations 1 and 2** urge Ontario to set a bold goal of adding 1.5 million homes over the next 10 years and update planning guidance to make this a priority.

The task force then recommends actions in five main areas to increase supply:

### Require greater density

Land is not being used efficiently across Ontario. In too many neighbourhoods, municipal rules only allow single-family homes – not even a granny suite. Taxpayers have invested heavily in subway, light rail, bus and rail lines and highways, and the streets nearby are ideally suited for more mid- and high-rise housing. Underused or redundant commercial and industrial buildings are ripe to be redeveloped into housing or mixed commercial and residential use. New housing on undeveloped land should also be higher density than traditional suburbs, especially close to highways.

Adding density in all these locations makes better use of infrastructure and helps to save land outside urban boundaries. Implementing these recommendations will provide Ontarians with many more options for housing.

**Recommendations 3 through 11** address how Ontario can quickly create more housing supply by allowing more housing in more locations “as of right” (without the need for municipal approval) and make better use of transportation investments.

### Reduce and streamline urban design rules

Municipalities require numerous studies and set all kinds of rules for adding housing, many of which go well beyond the requirements of the provincial Planning Act. While some of this guidance has value for urban design, some rules appear to be arbitrary and not supported by evidence – for example, requiring condo buildings to include costly parking stalls even though many go unsold. These rules and requirements result in delays and extra costs that make housing either impossible to build or very expensive for the eventual home buyer or renter.

**Recommendation 12** would set uniform provincial standards for urban design, including building shadows and setbacks, do away with rules that prioritize preservation of neighbourhood physical character over new housing, no longer require municipal approval of design matters like a building’s colour, texture, type of material or window details, and remove or reduce parking requirements.

## Depoliticize the process and cut red tape

NIMBYism (not in my backyard) is a major obstacle to building housing. It drags out the approval process, pushes up costs, and keeps out new residents. Because local councillors depend on the votes of residents who want to keep the status quo, the planning process has become politicized. Municipalities allow far more public consultation than is required, often using formats that make it hard for working people and families with young children to take part. Too few technical decisions are delegated to municipal staff. Pressure to designate buildings with little or no heritage value as “heritage” if development is proposed and bulk listings of properties with “heritage potential” are also standing in the way of getting homes built. Dysfunction throughout the system, risk aversion and needless bureaucracy have resulted in a situation where Ontario lags the rest of Canada and the developed world in approval times. Ontarians have waited long enough.

**Recommendations 13 through 25** would require municipalities to limit consultations to the legislated maximum, ensure people can take part digitally, mandate the delegation of technical decisions, prevent abuse of the heritage process and see property owners compensated for financial loss resulting from designation, restore the right of developers to appeal Official Plans and Municipal Comprehensive Reviews, legislate timelines for approvals and enact several other common sense changes that would allow housing to be built more quickly and affordably.

## Fix the Ontario Land Tribunal

Largely because of the politicization of the planning process, many proponents look to the Tribunal, a quasi-judicial body, to give the go-ahead to projects that should have been approved by the municipality. Even when there is municipal approval, however, opponents appeal to the Tribunal – paying only a \$400 fee – knowing that this may well succeed in delaying a project to the point where it might no longer make economic sense. As a result, the Tribunal faces a backlog of more than 1,000 cases and is seriously under-resourced.

**Recommendations 26 through 31** seek to weed out or prevent appeals aimed purely at delaying projects, allow adjudicators to award costs to proponents in more cases, including instances where a municipality has refused an approval to avoid missing a legislated deadline, reduce the time to issue decisions, increase funding, and encourage the Tribunal to prioritize cases that would increase housing supply quickly as it tackles the backlog.

## Support municipalities that commit to transforming the system

Fixing the housing crisis needs everyone working together. Delivering 1.5 million homes will require the provincial and federal governments to invest in change. Municipalities that make the difficult but necessary choices to grow housing supply should be rewarded, and those that resist new housing should see funding reductions.

**Recommendations 49 and 50** call for Ontario government to create a large “Ontario Housing Delivery Fund” and encourage the federal government to match funding, and suggest how the province should reward municipalities that support change and reduce funding for municipalities that do not.

This executive summary focuses on the actions that will get the most housing units approved and built in the shortest time. Other recommendations in the report deal with issues that are important but may take more time to resolve or may not directly increase supply (recommendation numbers are indicated in brackets): improving tax and municipal financing (**32-37, 39, 42-44**); encouraging new pathways to home ownership (**38, 40, 41**); and addressing labour shortages in the construction industry (**45-47**).

This is not the first attempt to “fix the housing system”. There have been efforts for years to tackle increasing housing prices and find solutions. This time must be different. **Recommendations 50-55** set out ways of helping to ensure real and concrete progress on providing the homes Ontarians need.

# Introduction

Ontario is in a housing crisis. Prices are skyrocketing: the average price for a house across Ontario was \$923,000 at the end of 2021.<sup>[1]</sup> Ten years ago, the average price was \$329,000.<sup>[2]</sup> Over that period, average house prices have climbed 180% while average incomes have grown roughly 38%.<sup>[3][4]</sup>

Not long ago, hard-working Ontarians – teachers, construction workers, small business owners – could afford the home they wanted. In small towns, it was reasonable to expect that you could afford a home in the neighbourhood you grew up in. Today, home ownership or finding a quality rental is now out of reach for too many Ontarians. The system is not working as it should be.

Housing has become too expensive for rental units and it has become too expensive in rural communities and small towns.

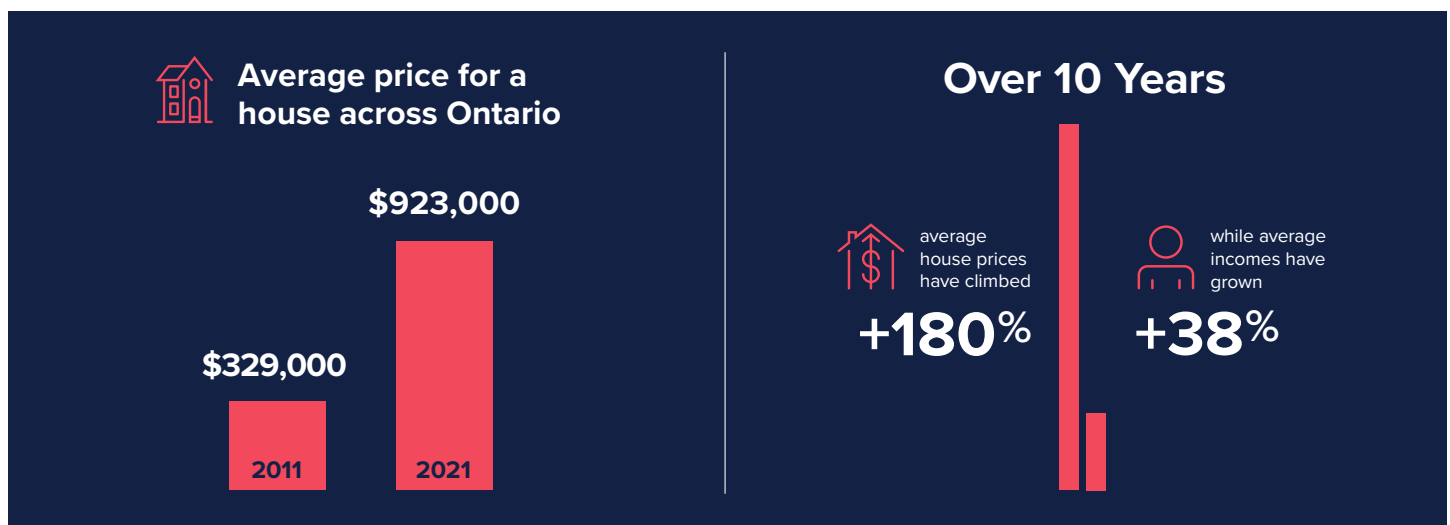
While people who were able to buy a home a decade or more ago have built considerable personal equity, the benefits of having a home aren't just financial. Having a place to call home connects people to their community, creates a gathering place for friends and family, and becomes a source of pride.

Today, the reality for an ever-increasing number of Ontarians is quite different. Everyone in Ontario knows people who are living with the personal and financial stress of not being able to find housing they can afford. The young family who can't buy a house within two hours of where they work. The tenant with a good job who worries about

where she'll find a new apartment she can afford if the owner decides to sell. The recent graduate who will have to stay at home for a few more years before he can afford to rent or buy.

While the crisis is widespread, it weighs more heavily on some groups than on others. Young people starting a family who need a larger home find themselves priced out of the market. Black, Indigenous and marginalized people face even greater challenges. As Ontarians, we have only recently begun to understand and address the reality of decades of systemic racism that has resulted in lower household incomes, making the housing affordability gap wider than average.

The high cost of housing has pushed minorities and lower income Ontarians further and further away from job markets. Black and Indigenous homeownership rates are less than half of the provincial average.<sup>[5]</sup> And homelessness rates among Indigenous Peoples are 11 times the national average. When housing prevents an individual from reaching their full potential, this represents a loss to every Ontarian: lost creativity, productivity, and revenue. Lost prosperity for individuals and for the entire Ontario economy.



As much as we read about housing affordability being a challenge in major cities around the world, the depth of the challenge has become greater in Ontario and Canada than almost anywhere in the developed world.



Canada has the lowest amount of housing per population of any G7 country.

### How did we get here? Why do we have this problem?

A major factor is that there just isn't enough housing. A 2021 Scotiabank study showed that Canada has the fewest housing units per population of any G7 country – and, our per capita housing supply has *dropped* in the past five years.<sup>[6]</sup> An update to that study released in January 2022 found that two thirds of Canada's housing shortage is in Ontario.<sup>[7]</sup> Today, Ontario is 1.2 million homes – rental or owned – short of the G7 average. With projected population growth, that huge gap is widening, and bridging it will take immediate, bold and purposeful effort. And to support population growth in the next decade, we will need one million more homes.

While governments across Canada have taken steps to “cool down” the housing market or provide help to first-time buyers, these demand-side solutions only work if there is enough supply. Shortages of supply in any market have a direct impact on affordability. Scarcity breeds price increases. Simply put, if we want more Ontarians to have housing, we need to build more housing in Ontario.

### Ontario must build 1.5 million homes over the next 10 years to address the supply shortage

The housing crisis impacts all Ontarians. The ripple effect of the crisis also holds back Ontario reaching its full potential.

#### Economy

Businesses of all sizes are facing problems finding and retaining workers. Even high-paying jobs in technology and manufacturing are hard to fill because there's not enough housing nearby. This doesn't just dampen the economic growth of cities, it makes them less vibrant, diverse, and creative, and strains their ability to provide essential services.

#### Public services

Hospitals, school boards and other public service providers across Ontario report challenges attracting and retaining staff because of housing costs. One town told us that it

could no longer maintain a volunteer fire department, because volunteers couldn't afford to live within 10 minutes drive of the firehall.

#### Environment

Long commutes contribute to air pollution and carbon emissions. An international survey of 74 cities in 16 countries found that Toronto, at 96 minutes both ways, had the longest commute times in North America and was essentially tied with Bogota, Colombia, for the longest commute time worldwide.<sup>[8]</sup> Increasing density in our cities and around major transit hubs helps reduce emissions to the benefit of everyone.

Ontario must build

# 1.5M

homes over the next 10 years  
to address the supply shortage.



### Our mandate and approach

Ontario's Minister of Municipal Affairs and Housing tasked us with recommending ways to accelerate our progress in closing the housing supply gap to improve housing affordability.

Time is of the essence. Building housing now is exactly what our post-pandemic economy needs. Housing construction creates good-paying jobs that cannot be outsourced to other countries. Moreover, the pandemic gave rise to unprecedented levels of available capital that can be invested in housing – if we can just put it to work.

We represent a wide range of experience and perspectives that includes developing, financing and building homes, delivering affordable housing, and researching housing market trends, challenges and solutions. Our detailed biographies appear as [Appendix A](#).



We acknowledge that every house in Ontario is built on the traditional territory of Indigenous Peoples.



People in households that spend 30% or more of total household income on shelter expenses are defined as having a “housing affordability” problem. Shelter expenses include electricity, oil, gas, coal, wood or other fuels, water and other municipal services, monthly mortgage payments, property taxes, condominium fees, and rent.

Our mandate was to focus on how to increase market housing supply and affordability. By market housing, we are referring to homes that can be purchased or rented without government support.

**Affordable housing (units provided at below-market rates with government support) was not part of our mandate.**

The Minister and his cabinet colleagues are working on that issue. Nonetheless, almost every stakeholder we spoke with had ideas that will help deliver market housing and also make it easier to deliver affordable housing. However, affordable housing is a societal responsibility and will require intentional investments and strategies to bridge the significant affordable housing gap in this province. We have included a number of recommendations aimed at affordable housing in the body of this report, but have also included further thoughts in [Appendix B](#).

We note that government-owned land was also outside our mandate. Many stakeholders, however, stressed the value of surplus or underused public land and land associated with major transit investments in finding housing solutions. We agree and have set out some thoughts on that issue in [Appendix C](#).

**How we did our work**

Our Task Force was struck in December 2021 and mandated to deliver a final report to the Minister by the end of January 2022. We were able to work to that tight timeline because, in almost all cases, viewpoints and feasible solutions are well known. In addition, we benefited from insights gleaned from recent work to solve the problem in other jurisdictions.

During our deliberations, we met with and talked to over 140 organizations and individuals, including industry associations representing builders and developers, planners, architects, realtors and others; labour unions; social justice advocates; elected officials at the municipal level; academics and research groups; and municipal planners. We also received written submissions from many of these participants. In addition, we drew on the myriad public reports and papers listed in the [References](#).

We thank everyone who took part in sessions that were uniformly helpful in giving us a deeper understanding of the housing crisis and the way out of it. We also thank the staff of the Ministry of Municipal Affairs and Housing who provided logistical and other support, including technical briefings and background.

**The way forward**

The single unifying theme across all participants over the course of the Task Force’s work has been the urgency to take decisive action. Today’s housing challenges are incredibly complex. Moreover, developing land, obtaining approvals, and building homes takes years.

Some recommendations will produce immediate benefits, others will take years for the full impact.

This is why there is no time to waste. We urge the Minister of Municipal Affairs and Housing and his cabinet colleagues to continue measures they have already taken to accelerate housing supply and to move quickly in turning the recommendations in this report into decisive new actions.

**The province must set an ambitious and bold goal to build 1.5 million homes over the next 10 years.** If we build 1.5 million new homes over the next ten years, Ontario can fill the housing gap with more affordable choices, catch up to the rest of Canada and keep up with population growth.

By working together, we can resolve Ontario’s housing crisis. In so doing, we can build a more prosperous future for everyone.

The balance of this report lays out our recommendations.

# Focus on getting more homes built

Resolving a crisis requires intense focus and a clear goal. The province is responsible for the legislation and policy that establishes the planning, land use, and home building goals, which guide municipalities, land tribunals, and courts. Municipalities are then responsible for implementing provincial policy in a way that works for their communities. The province is uniquely positioned to lead by shining a spotlight on this issue, setting the tone, and creating a single, galvanizing goal around which federal support, provincial legislation, municipal policy, and the housing market can be aligned.

In 2020, Ontario built about 75,000 housing units.<sup>[9]</sup> For this report, we define a housing unit (home) as a single dwelling (detached, semi-detached, or attached), apartment, suite, condominium or mobile home. Since 2018, housing completions have grown every year as a result of positive measures that the province and some municipalities have implemented to encourage more home building. But we are still 1.2 million homes short when compared to other G7 countries and our population is growing. The goal of 1.5 million homes feels daunting – but reflects both the need and what is possible. In fact, throughout the 1970s Ontario built more housing units each year than we do today.<sup>[10]</sup>

The second recommendation is designed to address the growing complexity and volume of rules in the legislation, policy, plans and by-laws, and their competing priorities, by providing clear direction to provincial agencies, municipalities, tribunals, and courts on the overriding priorities for housing.

- 1. Set a goal of building 1.5 million new homes in ten years.**
- 2. Amend the Planning Act, Provincial Policy Statement, and Growth Plans to set “growth in the full spectrum of housing supply” and “intensification within existing built-up areas” of municipalities as the most important residential housing priorities in the mandate and purpose.**



The “missing middle” is often cited as an important part of the housing solution. We define the missing middle as mid-rise condo or rental housing, smaller houses on subdivided lots or in laneways and other additional units in existing houses.

# Making land available to build

The Greater Toronto Area is bordered on one side by Lake Ontario and on the other by the protected Greenbelt. Similarly, the Ottawa River and another Greenbelt constrain land supply in Ottawa, the province's second-largest city.

But a shortage of land isn't the cause of the problem. Land is available, both inside the existing built-up areas and on undeveloped land outside greenbelts.

We need to make better use of land. Zoning defines what we can build and where we can build. If we want to make better use of land to create more housing, then we need to modernize our zoning rules. We heard from planners, municipal councillors, and developers that "as of right" zoning – the ability to by-pass long, drawn out consultations and zoning by-law amendments – is the most effective tool in the provincial toolkit. We agree.

## Stop using exclusionary zoning that restricts more housing

Too much land inside cities is tied up by outdated rules. For example, it's estimated that 70% of land zoned for housing in Toronto is restricted to single-detached or semi-detached homes.<sup>[11]</sup> This type of zoning prevents homeowners from adding additional suites to create housing for Ontarians and income for themselves. As one person said, "my neighbour can tear down what was there to build a monster home, but I'm not allowed to add a basement suite to my home."

It's estimated that  
**70%**

of land zoned for housing in Toronto is restricted to **single-detached** or **semi-detached** homes.



While less analysis has been done in other Ontario communities, it's estimated that about half of all residential land in Ottawa is zoned for single-detached housing, meaning nothing else may be built on a lot without public consultation and an amendment to the zoning by-law. In some suburbs around Toronto, single unit zoning dominates residential land use, even close to GO Transit stations and major highways.

One result is that more growth is pushing past urban boundaries and turning farmland into housing. Undeveloped land inside and outside existing municipal boundaries must be part of the solution, particularly in northern and rural communities, but isn't nearly enough on its own. Most of the solution must come from densification. Greenbelts and other environmentally sensitive areas must be protected, and farms provide food and food security. Relying too heavily on undeveloped land would whittle away too much of the already small share of land devoted to agriculture.

Modernizing zoning would also open the door to more rental housing, which in turn would make communities more inclusive.

Allowing more gentle density also makes better use of roads, water and wastewater systems, transit and other public services that are already in place and have capacity, instead of having to be built in new areas.

The Ontario government took a positive step by allowing secondary suites (e.g., basement apartments) across the province in 2019. However, too many municipalities still place too many restrictions on implementation. For the last three years, the total number of secondary suites in Toronto has actually declined each year, as few units get permitted and owners convert two units into one.<sup>[12]</sup>

These are the types of renovations and home construction performed by small businesses and local trades, providing them with a boost.



Underused and vacant commercial and industrial properties are another potential source of land for housing. It was suggested to us that one area ripe for redevelopment into a mix of commercial and residential uses is the strip mall, a leftover from the 1950s that runs along major suburban streets in most large Ontario cities.

“As of right” zoning allows more kinds of housing that are accessible to more kinds of people. It makes neighbourhoods stronger, richer, and fairer. And it will get more housing built in existing neighbourhoods more quickly than any other measure.

**3. Limit exclusionary zoning in municipalities through binding provincial action:**

- a) Allow “as of right” residential housing up to four units and up to four storeys on a single residential lot.
  - b) Modernize the Building Code and other policies to remove any barriers to affordable construction and to ensure meaningful implementation (e.g., allow single-staircase construction for up to four storeys, allow single egress, etc.).
- 4.** Permit “as of right” conversion of underutilized or redundant commercial properties to residential or mixed residential and commercial use.
- 5.** Permit “as of right” secondary suites, garden suites, and laneway houses province-wide.
- 6.** Permit “as of right” multi-tenant housing (renting rooms within a dwelling) province-wide.
- 7.** Encourage and incentivize municipalities to increase density in areas with excess school capacity to benefit families with children.

## Align investments in roads and transit with growth

Governments have invested billions of dollars in highways, light rail, buses, subways and trains in Ontario. But without ensuring more people can live close to those transit routes, we’re not getting the best return on those infrastructure investments.

Access to transit is linked to making housing more affordable: when reliable transit options are nearby, people can get to work more easily. They can live further from the centre of the city in less expensive areas without the added cost of car ownership.

The impacts of expanding public transit go far beyond serving riders. These investments also spur economic growth and reduce traffic congestion and emissions. We all pay for the cost of transit spending, and we should all share in the benefits.

If municipalities achieve the right development near transit – a mix of housing at high- and medium-density, office space and retail – this would open the door to better ways of funding the costs. Other cities, like London, UK and Hong Kong, have captured the impacts of increased land value and business activity along new transit routes to help with their financing.

Ontario recently created requirements (residents/hectare) for municipalities to zone for higher density in transit corridors and “major transit station areas”,<sup>[13a]</sup> <sup>[13b]</sup> These are areas surrounding subway and other rapid transit stations and hubs. However, we heard troubling reports that local opposition is blocking access to these neighbourhoods and to critical public transit stations. City staff, councillors, and the province need to stand up to these tactics and speak up for the Ontarians who need housing.

The Province is also building new highways in the Greater Golden Horseshoe, and it’s important to plan thoughtfully for the communities that will follow from these investments, to make sure they are compact and liveable.

8. Allow “as of right” zoning up to unlimited height and unlimited density in the immediate proximity of individual major transit stations within two years if municipal zoning remains insufficient to meet provincial density targets.
9. Allow “as of right” zoning of six to 11 storeys with no minimum parking requirements on any streets utilized by public transit (including streets on bus and streetcar routes).
10. Designate or rezone as mixed commercial and residential use all land along transit corridors and redesignate all Residential Apartment to mixed commercial and residential zoning in Toronto.
11. Support responsible housing growth on undeveloped land, including outside existing municipal boundaries, by building necessary infrastructure to support higher density housing and complete communities and applying the recommendations of this report to all undeveloped land.

## Start saying “yes in my backyard”

Even where higher density is allowed in theory, the official plans of most cities in Ontario contain conflicting goals like maintaining “prevailing neighbourhood character”. This bias is reinforced by detailed guidance that often follows from the official plan. Although requirements are presented as “guidelines”, they are often treated as rules.

Examples include:

- Angular plane rules that require successively higher floors to be stepped further back, cutting the number of units that can be built by up to half and making many projects uneconomic
- Detailed rules around the shadows a building casts
- Guidelines around finishes, colours and other design details

One resident’s desire to prevent a shadow being cast in their backyard or a local park frequently prevails over concrete proposals to build more housing for multiple families. By-laws and guidelines that preserve “neighbourhood character” often prevent simple renovations to add new suites to existing homes. The people who suffer are mostly young, visible minorities, and marginalized people. It is the perfect

example of a policy that appears neutral on its surface but is discriminatory in its application.<sup>[14]</sup>

Far too much time and money are spent reviewing and holding consultations for large projects which conform with the official plan or zoning by-law and small projects which would cause minimal disruption. The cost of needless delays is passed on to new home buyers and tenants.

Minimum parking requirements for each new unit are another example of outdated municipal requirements that increase the cost of housing and are increasingly less relevant with public transit and ride share services. Minimum parking requirements add as much as \$165,000 to the cost of a new housing unit, even as demand for parking spaces is falling: data from the Residential Construction Council of Ontario shows that in new condo projects, one in three parking stalls goes unsold. We applaud the recent vote by Toronto City Council to scrap most minimum parking requirements. We believe other cities should follow suit.

While true heritage sites are important, heritage preservation has also become a tool to block more housing. For example, some municipalities add thousands of properties at a time to a heritage register because they have “potential” heritage value. Even where a building isn’t heritage designated or registered, neighbours increasingly demand it be as soon as a development is proposed.

This brings us to the role of the “not in my backyard” or NIMBY sentiment in delaying or stopping more homes from being built.



### New housing is often the last priority

A proposed building with market and affordable housing units would have increased the midday shadow by 6.5% on a nearby park at the fall and spring equinox, with no impact during the summer months. To conform to a policy that does not permit “new net shadow on specific parks”, seven floors of housing, including 26 affordable housing units, were sacrificed.

Multiple dry cleaners along a transit route were designated as heritage sites to prevent new housing being built. It is hard not to feel outrage when our laws are being used to prevent families from moving into neighbourhoods and into homes they can afford along transit routes.

## **NIMBY versus YIMBY**

NIMBYism (not in my backyard) is a large and constant obstacle to providing housing everywhere. Neighbourhood pushback drags out the approval process, pushes up costs and discourages investment in housing. It also keeps out new residents. While building housing is very costly, opposing new housing costs almost nothing.

Unfortunately, there is a strong incentive for individual municipal councillors to fall in behind community opposition – it's existing residents who elect them, not future ones. The outcry of even a handful of constituents (helped by the rise of social media) has been enough, in far too many cases, to persuade their local councillor to vote against development even while admitting its merits in private. There is a sense among some that it's better to let the Ontario Land Tribunal approve the development on appeal, even if it causes long delays and large cost increases, then to take the political heat.

Mayors and councillors across the province are fed up and many have called for limits on public consultations and more “as of right” zoning. In fact, some have created a new term for NIMBYism: BANANAs – Build Absolutely Nothing Anywhere Near Anything, causing one mayor to comment “NIMBYism has gone BANANAs”. We agree. In a growing, thriving society, that approach is not just bad policy, it is exclusionary and wrong.

As a result, technical planning decisions have become politicized. One major city has delegated many decisions to senior staff, but an individual councillor can withdraw the delegation when there is local opposition and force a vote at Council. We heard that this situation is common across the province, creating an electoral incentive for a councillor to delay or stop a housing proposal, or forcing a councillor to pay the electoral cost of supporting it. Approvals of individual housing applications should be the role of professional staff, free from political interference.

The pressure to stop any development is now so intense that it has given rise to a counter-movement – YIMBYism, or “yes in my backyard,” led by millennials who recognize entrenched opposition to change as a huge obstacle to finding a home. They provide a voice at public consultations for young people, new immigrants and refugees, minority groups, and Ontarians struggling to access housing by connecting our ideals to the reality of housing. People who welcome immigrants to Canada should welcome them to the neighbourhood, fighting climate change means supporting higher-density housing, and “keeping the neighbourhood the way it is” means keeping it off-limits. While anti-housing voices can be loud,

a member of More Neighbours Toronto, a YIMBY group that regularly attends public consultations, has said that the most vocal opponents usually don't represent the majority in a neighbourhood. Survey data from the Ontario Real Estate Association backs that up, with almost 80% of Ontarians saying they are in favour of zoning in urban areas that would encourage more homes.

Ontarians want a solution to the housing crisis. We cannot allow opposition and politicization of individual housing projects to prevent us from meeting the needs of all Ontarians.

### **12. Create a more permissive land use, planning, and approvals system:**

- a) Repeal or override municipal policies, zoning, or plans that prioritize the preservation of physical character of neighbourhood
- b) Exempt from site plan approval and public consultation all projects of 10 units or less that conform to the Official Plan and require only minor variances
- c) Establish province-wide zoning standards, or prohibitions, for minimum lot sizes, maximum building setbacks, minimum heights, angular planes, shadow rules, front doors, building depth, landscaping, floor space index, and heritage view cones, and planes; restore pre-2006 site plan exclusions (colour, texture, and type of materials, window details, etc.) to the Planning Act and reduce or eliminate minimum parking requirements; and
- d) Remove any floorplate restrictions to allow larger, more efficient high-density towers.

### **13. Limit municipalities from requesting or hosting additional public meetings beyond those that are required under the Planning Act.**

### **14. Require that public consultations provide digital participation options.**

### **15. Require mandatory delegation of site plan approvals and minor variances to staff or pre-approved qualified third-party technical consultants through a simplified review and approval process, without the ability to withdraw Council's delegation.**

- 16.** Prevent abuse of the heritage preservation and designation process by:
  - a) Prohibiting the use of bulk listing on municipal heritage registers
  - b) Prohibiting reactive heritage designations after a Planning Act development application has been filed
- 17.** Requiring municipalities to compensate property owners for loss of property value as a result of heritage designations, based on the principle of best economic use of land.
- 18.** Restore the right of developers to appeal Official Plans and Municipal Comprehensive Reviews.

We have heard mixed feedback on Committees of Adjustment. While they are seen to be working well in some cities, in others they are seen to simply add another lengthy step in the process. We would urge the government to first implement our recommendation to delegate minor variances and site plan approvals to municipal staff and then assess whether Committees of Adjustment are necessary and an improvement over staff-level decision making.

# Cut the red tape so we can build faster and reduce costs

One of the strongest signs that our approval process is not working: of 35 OECD countries, only the Slovak Republic takes longer than Canada to approve a building project. The UK and the US approve projects three times faster without sacrificing quality or safety. And they save home buyers and tenants money as a result, making housing more affordable.<sup>[15]</sup>

A 2020 survey of development approval times in 23 Canadian cities shows Ontario seriously lagging: Hamilton (15th), Toronto (17th), Ottawa (21st) with approval times averaging between 20-24 months. These timelines do not include building permits, which take about two years for an apartment building in Toronto. Nor did they count the time it takes for undeveloped land to be designated for housing, which the study notes can take five to ten years.<sup>[16]</sup>

Despite the good intentions of many people involved in the approvals and home-building process, decades of dysfunction in the system and needless bureaucracy have made it too difficult for housing approvals to keep up with the needs of Ontarians. There appear to be numerous reasons why Ontario performs so poorly against other Canadian cities and the rest of the developed world. We believe that the major problems can be summed up as:

- Too much complexity in the planning process, with the page count in legislation, regulation, policies, plans, and by-laws growing every year
- Too many studies, guidelines, meetings and other requirements of the type we outlined in the previous section, including many that go well beyond the scope of Ontario's Planning Act
- Reviews within municipalities and with outside agencies that are piecemeal, duplicative (although often with conflicting outcomes) and poorly coordinated
- Process flaws that include reliance on paper
- Some provincial policies that are more relevant to urban development but result in burdensome, irrelevant requirements when applied in some rural and northern communities.



All of this has contributed to widespread failure on the part of municipalities to meet required timelines. The provincial Planning Act sets out deadlines of 90 days for decisions on zoning by-law amendments, 120 days for plans of subdivision, and 30 days for site plan approval, but municipalities routinely miss these without penalty. For other processes, like site plan approval or provincial approvals, there are no timelines and delays drag on. The cost of delay falls on the ultimate homeowner or tenant.

The consequences for homeowners and renters are enormous. Ultimately, whatever cost a builder pays gets passed on to the buyer or renter. As one person said: "Process is the biggest project killer in Toronto because developers have to carry timeline risk."

Site plan control was often brought up as a frustration. Under the Planning Act, this is meant to be a technical review of the external features of a building. In practice, municipalities often expand on what is required and take too long to respond.

**Then:** In 1966, a draft plan of subdivision in a town in southwestern Ontario to provide 529 low-rise and mid-rise housing units, a school site, a shopping centre and parks was approved by way of a two-page letter setting out 10 conditions. It took seven months to clear conditions for final approval.

**And now:** In 2013, a builder started the approval process to build on a piece of serviced residential land in a seasonal resort town. Over the next seven years, 18 professional consultant reports were required, culminating in draft plan approval containing 50 clearance conditions. The second approval, issued by the Local Planning Appeals Board in 2020, ran to 23 pages. The developer estimates it will be almost 10 years before final approval is received.

An Ontario Association of Architects study calculating the cost of delays between site plan application and approval concluded that for a 100-unit condominium apartment building, each additional month of delay costs the applicant an estimated \$193,000, or \$1,930 a month for each unit.<sup>[17]</sup>

A 2020 study done for the Building Industry and Land Development Association (BILD) looked at impacts of delay on low-rise construction, including single-detached homes. It estimated that every month an approval is delayed adds, on average, \$1.46 per square foot to the cost of a single home. A two-year delay, which is not unusual for this housing type, adds more than \$70,000 to the cost of a 2,000-square-foot house in the GTA.<sup>[16]</sup>

Getting rid of so much unnecessary and unproductive additional work would significantly reduce the burden on staff.<sup>[16b]</sup> It would help address the widespread shortages of planners and building officials. It would also bring a stronger sense among municipal staff that they are part of the housing solution and can take pride in helping cut approval times and lower the costs of delivering homes.

### **Adopt common sense approaches that save construction costs**

Wood using “mass timber” – an engineer compressed wood, made for strength and weight-bearing – can provide a lower-cost alternative to reinforced concrete in many mid-rise projects, but Ontario’s Building Code is hampering its use. Building taller with wood offers advantages beyond cost:

- Wood is a renewable resource that naturally sequesters carbon, helping us reach our climate change goals

- Using wood supports Ontario’s forestry sector and creates jobs, including for Indigenous people

British Columbia’s and Quebec’s building codes allow woodframe construction up to 12 storeys, but Ontario limits it to six. By amending the Building Code to allow 12-storey woodframe construction, Ontario would encourage increased use of forestry products and reduce building costs.

Finally, we were told that a shift in how builders are required to guarantee their performance would free up billions of dollars to build more housing. Pay on demand surety bonds are a much less onerous option than letters of credit, and are already accepted in Hamilton, Pickering, Innisfil, Whitchurch-Stouffville and other Ontario municipalities. We outline the technical details in [Appendix D](#).

- 19.** Legislate timelines at each stage of the provincial and municipal review process, including site plan, minor variance, and provincial reviews, and deem an application approved if the legislated response time is exceeded.
- 20.** Fund the creation of “approvals facilitators” with the authority to quickly resolve conflicts among municipal and/or provincial authorities and ensure timelines are met.
- 21.** Require a pre-consultation with all relevant parties at which the municipality sets out a binding list that defines what constitutes a complete application; confirms the number of consultations established in the previous recommendations; and clarifies that if a member of a regulated profession such as a professional engineer has stamped an application, the municipality has no liability and no additional stamp is needed.
- 22.** Simplify planning legislation and policy documents.
- 23.** Create a common, province-wide definition of plan of subdivision and standard set of conditions which clarify which may be included; require the use of standard province-wide legal agreements and, where feasible, plans of subdivision.
- 24.** Allow wood construction of up to 12 storeys.
- 25.** Require municipalities to provide the option of pay on demand surety bonds and letters of credit.

## Prevent abuse of the appeal process

Part of the challenge with housing approvals is that, by the time a project has been appealed to the Ontario Land Tribunal (the Tribunal), it has usually already faced delay and compromises have been made to reduce the size and scope of the proposal. When an approved project is appealed, the appellant – which could just be a single individual – may pay \$400 and tie up new housing for years.

The most recent published report showed 1,300 unresolved cases.<sup>[18]</sup> While under-resourcing does contribute to delays, this caseload also reflects the low barrier to launching an appeal and the minimal risks if an appeal is unsuccessful:

- After a builder has spent time and money to ensure a proposal conforms with a municipality's requirements, the municipal council can still reject it – even if its own planning staff has given its support. Very often this is to appease local opponents.
- Unlike a court, costs are not automatically awarded to the successful party at the Tribunal. The winning side must bring a motion and prove that the party bringing the appeal was unreasonable, clearly trying to delay the project, and/or being vexatious or frivolous. Because the bar is set so high, the winning side seldom asks for costs in residential cases.

This has resulted in abuse of the Tribunal to delay new housing. Throughout our consultations, we heard from municipalities, not-for-profits, and developers that affordable housing was a particular target for appeals which, even if unsuccessful, can make projects too costly to build.

Clearly the Tribunal needs more resources to clear its backlog. But the bigger issue is the need for so many appeals: we believe it would better to have well-defined goals and rules for municipalities and builders to avoid this costly and time-consuming quasi-judicial process. Those who bring appeals aimed at stopping development that meets established criteria should pay the legal costs of the successful party and face the risk of a larger project being approved.

The solution is not more appeals, it's fixing the system. We have proposed a series of reforms that would ensure only meritorious appeals proceeded, that every participant faces some risk and cost of losing, and that abuse of the Tribunal will be penalized. We believe that if Ontario accepts our recommendations, the Tribunal will not face the same volume of appeals. But getting to that point will take time, and the Tribunal needs more resources and better tools now.

Recommendation 1 will provide legislative direction to adjudicators that they must prioritize housing growth and intensification over competing priorities contained in provincial and municipal policies. We further recommend the following:

- 26.** Require appellants to promptly seek permission (“leave to appeal”) of the Tribunal and demonstrate that an appeal has merit, relying on evidence and expert reports, before it is accepted.
- 27.** Prevent abuse of process:
  - a) Remove right of appeal for projects with at least 30% affordable housing in which units are guaranteed affordable for at least 40 years.
  - b) Require a \$10,000 filing fee for third-party appeals.
  - c) Provide discretion to adjudicators to award full costs to the successful party in any appeal brought by a third party or by a municipality where its council has overridden a recommended staff approval.
- 28.** Encourage greater use of oral decisions issued the day of the hearing, with written reasons to follow, and allow those decisions to become binding the day that they are issued.
- 29.** Where it is found that a municipality has refused an application simply to avoid a deemed approval for lack of decision, allow the Tribunal to award punitive damages.
- 30.** Provide funding to increase staffing (adjudicators and case managers), provide market-competitive salaries, outsource more matters to mediators, and set shorter time targets.
- 31.** In clearing the existing backlog, encourage the Tribunal to prioritize projects close to the finish line that will support housing growth and intensification, as well as regional water or utility infrastructure decisions that will unlock significant housing capacity.

# Reduce the costs to build, buy and rent

The price you pay to buy or rent a home is driven directly by how much it costs to build a home. In Ontario, costs to build homes have dramatically increased at an unprecedented pace over the past decade. In most of our cities and towns, materials and labour only account for about half of the costs. The rest comes from land, which we have addressed in the previous section, and government fees.

A careful balance is required on government fees because, as much as we would like to see them lowered, governments need revenues from fees and taxes to build critically needed infrastructure and pay for all the other services that make Ontario work. So, it is a question of balance and of ensuring that our approach to government fees encourages rather than discourages developers to build the full range of housing we need in our Ontario communities.

## Align government fees and charges with the goal of building more housing

### Improve the municipal funding model

Housing requires more than just the land it is built on. It requires roads, sewers, parks, utilities and other infrastructure. The provincial government provides municipalities with a way to secure funding for this infrastructure through development charges, community benefit charges and parkland dedication (providing 5% of land for public parks or the cash equivalent).

These charges are founded on the belief that growth – not current taxpayers – should pay for growth. As a concept, it is compelling. In practice, it means that new home buyers pay the entire cost of sewers, parks, affordable housing, or colleges that will be around for generations and may not be located in their neighbourhood. And, although building

affordable housing is a societal responsibility, because affordable units pay all the same charges as a market unit, the cost is passed to new home buyers in the same building or the not-for-profit organization supporting the project. We do not believe that government fees should create a disincentive to affordable housing.

If you ask any developer of homes – whether they are for-profit or non-profit – they will tell you that development charges are a special pain point. In Ontario, they can be as much as \$135,000 per home. In some municipalities, development charges have increased as much as 900% in less than 20 years.<sup>[20]</sup> As development charges go up, the prices of homes go up. And development charges on a modest semi-detached home are the same as on a luxury 6,000 square foot home, resulting in a disincentive to build housing that is more affordable. Timing is also a challenge as development charges have to be paid up front, before a shovel even goes into the ground.

To help relieve the pressure, the Ontario government passed recent legislation allowing builders to determine development charges earlier in the building process. But they must pay interest on the assessed development charge to the municipality until a building permit is issued, and there is no cap on the rate, which in one major city is 13% annually.

Cash payments to satisfy parkland dedication also significantly boost the costs of higher-density projects, adding on average \$17,000 to the cost of a high-rise condo across the GTA.<sup>[21]</sup> We heard concerns not just about the amount of cash collected, but also about the money not being spent in the neighbourhood or possibly not being spent on parks at all. As an example, in 2019 the City of Toronto held \$644 million in parkland cash-in-lieu payments.<sup>[22]</sup> Everyone can agree that we need to invest in parks as our communities grow, but if the funds are not being spent, perhaps it means that more money is being collected for parklands than is needed and we could lower the cost of housing if we adjusted these parkland fees.



A 2019 study carried out for BILD showed that in the Greater Toronto Area, development charges for low-rise housing are on average more than three times higher per unit than in six comparable US metropolitan areas, and roughly 1.75-times higher than in the other Canadian cities.

For high-rise developments the average per unit charges in the GTA are roughly 50% higher than in the US areas, and roughly 30% higher than in the other Canadian urban areas.<sup>[19]</sup>



## Modernizing HST Thresholds

Harmonized sales tax (HST) applies to all new housing – including purpose-built rental. Today, the federal component is 5% and provincial component is 8%. The federal and provincial government provide a partial HST rebate. Two decades ago, the maximum home price eligible for a rebate was set at \$450,000 federally and \$400,000 provincially, resulting in a maximum rebate of \$6,300 federally and \$24,000 provincially, less than half of today’s average home price. Buyers of new homes above this ceiling face a significant clawback. Indexing the rebate would immediately reduce the cost of building new homes, savings that can be passed on to Ontarians. When both levels of government agree that we are facing a housing crisis, they should not be adding over 10% to the cost of almost all new homes.

- 32.** Waive development charges and parkland cash-in-lieu and charge only modest connection fees for all infill residential projects up to 10 units or for any development where no new material infrastructure will be required.
- 33.** Waive development charges on all forms of affordable housing guaranteed to be affordable for 40 years.
- 34.** Prohibit interest rates on development charges higher than a municipality’s borrowing rate.
- 35.** Regarding cash in lieu of parkland, s.37, Community Benefit Charges, and development charges:
  - a) Provincial review of reserve levels, collections and drawdowns annually to ensure funds are being used in a timely fashion and for the intended purpose, and, where review points to a significant concern, do not allow further collection until the situation has been corrected.
  - b) Except where allocated towards municipality-wide infrastructure projects, require municipalities to spend funds in the neighbourhoods where they were collected. However, where there’s a significant community need in a priority area of the City, allow for specific ward-to-ward allocation of unspent and unallocated reserves.
- 36.** Recommend that the federal government and provincial governments update HST rebate to reflect current home prices and begin indexing the thresholds to housing prices, and that the federal government match the provincial 75% rebate and remove any clawback.

Government charges on a new single-detached home averaged roughly \$186,300, or almost 22% of the price, across six municipalities in southcentral Ontario. For a new condominium apartment, the average was almost \$123,000, or roughly 24% of a unit’s price.

## Make it easier to build rental

In cities and towns across Ontario, it is increasingly hard to find a vacant rental unit, let alone a vacant rental unit at an affordable price. Today, 66% of all purpose-built rental units in the City of Toronto were built between 1960 and 1979. Less than 15% of Toronto’s purpose-built rentals were constructed over the ensuing 40 years in spite of the significant population growth during that time. In fact, between 2006 and 2016, growth in condo apartments increased by 186% while purpose-built rental only grew by 0.6%.<sup>[22]</sup> In 2018, the Ontario government introduced positive changes that have created growth in purpose-built rental units – with last year seeing 18,000 units under construction and 93,000 proposed against a 5-year average prior to 2020 of 3,400 annually.<sup>[23]</sup>

Long-term renters often now feel trapped in apartments that don’t make sense for them as their needs change. And because they can’t or don’t want to move up the housing ladder, many of the people coming up behind them who would gladly take those apartments are instead living in crowded spaces with family members or roommates. Others feel forced to commit to rental units at prices way beyond what they can afford. Others are trying their luck in getting on the wait list for an affordable unit or housing co-op – wait lists that are years long. Others are leaving Ontario altogether.

# 66%

of all purpose-built rental units  
in the City of Toronto were  
built between **1960** and **1979**.



A pattern in every community, and particularly large cities, is that the apartments and rented rooms that we do have are disappearing. Apartment buildings are being converted to condos or upgraded to much more expensive rental units. Duplexes get purchased and turned into larger single-family homes.

A major challenge in bridging the gap of rental supply is that, more often than not, purpose-built rental projects don't make economic sense for builders and investors. Ironically, there is no shortage of Canadian investor capital seeking housing investments, particularly large pension funds – but the economics of investing in purpose-built rental in Ontario just don't make sense. So, investments get made in apartment projects in other provinces or countries, or in condo projects that have a better and safer return-on-investment. What can governments do to get that investor capital pointed in the right direction so we can create jobs and get more of the housing we need built?

Some of our earlier recommendations will help, particularly indexing the HST rebate. So will actions by government to require purpose-built rental on surplus government land that is made available for sale. ([Appendix C](#))

Municipal property taxes on purpose-built rental can be as much as 2.5 times greater than property taxes for condominium or other ownership housing.<sup>[24]</sup>

The Task Force recommends:

**37. Align property taxes for purpose-built rental with those of condos and low-rise homes.**

## Make homeownership possible for hardworking Ontarians who want it

Home ownership has always been part of the Canadian dream. You don't have to look far back to find a time when the housing landscape was very different. The norm was for young people to rent an apartment in their twenties, work hard and save for a down payment, then buy their first home in their late twenties or early thirties. It was the same for many new Canadians: arrive, rent, work hard and buy. The house might be modest, but it brought a sense of ownership, stability and security. And after that first step onto the ownership ladder, there was always the possibility of selling and moving up. Home ownership felt like a real possibility for anyone who wanted it.

That's not how it works now. Too many young people who would like their own place are living with one or both parents well into adulthood.

The escalation of housing prices over the last decade has put the dream of homeownership out of reach of a growing number of aspiring first-time home buyers. While 73% of Canadians are homeowners, that drops to 48% for Black people, 47% for LGBTQ people<sup>[5]</sup> (StatsCan is studying rates for other populations, including Indigenous People who are severely underhoused). This is also an issue for younger adults: a 2021 study showed only 24% of Torontonians aged 30 to 39 are homeowners.<sup>[25]</sup>

In Canada, responsibility for Indigenous housing programs has historically been a shared between the federal and provincial governments. The federal government works closely with its provincial and territorial counterparts to improve access to housing for Indigenous peoples both on and off reserve. More than 85% of Indigenous people live in urban and rural areas, are 11 times more likely to experience homelessness and have incidence of housing need that is 52% greater than all Canadians. The Murdered and Missing Indigenous Women and Girls report mentions housing 299 times – the lack of which being a significant, contributing cause to violence and the provision of which as a significant, contributing solution. The Province of Ontario has made significant investments in Urban Indigenous Housing, but we need the Federal Government to re-engage as an active partner.

While measures to address supply will have an impact on housing prices, many aspiring homeowners will continue to face a gap that is simply too great to bridge through traditional methods.

The Task Force recognizes the need for caution about measures that would spur demand for housing before the supply bottleneck is fixed. At the same time, a growing number of organizations – both non-profit and for-profit are proposing a range of unique home equity models. Some of these organizations are aiming at households who have sufficient income to pay the mortgage but lack a sufficient down payment. Others are aiming at households who fall short in both income and down payment requirements for current market housing.

The Task Force heard about a range of models to help aspiring first-time home buyers, including:

- Shared equity models with a government, non-profit or for-profit lender holding a second “shared equity mortgage” payable at time of sale of the home
- Land lease models that allow residents to own their home but lease the land, reducing costs
- Rent-to-own approaches in which a portion of an occupant’s rent is used to build equity, which can be used as a down payment on their current unit or another market unit in the future
- Models where the equity gain is shared between the homeowner and the non-profit provider, such that the non-profit will always be able to buy the home back and sell it to another qualified buyer, thus retaining the home’s affordability from one homeowner to the next.

Proponents of these models identified barriers that thwart progress in implementing new solutions.

- The Planning Act limits land leases to a maximum of 21 years. This provision prevents home buyers from accessing the same type of mortgages from a bank or credit union that are available to them when they buy through traditional homeownership.
- The Perpetuities Act has a similar 21-year limit on any options placed on land. This limits innovative non-profit models from using equity formulas for re-sale and repurchase of homes.
- Land Transfer Tax (LTT) is charged each time a home is sold and is collected by the province; and in Toronto, this tax is also collected by the City. This creates a double-tax in rent-to-own/equity building models where LTT ends up being paid first by the home equity organization and then by the occupant when they are able to buy the unit.
- HST is charged based on the market value of the home. In shared equity models where the homeowner neither owns nor gains from the shared equity portion of their home, HST on the shared equity portion of the home simply reduces affordability.
- Residential mortgages are highly regulated by the federal government and reflective of traditional homeownership. Modifications in regulations may be required to adapt to new co-ownership and other models.

The Task Force encourages the Ontario government to devote further attention to avenues to support new homeownership options. As a starting point, the Task Force offers the following recommendations:

- 38.** Amend the Planning Act and Perpetuities Act to extend the maximum period for land leases and restrictive covenants on land to 40 or more years.
- 39.** Eliminate or reduce tax disincentives to housing growth.
- 40.** Call on the Federal Government to implement an Urban, Rural and Northern Indigenous Housing Strategy.
- 41.** Funding for pilot projects that create innovative pathways to homeownership, for Black, Indigenous, and marginalized people and first-generation homeowners.
- 42.** Provide provincial and federal loan guarantees for purpose-built rental, affordable rental and affordable ownership projects.

# Support and incentivize scaling up housing supply

Our goal of building 1.5 million homes in ten years means doubling how many homes Ontario creates each year. As much as the Task Force’s recommendations will remove barriers to realizing this ambitious goal, we also need to ensure we have the capacity across Ontario’s communities to deliver this new housing supply. This includes capacity of our housing infrastructure, capacity within our municipal planning teams, and boots on the ground with the skills to build new homes.

There is much to be done and the price of failure for the people of Ontario is high. This is why the provincial government must make an unwavering commitment to keeping the spotlight on housing supply. This is also why the province must be dogged in its determination to galvanize and align efforts and incentives across all levels of government so that working together, we all can get the job done.

Our final set of recommendations turns to these issues of capacity to deliver, and the role the provincial government can play in putting the incentives and alignment in place to achieve the 1.5 million home goal.

## Invest in municipal infrastructure

### Housing can’t get built without water, sewage, and other infrastructure

When the Task Force met with municipal leaders, they emphasized how much future housing supply relies on having the water, storm water and wastewater systems, roads, sidewalks, fire stations, and all the other parts of community infrastructure to support new homes and new residents.

Infrastructure is essential where housing is being built for the first time. And, it can be a factor in intensification when added density exceeds the capacity of existing infrastructure, one of the reasons we urge new infrastructure in new developments to be designed for future capacity. In Ontario, there are multiple municipalities where the number one barrier to approving new housing projects is a lack of infrastructure to support them.

Municipalities face a myriad of challenges in getting this infrastructure in place. Often, infrastructure investments are required long before new projects are approved and funding must be secured. Notwithstanding the burden development charges place on the price of new housing, most municipalities report that development charges are still not enough to fully cover the costs of building new infrastructure and retrofitting existing infrastructure in neighbourhoods that are intensifying. Often infrastructure crosses municipal boundaries creating complicated and time-consuming “who pays?” questions. Municipal leaders also shared their frustrations with situations where new housing projects are approved and water, sewage and other infrastructure capacity is allocated to the project – only to have the developer land bank the project and put off building. Environmental considerations with new infrastructure add further cost and complexity. The Task Force recommends:

- 43. Enable municipalities, subject to adverse external economic events, to withdraw infrastructure allocations from any permitted projects where construction has not been initiated within three years of build permits being issued.**
- 44. Work with municipalities to develop and implement a municipal services corporation utility model for water and wastewater under which the municipal corporation would borrow and amortize costs among customers instead of using development charges.**

## Create the Labour Force to meet the housing supply need

### The labour force is shrinking in many segments of the market

You can't start to build housing without infrastructure. You can't build it without people – skilled trades people in every community who can build the homes we need.

The concern that we are already facing a shortage in skilled trades came through loud and clear in our consultations. We heard from many sources that our education system funnels young people to university rather than colleges or apprenticeships and creates the perception that careers in the skilled trades are of less value. Unions and builders are working to fill the pipeline domestically and recruit internationally, but mass retirements are making it challenging to maintain the workforce at its current level, let alone increase it.

Increased economic immigration could ease this bottleneck, but it appears difficult for a skilled labourer with no Canadian work experience to qualify under Ontario's rules. Moreover, Canada's immigration policies also favour university education over skills our economy and society desperately need. We ought to be welcoming immigrants with the skills needed to build roads and houses that will accommodate our growing population.

The shortage may be less acute, however, among smaller developers and contractors that could renovate and build new "missing middle" homes arising from the changes in neighbourhood zoning described earlier. These smaller companies tap into a different workforce from the one needed to build high rises and new subdivisions. Nonetheless, 1.5 million more homes will require a major investment in attracting and developing the skilled trades workforce to deliver this critically needed housing supply. We recommend:

45. Improve funding for colleges, trade schools, and apprenticeships; encourage and incentivize municipalities, unions and employers to provide more on-the-job training.
46. Undertake multi-stakeholder education program to promote skilled trades.
47. Recommend that the federal and provincial government prioritize skilled trades and adjust the immigration points system to strongly favour needed trades and expedite immigration status for these workers, and encourage the federal government to increase from 9,000 to 20,000 the number of immigrants admitted through Ontario's program.

## Create a large Ontario Housing Delivery Fund to align efforts and incent new housing supply

### Build alignment between governments to enable builders to deliver more homes than ever before

All levels of government play a role in housing.

The federal government sets immigration policy, which has a major impact on population growth and many tax policies. The province sets the framework for planning, approvals, and growth that municipalities rely upon, and is responsible for many other areas that touch on housing supply, like investing in highways and transit, training workers, the building code and protecting the environment. Municipalities are on the front lines, expected to translate the impacts of federal immigration policy, provincial guidance and other factors, some very localized, into official plans and the overall process through which homes are approved to be built.

The efficiency with which home builders can build, whether for-profit or non-profit, is influenced by policies and decisions at every level of government. In turn, how many home developers can deliver, and at what cost, translates directly into the availability of homes that Ontarians can afford.

Collectively, governments have not been sufficiently aligned in their efforts to provide the frameworks and incentives that meet the broad spectrum of housing needs in Ontario. Much action, though, has been taken in recent years.

- The Ontario government has taken several steps to make it easier to build additional suites in your own home: reduced disincentives to building rental housing, improved the appeal process, focused on density around transit stations, made upfront development charges more predictable, and provided options for municipalities to create community benefits through development.
- The federal government has launched the National Housing Strategy and committed over \$70 billion in funding.<sup>[26]</sup> Most recently, it has announced a \$4 billion Housing Accelerator Fund aimed at helping municipalities remove barriers to building housing more quickly.<sup>[27]</sup>
- Municipalities have been looking at ways to change outdated processes, rules, and ways of thinking that create delays and increases costs of delivering homes. Several municipalities have taken initial steps towards eliminating exclusionary zoning and addressing other barriers described in this report.

All governments agree that we are facing a housing crisis. Now we must turn the sense of urgency into action and alignment across governments.

### **Mirror policy changes with financial incentives aligned across governments**

The policy recommendations in this report will go a long way to align efforts and position builders to deliver more homes.

Having the capacity in our communities to build these homes will take more than policy. It will take money. Rewarding municipalities that meet housing growth and approval timelines will help them to invest in system upgrades, hire additional staff, and invest in their communities. Similarly, municipalities that resist new housing, succumb to NIMBY pressure, and close off their neighbourhoods should see funding reductions. Fixing the housing crisis is a societal responsibility, and our limited tax dollars should be directed to those municipalities making the difficult but necessary choices to grow housing supply.

In late January 2022, the provincial government announced \$45 million for a new *Streamline Development Approval Fund* to “unlock housing supply by cutting red tape and improving processes for residential and industrial developments”.<sup>[28]</sup> This is encouraging. More is needed.

Ontario should also receive its fair share of federal funding but today faces a shortfall of almost \$500 million,<sup>[29]</sup> despite two thirds of the Canadian housing shortage being in Ontario. We call on the federal government to address this funding gap.

- 48.** The Ontario government should establish a large “Ontario Housing Delivery Fund” and encourage the federal government to match funding. This fund should reward:
  - a) Annual housing growth that meets or exceeds provincial targets
  - b) Reductions in total approval times for new housing
  - c) The speedy removal of exclusionary zoning practices
- 49.** Reductions in funding to municipalities that fail to meet provincial housing growth and approval timeline targets.

We believe that the province should consider partial grants to subsidize municipalities that waive development charges for affordable housing and for purpose-built rental.

## **Sustain focus, measure, monitor, improve**

### **Digitize and modernize the approvals and planning process**

Some large municipalities have moved to electronic tracking of development applications and/or electronic building permits (“e-permits”) and report promising results, but there is no consistency and many smaller places don’t have the capacity to make the change.

Municipalities, the provincial government and agencies use different systems to collect data and information relevant to housing approvals, which slows down processes and leaves much of the “big picture” blank. This could be addressed by ensuring uniform data architecture standards.

### **Improve the quality of our housing data to inform decision making**

Having accurate data is key to understanding any challenge and making the best decisions in response. The Task Force heard from multiple housing experts that we are not always using the best data, and we do not always have the data we need.

Having good population forecasts is essential in each municipality as they develop plans to meet future land and housing needs. Yet, we heard many concerns about inconsistent approaches to population forecasts. In the Greater Golden Horseshoe, the forecast provided to municipalities by the province is updated only when the Growth Plan is updated, generally every seven years; but federal immigration policy, which is a key driver of growth, changes much more frequently. The provincial Ministry of Finance produces a population forecast on a more regular basis than the Growth Plan, but these are not used consistently across municipalities or even by other provincial ministries.

Population forecasts get translated into housing need in different ways across the province, and there is a lack of data about how (or whether) the need will be met. Others pointed to the inconsistent availability of land inventories. Another challenge is the lack of information on how much land is permitted and how much housing is actually getting built once permitted, and how fast. The Task Force also heard that, although the Provincial Policy Statement requires municipalities to maintain a three-year supply of short-term (build-ready) land and report it each year to the province, many municipalities are not meeting that requirement.<sup>[30]</sup>

At a provincial and municipal level, we need better data on the housing we have today, housing needed to close the gap, consistent projections of what we need in the future, and data on how we are doing at keeping up. Improved data will help anticipate local and provincial supply bottlenecks and constraints, making it easier to determine the appropriate level and degree of response.

It will also be important to have better data to assess how much new housing stock is becoming available to groups that have been disproportionately excluded from home ownership and rental housing.

### **Put eyes on the crisis and change the conversation around housing**

Ours is not the first attempt to “fix the housing system”. There have been efforts for years to tackle increasing housing prices and find solutions so everyone in Ontario can find and afford the housing they need. This time must be different.

The recommendations in this report must receive sustained attention, results must be monitored, significant financial investment by all levels of government must be made. And, the people of Ontario must embrace a housing landscape in which the housing needs of tomorrow’s citizens and those who have been left behind are given equal weight to the housing advantages of those who are already well established in homes that they own.

- 50.** Fund the adoption of consistent municipal e-permitting systems and encourage the federal government to match funding. Fund the development of common data architecture standards across municipalities and provincial agencies and require municipalities to provide their zoning bylaws with open data standards. Set an implementation goal of 2025 and make funding conditional on established targets.
- 51.** Require municipalities and the provincial government to use the Ministry of Finance population projections as the basis for housing need analysis and related land use requirements.
- 52.** Resume reporting on housing data and require consistent municipal reporting, enforcing compliance as a requirement for accessing programs under the Ontario Housing Delivery Fund.
- 53.** Report each year at the municipal and provincial level on any gap between demand and supply by housing type and location, and make underlying data freely available to the public.
- 54.** Empower the Deputy Minister of Municipal Affairs and Housing to lead an all-of-government committee, including key provincial ministries and agencies, that meets weekly to ensure our remaining recommendations and any other productive ideas are implemented.
- 55.** Commit to evaluate these recommendations for the next three years with public reporting on progress.

# Conclusion

We have set a bold goal for Ontario: building 1.5 million homes in the next 10 years.

We believe this can be done. What struck us was that everyone we talked to – builders, housing advocates, elected officials, planners – understands the need to act now. As one long-time industry participant said, “for the first time in memory, everyone is aligned, and we need to take advantage of that.”

Such unity of purpose is rare, but powerful.

To leverage that power, we offer solutions that are bold but workable, backed by evidence, and that position Ontario for the future.

Our recommendations focus on ramping up the supply of housing. Measures are already in place to try to cool demand, but they will not fill Ontario’s housing need. More supply is key. Building more homes will reduce the competition for our scarce supply of homes and will give Ontarians more housing choices. It will improve housing affordability across the board.

Everyone wants more Ontarians to have housing. So let’s get to work to build more housing in Ontario.



## APPENDIX A:

# Biographies of Task Force Members

**Lalit Aggarwal** is President of Manor Park Holdings, a real estate development and operating company active in Eastern Ontario. Previously, Lalit was an investor for institutional fund management firms, such as H.I.G. European Capital Partners, Soros Fund Management, and Goldman Sachs. He is a past fellow of the C.D. Howe Institute and a former Director of both Bridgepoint Health and the Centre for the Commercialization of Regenerative Medicine. Lalit holds degrees from the University of Oxford and the University of Pennsylvania. He is also a current Director of the Hospital for Sick Children Foundation, the Sterling Hall School and the Chair of the Alcohol & Gaming Commission of Ontario.

**David Amborski** is a professional Urban Planner, Professor at Ryerson University's School of Urban and Regional Planning and the founding Director of the Centre for Urban Research and Land Development (CUR). His research and consulting work explore topics where urban planning interfaces with economics, including land and housing markets. He is an academic advisor to the National Executive Forum on Public Property, and he is a member of Lambda Alpha (Honorary Land Economics Society). He has undertaken consulting for the Federal, Provincial and a range of municipal governments. Internationally, he has undertaken work for the Canadian International Development Agency (CIDA), the World Bank, the Inter-American Development Bank, the Lincoln Institute of Land Policy, and several other organizations in Eastern Europe, Latin America, South Africa, and Asia. He also serves on the editorial boards of several international academic journals.

**Andrew Garrett** is a real estate executive responsible for growing IMCO's \$11+ Billion Global Real Estate portfolio to secure public pensions and insurance for Ontario families. IMCO is the only Ontario fund manager purpose built to onboard public clients such as pensions, insurance, municipal reserve funds, and endowments. Andrew has significant non-profit sector experience founding a B Corp certified social enterprise called WeBuild to help incubate social purpose real estate projects. He currently volunteers on non-profit boards supporting social purpose real estate projects, youth programs and the visual arts at Art Gallery

of Ontario. Andrew sits on board advisory committees for private equity firms and holds a Global Executive MBA from Kellogg School Management and a Real Estate Development Certification from MIT Centre for Real Estate.

**Tim Hudak** is the CEO of the Ontario Real Estate Association (OREA). With a passion and voice for championing the dream of home ownership, Tim came to OREA following a distinguished 21-year career in politics, including five years as Leader of the Progressive Conservative Party of Ontario.

In his role, Tim has focused on transforming OREA into Ontario's most cutting-edge professional association at the forefront of advocacy on behalf of REALTORS® and consumers, and providing world-class conferences, standard forms, leadership training and professional guidance to its Members. As part of his work at OREA, Tim was named one of the most powerful people in North American residential real estate by Swanepoel Power 200 for the last five years. Tim is married to Deb Hutton, and together they have two daughters, Miller and Maitland. In his spare time, Tim enjoys trails less taken on his mountain bike or hiking shoes as well as grilling outdoors.

**Jake Lawrence** was appointed Chief Executive Officer and Group Head, Global Banking and Markets in January 2021. In this role, Jake is responsible for the Bank's Global Banking and Markets business line and strategy across its global footprint. Jake joined Scotiabank in 2002 and has held progressively senior roles in Finance, Group Treasury and Global Banking and Markets. From December 2018 to January 2021, Jake was Co-Group Head of Global Banking and Markets with specific responsibility for its Capital Markets businesses, focused on building alignment across product groups and priority markets to best serve our clients throughout our global footprint. Previously, Jake was Executive Vice President and Head of Global Banking and Markets in the U.S., providing overall strategic direction and execution of Scotiabank's U.S. businesses. Prior to moving into GBM, Jake served as Senior Vice President and Deputy Treasurer, responsible for Scotiabank's wholesale funding activities and liquidity management as well as Senior Vice President, Investor Relations.

**Julie Di Lorenzo** (GPLLM, University of Toronto 2020), is self-employed since 1982, operates one of the largest female-run Real Estate Development Companies in North America. She was instrumental in the Daniel Burnham award-winning Ontario Growth Management Plan (2004) as President of BILD. Julie served as the first female-owner President of GTHBA (BILD) and on the boards of the Ontario Science Centre, Harbourfront Toronto, Tarion (ONHWP), St. Michael's Hospital, NEXT36, Waterfront Toronto, Chair of IREC Committee WT, Havergal College (Co-Chair of Facilities), York School (interim Vice-Chair), and Canadian Civil Liberties Association Board. Julie has served various governments in advisory capacity on Women's issues, Economic Development, Innovation and Entrepreneurship. Awards include Lifetime Achievement BILD 2017, ICCO Business Excellence 2005 & ICCO Businesswoman of the Year 2021.

**Justin Marchand** (CIHCM, CPA, CMA, BComm) is Métis and was appointed Chief Executive Officer of Ontario Aboriginal Housing Services (OAHS) in 2018. Justin has over 20 years of progressive experience in a broad range of sectors, including two publicly listed corporations, a large accounting and consulting firm, and a major crown corporation, and holds numerous designations across financial, operations, and housing disciplines. He was most recently selected as Chair of the Canadian Housing and Renewal Association's (CHRA's) Indigenous Caucus Working Group and is also board member for CHRA. Justin is also an active board member for both the Coalition of Hamilton Indigenous Leadership (CHIL) as well as Shingwauk Kinoomaage Gamig, located in Bawaating. Justin believes that Housing is a fundamental human right and that when Indigenous people have access to safe, affordable, and culture-based Housing this provides the opportunity to improve other areas of their lives.

**Ene Underwood** is CEO of Habitat for Humanity Greater Toronto Area), a non-profit housing developer that helps working, lower income families build strength, stability and self-reliance through affordable homeownership. Homes are delivered through a combination of volunteer builds, contractor builds, and partnerships with non-profit and for-profit developers. Ene's career began in the private sector as a strategy consultant with McKinsey & Company before transitioning to not-for-profit sector leadership. Ene holds a Bachelor of Arts (Honours) from the University of Waterloo and a Master of Business Administration from Ivey Business School.

**Dave Wilkes** is the President and CEO of the Building Industry and Land Development Association of the GTA (BILD). The Association has 1,300 members and proudly represents builders, developers, professional renovators and those who support the industry.

Dave is committed to supporting volunteer boards and organizations. He has previously served on the George Brown College Board of Directors, Ontario Curling Association, and is currently engaged with Black North Initiative (Housing Committee) and R-Labs I+T Council.

Dave received his Bachelor of Arts (Applied Geography) from Ryerson.

## APPENDIX B:

# Affordable Housing

Ontario's affordable housing shortfall was raised in almost every conversation. With rapidly rising prices, more lower-priced market rental units are being converted into housing far out of reach of lower-income households. In parallel, higher costs to deliver housing and limited government funding have resulted in a net decrease in the number of affordable housing units run by non-profits. The result is untenable: more people need affordable housing after being displaced from the market at the very time that affordable supply is shrinking.

Throughout our consultations, we were reminded of the housing inequities experienced by Black, Indigenous and marginalized people. We also received submissions describing the unique challenges faced by off-reserve Indigenous Peoples both in the province's urban centres and in the north.

While many of the changes that will help deliver market housing will also help make it easier to deliver affordable housing, affordable housing is a societal responsibility. We cannot rely exclusively on for-profit developers nor on increases in the supply of market housing to fully solve the problem.

The non-profit housing sector faces all the same barriers, fees, risks and complexities outlined in this report as for-profit builders. Several participants from the non-profit sector referred to current or future partnerships with for-profit developers that tap into the development and construction expertise and efficiencies of the private sector. Successful examples of leveraging such partnerships were cited with Indigenous housing, supportive housing, and affordable homeownership.

We were also reminded by program participants that, while partnerships with for-profit developers can be very impactful, non-profit providers have unique competencies in the actual delivery of affordable housing. This includes confirming eligibility of affordable housing applicants, supporting independence of occupants of affordable housing, and ensuring affordable housing units remain affordable from one occupant to the next.

One avenue for delivering more affordable housing that has received much recent attention is inclusionary zoning. In simple terms, inclusionary zoning (IZ) requires developers to deliver a share of affordable units in new

housing developments in prescribed areas. The previous Ontario government passed legislation in April 2018 providing a framework within which municipalities could enact Inclusionary Zoning bylaws.

Ontario's first inclusionary zoning policy was introduced in fall 2021 by the City of Toronto and applies to major transit station areas. Internationally, inclusionary zoning has been used successfully to incentivize developers to create new affordable housing by providing density bonuses (more units than they would normally be allowed, if some are affordable) or reductions in government fees. Unfortunately, the City's approach did not include any incentives or bonuses. Instead, Toronto requires market-rate fees and charges for below-market affordable units. This absence of incentives together with lack of clarity on the overall density that will be approved for projects has led developers and some housing advocates to claim that these projects may be uneconomic and thus will not get financed or built. Municipalities shared with us their concerns regarding the restriction in the provincial IZ legislation that prohibits "cash in lieu" payments. Municipalities advised that having the option of accepting the equivalent value of IZ units in cash from the developer would enable even greater impact in some circumstances (for example, a luxury building in an expensive neighbourhood, where the cost of living is too high for a low-income resident).

Funding for affordable housing is the responsibility of all levels of government. The federal government has committed to large funding transfers to the provinces to support affordable housing. The Task Force heard, however, that Ontario's share of this funding does not reflect our proportionate affordable housing needs. This, in turn, creates further financial pressure on both the province and municipalities, which further exacerbates the affordable housing shortages in Ontario's communities.

Finally, many participants in Task Force consultations pointed to surplus government lands as an avenue for building more affordable housing and this is discussed in [Appendix C](#).

We have made recommendations throughout the report intended to have a positive impact on new affordable housing supply. We offer these additional recommendations specific to affordable housing:

- Call upon the federal government to provide equitable affordable housing funding to Ontario.
  - Develop and legislate a clear, province-wide definition of “affordable housing” to create certainty and predictability.
  - Create an Affordable Housing Trust from a portion of Land Transfer Tax Revenue (i.e., the windfall resulting from property price appreciation) to be used in partnership with developers, non-profits, and municipalities in the creation of more affordable housing units. This Trust should create incentives for projects serving and brought forward by Black- and Indigenous-led developers and marginalized groups.
- Amend legislation to:
    - Allow cash-in-lieu payments for Inclusive Zoning units at the discretion of the municipality.
    - Require that municipalities utilize density bonusing or other incentives in all Inclusionary Zoning and Affordable Housing policies that apply to market housing.
    - Permit municipalities that have not passed Inclusionary Zoning policies to offer incentives and bonuses for affordable housing units.
  - Encourage government to closely monitor the effectiveness of Inclusionary Zoning policy in creating new affordable housing and to explore alternative funding methods that are predictable, consistent and transparent as a more viable alternative option to Inclusionary Zoning policies in the provision of affordable housing.
  - Rebate MPAC market rate property tax assessment on below-market affordable homes.

## APPENDIX C:

# Government Surplus Land

Surplus government lands fell outside the mandate of the Task Force. However, this question came up repeatedly as a solution to housing supply. While we take no view on the disposition of specific parcels of land, several stakeholders raised issues that we believe merit consideration:

- Review surplus lands and accelerate the sale and development through RFP of surplus government land and surrounding land by provincially pre-zoning for density, affordable housing, and mixed or residential use.
- All future government land sales, whether commercial or residential, should have an affordable housing component of at least 20%.
- Purposefully upzone underdeveloped or underutilized Crown property (e.g., LCBO).
- Sell Crown land and reoccupy as a tenant in a higher density building or relocate services outside of major population centres where land is considerably less expensive.
- The policy priority of adding to the housing supply, including affordable units, should be reflected in the way surplus land is offered for sale, allowing bidders to structure their proposals accordingly.

## APPENDIX D:

# Surety Bonds

### Moving to surety bonds would free up billions of dollars for building

When a development proposal goes ahead, the developer typically needs to make site improvements, such as installing common services. The development agreement details how the developer must perform to the municipality's satisfaction.

Up until the 1980s, it was common practice for Ontario municipalities to accept bonds as financial security for subdivision agreements and site plans. Today, however, they almost exclusively require letters of credit from a chartered bank. The problem with letters of credit is that developers are often required to collateralize the letter of credit dollar-for-dollar against the value of the municipal works they are performing.

Often this means developers can only afford to finance one or two housing projects at a time, constraining housing supply. The Ontario Home Builders' Association estimates that across Ontario, billions of dollars are tied up in collateral or borrowing capacity that could be used to advance more projects.

Modern "pay on demand surety bonds" are proven to provide the same benefits and security as a letter of credit, while not tying up private capital the way letters of credit do. Moving to this option would give municipalities across Ontario access to all the features of a letter of credit with the added benefit of professional underwriting, carried out by licensed bonding companies, ensuring that the developer is qualified to fulfill its obligations under the municipal agreement.

Most important from a municipal perspective, the financial obligation is secured. If a problem arises, the secure bond is fully payable by the bond company on demand. Surety companies, similar to banks, are regulated by Ontario's Office of the Superintendent of Financial Institutions to ensure they have sufficient funds in place to pay out bond claims.

More widespread use of this instrument could unlock billions of dollars of private sector financial liquidity that could be used to build new infrastructure and housing projects, provide for more units in each development and accelerate the delivery of housing of all types.

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**A BLUEPRINT FOR ACTION:**

**AN INTEGRATED  
APPROACH  
TO ADDRESS  
THE ONTARIO  
HOUSING CRISIS**

February 2022



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# Message from the AMO President

## Housing affordability is top of mind for people in Ontario.

In Ontario, finding a place to live is a struggle for many due to low vacancy rates, limited supply and an insufficient mix of housing options. The costs of ownership and rental rates are rising much faster than incomes, and people experiencing homelessness are in desperate need of a roof over their heads. The COVID-19 pandemic has exacerbated the issue, leading to a province-wide housing crisis. To address housing affordability, all orders of government must work together in partnership with the private, non-profit, and co-operative housing development sectors.

AMO recognizes that Ontario is facing a housing affordability and supply crisis and that all parties have a role to play in solving it. The province's recent housing consultation has provided an opportunity for a renewed conversation about the urgent need for bold action and leadership by all.

In contributing to these efforts, AMO is pleased to present a *Blueprint for Action: A Coordinated Approach to Address the Ontario Housing Crisis*. It takes a principle-based approach and outlines nearly 90 recommendations on how to guide further action to build a strong housing sector.

This *Blueprint* builds on AMO's long-standing positions and advocacy around housing, and incorporates the advice of many, including AMO's Task Forces and Board of Directors. AMO is also grateful to those that contributed ideas including associations representing the housing sector, planners, building officials, social services and Indigenous service providers. We are also thankful for the input from the following municipal associations:

- Eastern Ontario Wardens' Caucus (EOWC)
- Federation of Canadian Municipalities (FCM)
- Federation of Northern Ontario Municipalities (FONOM)
- Mayors and Regional Chairs of Ontario (MARCO)
- Northern Ontario Municipal Association (NOMA)
- Ontario Big City Mayors (OBCM)
- Ontario Small Urban Municipalities (OSUM)
- Rural Ontario Municipal Association (ROMA)
- Western Ontario Wardens' Caucus (WOWC)

In our view, this *Blueprint* serves as a platform for collaborative discussion and action with all housing partners. We need all parties to come to the table and work together in a coordinated and integrated way, for the benefit of all Ontarians.

Sincerely,



Jamie McGarvey

AMO President  
Mayor of Parry Sound





## A BLUEPRINT FOR ACTION:

# An Integrated Approach to Address the Ontario Housing Crisis

## Introduction

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In Ontario, finding a place to live is a struggle for many due to low vacancy rates, limited supply and an insufficient mix of housing options. The costs of ownership and rental rates are rising much faster than incomes and people experiencing homelessness are in desperate need of a roof over their heads.

Bold action and leadership are required from all three orders of government and private, non-profit, and co-operative housing sectors (collectively referred to as “development sector”) to address the housing crisis in Ontario. It will take collective, constructive and focused work by all involved to improve affordability, diversify the housing mix, and increase supply.

The province needs a made-in-Ontario housing framework. Tinkering around the edges will not be successful. A new collective mindset and transformative change is required to address the systemic issues around housing affordability over the long-term.

AMO’s *Blueprint for Action* reflects an all-of-government approach and covers more than just housing affordability. In our view, meaningful results will only be achieved if the social determinants of health, poverty reduction, and climate change mitigation and adaptation, are also addressed.

Note that this is not an exhaustive list of interventions that could help solve Ontario’s housing crisis. Rather it is written to identify local contributions that the various parties play in delivering housing.

It is important to keep in mind that there are unique and different challenges facing large and small urban, rural, and northern municipalities. Local flexibility, rather than one-size-fits-all solutions, must be considered when reading this document.

The remaining sections outline the unique regional housing challenges that Ontarians are facing and the foundational housing principles that were developed by AMO. Following that, the *Blueprint for Action* outlines nearly 90 recommendations that are grouped into actions that the federal, provincial, municipal governments and the development sector should consider implementing.

# Housing Challenges Across Ontario

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The COVID-19 pandemic has created noticeable shifts in housing affordability as individuals and organizations across the province make different choices about where and how to live and work. What is common between all municipal governments, however, is the pressure they face to build and sustain complete communities so their residents can enjoy a quality of life wherever they choose to live. All municipalities would benefit from additional resources and tools – both financial and planning – to help improve housing affordability.

In the case of rural Ontario, municipalities' ability to address housing needs and to contribute fully to the province's recovery and growth are constrained by the infrastructure section of the Provincial Policy Statement (PPS). It is expensive to ensure infrastructure can adequately service new housing development in vast geographic areas and work can take time. That is why a collaborative and innovative approach to rural municipal servicing matters needs to be broadly supported.

As well, critical infrastructure such as sewer, water, broadband and access to energy sources including hydro and other alternatives is lacking in many areas. Growing communities also require amenities such as schools, healthcare, and transportation, which is only possible with ongoing joint investments from all orders of government.

The trend of urban outmigration to rural and northern Ontario has made the available housing stock in those communities much more expensive and harder to find. The impact on rural seniors and young families is distressing, and this lack of accommodation poses a significant restriction on growth and development and on the sustainability of the labour force in rural Ontario. These are new experiences in rural and northern Ontario in particular, and the implications are significant.

Northern Ontario has its own set of unique challenges. Affordable options have until recently been available, but with new in-migration from southern Ontario, prices and rents are quickly increasing. Supply of homes is not the only issue. Smaller and rural communities and First Nations communities often have homes and rental buildings in a poor state of repair requiring renovations to keep them suitable for occupancy. When building new, the cost for construction is higher in the north due to the short construction season, labour shortages, and cost of transporting materials.

Community and supportive housing are also more difficult to access in rural and northern areas, as they are often located in larger urban centres, causing residents in need to leave their home communities or continue living in precarious housing situations. There is just not enough funding to provide affordable housing options equitably all across regions to reach people in need where they live.

Black, Indigenous, racialized and other marginalized communities in Ontario have unique housing needs and may face discrimination in accessing and securing housing. Affordable housing options that account for these barriers are needed and may look like housing programs with culturally respectful supports and wrap-around care models that eliminate the barriers faced in the private housing markets.

Across Ontario, increasing levels of homelessness are a significant consequence of low supply and unaffordable housing. Homelessness is no longer confined to the visibly homeless, those in shelters, or those with limited income. While there are myriad root causes for homelessness, and many solutions to prevent and break the cycle of poverty and homelessness, housing is the primary solution for those that need a roof over their heads.

Further complicating the problem is the fact that housing supply is also impacted due to high demand from investors with a primary goal of price appreciation. In addition, higher levels of immigration to the province, supporting economic growth of our communities, and large numbers of international and non-local students attending our universities and colleges further drive demand. The increased demand for housing in these areas has put pressure on municipal councils to balance pressures for growth and the preservation of existing housing stock and mix, with the desire to be welcoming and desirable communities for both life-long and new residents.

The COVID-19 pandemic has made it clear that the diverse mix, supply, and affordability of housing are issues all municipal governments across Ontario are grappling with. Ultimately, all municipal governments want to build beautiful, healthy, diverse and complete communities, and housing is a critical component to this goal.

## AMO's Housing Principles

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1. All orders of government and the development sector (e.g., real estate industry and private, non-profit and co-operative housing developers) must work together to ensure that Ontarians have access to affordable, inclusive, safe, and suitable housing across a continuum of housing options – recognizing that each have different contributions to make respectively.
2. The path toward achieving housing affordability must be based on a human rights approach and address inequities in accessing housing faced by Black, Indigenous, racialized, and other marginalized people.
3. Housing must be treated as an essential social good, as it provides necessary security, comfort, and sense of belonging and community, rather than as a primary means to store and accumulate wealth.<sup>1</sup>
4. All orders of governments must plan and account for growth and actively provide solutions for different housing markets across Ontario, as challenges and needs differ whether in large or small urban, rural or northern communities.
5. All orders of government should foster 'complete communities' with a diverse range and mix of housing options, densities, tenures, and all corresponding physical and social infrastructure, developed through sound planning and development approval processes.

<sup>1</sup> <https://www.cmhc-schl.gc.ca/en/nhs/nhs-project-profiles/2019-nhs-projects/financialization-housing>

6. Provincial and federal governments must ensure municipal governments have sufficient flexibility to achieve increased housing affordability in ways that meet local need, rather than impose 'one size fits all' solutions across Ontario.
7. All orders of government and the private sector should work in partnership with Indigenous communities to advance co-developed, Indigenous-led housing solutions that meet the needs of Indigenous people.
8. All governments need to work together with communities to foster increased community support and address barriers (e.g., Not in My Backyard, Build Absolutely Nothing Anywhere Near Anyone) and contribute to solutions to increase housing supply of private market, community, and supportive housing.
9. Municipal governments and District Social Service Administration Boards (DSSABs) are close to the people and therefore best positioned to plan and manage housing and homelessness prevention services in their communities with support from other orders of government.
10. Affordable housing and homelessness prevention programs are essentially a means for income redistribution. As such, they should not be funded primarily through property tax revenue. It is unsustainable and at odds with basic principles of good public and fiscal policy.
11. All governments must work together to end homelessness with appropriate housing solutions that are affordable and supportive.
12. The province must work with municipalities to dispel myths about development charges (DCs), property taxes, and user fees by promoting how they are critical to creating livable homes and communities. Growth must pay for growth.

## A Blueprint for Action for Housing Affordability

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With these twelve principles in mind, AMO has developed a Blueprint for Action that outlines nearly 90 recommendations separated into levels of government (federal, provincial, and municipal), and the development sector (private, non-profit, and co-operative).

The recommendations are grouped into one of six categories: Collaboration & Coordination, Funding & Incentives, Improving Outcomes for People, Innovation, Streamlining Processes, and Workforce Development & Supply Chain.

While not an exhaustive list, these recommendations should act as a starting point for conversation between governments, industry, and other stakeholders.

# Federal Actions

Canada's federal government plays an important role in housing due to its ability to exercise many demand- and supply-side levers. It helps with both home ownership and renter support through mortgage regulation, tax expenditure and financial assistance. When it comes to community housing policy and funding, the federal government functions as a system enabler. Leveraging its fiscal capacity, the Government of Canada can help make community housing financially viable across the country, promote the expansion of more affordable housing options, and help to prevent and end homelessness.

To address the current state of housing in the country, the federal government has established and is implementing a **National Housing Strategy**.

**Note:** Many of these recommendations are based on the current **housing advocacy positions** of the Federation of Canadian Municipalities (FCM).

## Collaboration & Coordination

1. Support provinces and territories with a national strategy to help municipal governments to plan for population growth from immigration and facilitate more housing supply.
2. Accelerate the development and implementation of a national Urban, Rural, and Northern Indigenous Housing Strategy with adequate and meaningful resources to achieve the agreed upon outcomes with Indigenous Peoples.

## Improving Outcomes for People

3. Protect lower rent market housing from “renoviction” and conversion through an acquisition program that empowers community land trusts, non-profits, cooperatives and municipal agencies to acquire and preserve existing lower rent market housing at risk of being bought by investment companies.

## Funding & Incentives

4. Continue to scale up and maintain the Rapid Housing Initiative (RPI).
5. Increase funding for the Canada Housing Benefit.
6. To accelerate the development of new housing supply, the Housing Accelerator Fund should fund municipalities using new technology and methods (e.g., e-permitting and Lean Sigma methodologies, etc.) as well as the dissemination of best practices.

7. Create more affordable housing by optimizing the National Housing Co-Investment Fund to deliver deeper market and non-market affordability and streamline rapid approval processes for municipal applicants and their community housing partners.
8. Create more purpose-built market rentals by optimizing the Rental Construction Financing Initiative to create more affordable rental supply and explore a more facilitative tax structure.
9. Improve timelines for approvals and execution of federal funding agreements, including the release of funds for the National Housing Co-investment Fund.
10. Provide funding to support the conversion of vacant commercial space to affordable housing through the National Housing Strategy.
11. Work with the provincial government to fully exempt charitable non-profit organizations from HST for new affordable housing projects and purpose-built rental projects.
12. Redesign and expand the Federal Lands Initiative and provide surplus or under-used crown lands to municipal governments and contingent on building affordable and/or 'missing middle' housing solutions.

## **Workforce Development & Supply Chain**

13. Make changes to immigration selection criteria to facilitate the entry of more skilled workers for the construction industry.
14. Work with industry to address supply chain challenges and implement solutions to overcome materials shortages that delay construction and raise costs for developers.



# Provincial Actions

The Ontario Government has an important and multifaceted role to play in the housing crisis, and in the search for ‘made in Ontario’ housing solutions, primarily as a regulator and funder.

The municipal land use planning function that determines how land is developed in Ontario is regulated by the province through legislation like the *Planning Act*. The province is responsible for numerous provincial directives including the Provincial Policy Statement, the Greenbelt Plan, and various regional growth plans. The province is also responsible for numerous processes that affect timelines in the municipal development approval process, including the Ontario Land Tribunal (OLT), provincial environmental assessments, Ontario’s land registry, and more. Finally, it provides guidance to help developers and homeowners navigate the land use planning process.

The province is the steward of the community housing system, creating legislation and establishing service requirements for service system managers. It regulates community housing through the *Housing Services Act, 2011* and sets guidelines for local Housing and Homelessness Plans through the *Ontario Policy Statement: Service Manager Housing and Homelessness Plans* and through various housing strategies. A new *Community Housing Renewal Strategy* was released by the provincial government in April 2019 to help sustain, repair, and grow the community housing system. The provincial government is also the primary funder of supportive housing in Ontario.

Provincial funding programs provide funding to: support affordable housing construction; facilitate homeownership and renovations; advance homelessness prevention; increase access to low-cost financing; and provide rent supplements and housing allowances, amongst other objectives. Some of these programs are co-funded with the federal government under the National Housing Strategy. They all have specific mandates and targets with time-limited funding.

For more information on Ontario’s housing programs and initiatives, see the Ontario government [website](#).

## Collaboration & Coordination

1. Work with universities and colleges to create adequate supply of residence housing for students, both domestic and international.
2. Co-develop a provincial strategy aligned with the upcoming national strategy for specific housing and homelessness prevention initiatives for Indigenous people in consultation with Indigenous communities and service providers, including the Ontario Aboriginal Housing Services.
3. Work in partnership with municipal governments to change public attitudes opposed to intensification by making the public more aware of the negative impact of sprawl on the environment, traffic congestion, and on the costs of municipal services.

4. Provide more public education to both landlords and tenants on their rights and obligations.
5. Promote awareness and provide information to municipal governments and residents about ways to effectively facilitate legal second suites and new rentals in a manner that meets the needs of the communities.

## Innovation

6. Create a housing innovation fund to facilitate new solutions and share best practices.
7. Support municipal governments to work with developers to convert underused office and commercial properties to residential use where desirable and feasible for local communities through changes to the Ontario Building Code and other measures.
8. Support the repurposing of surplus school lands to housing by donating to municipalities and District Social Service Administration Boards (DSSAB).
9. Explore the feasibility of a conversion strategy for older long-term care homes being demolished for redevelopment into supportive housing.
10. Fund municipalities to accelerate the development of new housing supply by supporting new technology and methods (e.g., e-permitting, Lean Sigma methodologies, etc.) as well as the dissemination of best practices.
11. Continue to document and disseminate Best Management Practices (BMPs) and provide data support to municipal governments to foster learning, resulting in continuous improvement.
12. Work with municipalities and housing developers to share Best Management Practices (BMPs).
13. Ensure there is enough flexibility and supports for municipal governments to look at underused and strategically located employment lands for mixed-uses, including housing.
14. Research and disseminate promising practices from other jurisdictions about how to facilitate innovative housing supply.
15. Explore and pilot new innovative home ownership programs with municipal governments for low- and moderate-income people, with a special focus on first-time homebuyers, including shared-equity schemes and rent-to-own approaches.
16. Research and share promising practices to make better use of existing homes, buildings, and neighbourhoods to increase the supply of housing (e.g., matchmaker services that facilitate shared living arrangements between seniors in “over-housed” situations and renters, including students).
17. Provide more information and funding to municipal governments who wish to adopt a Community Planning Permit System.

## Improving Outcomes for People

18. Adopt a human rights approach to housing aligning with the federal government to place a higher standard on all parties to achieve outcomes for people.
19. Co-define housing affordability with municipal governments to clearly identify the outcomes that the government is seeking to achieve.
20. Set housing affordability targets, milestones, timelines, and measure achievements to track progress of meeting objectives and evaluating interventions.
21. Apply an equity lens to ensure that provincial actions include solutions that address the inequities in accessing housing faced by Black, Indigenous, racialized and other marginalized people face.
22. Increase affordability and support climate change adaptation and mitigation through the construction of new net-zero housing and retrofits of existing housing that meet Passive House, LEED or similar standards to decrease energy costs for homeowners and tenants over time.
23. Review the *Residential Tenancies Act* on an ongoing basis to ensure a balance of the rights and obligations of landlords who seek a conducive environment to provide rental opportunities and tenants who need adequate protection from illegal or unreasonable “renovictions.”
24. Work together with municipal service managers to preserve existing community and supportive housing and grow the supply in the system to meet the needs of low-income people and support municipal governments in addressing aging buildings and capital repairs needed in their communities.
25. Increase social assistance shelter allowances for low-income recipients and persons with disabilities to be able to afford their shelter costs.
26. Work together with municipal service managers to co-design and jointly implement **Blueprint for Action to end homelessness** including housing solutions and other interventions to prevent and break the cycle of homelessness.
27. Support growth of new housing supply with corresponding investments in infrastructure including schools, hospitals, transit, and transportation.
28. Consider a “Yes in My Backyard” initiative to address community concerns and change public attitudes against new ‘missing middle’ and community housing developments.

## Streamlining Processes

29. Recognize the complexity and lack of clarity between the *Planning Act*, Growth Plans, and the Provincial Policy Statement and take steps to educate municipalities and developers on these changes.
30. Review the Building Code for clarity and provide greater education to municipal governments, developers, and the public on how to apply the Code to achieve a greater supply of safe and sustainable housing.
31. Immediately implement an integrated One Window approach involving all provincial line ministries to streamline provincial approvals and support required by municipalities for development.
32. Collect data on the housing market to inform new opportunities and make it accessible to municipalities and developers.
33. Monitor and evaluate the implementation of inclusionary zoning and duly consider expanding the areas where this tool can be used to afford a broader application in more communities and neighbourhoods.
34. Limit appeals of community and supportive housing to the Ontario Land Tribunal.
35. Evaluate the impacts of *de novo* hearings at the Ontario Lands Tribunal on the speed of developments immediately. If found to have a negative impact on the speed of OLT decision making, remove the ability of the OLT to have *de novo* hearings.
36. Explore ways to speed up the landlord and tenant board process, including addressing the adjudicator shortage.
37. Provide guidance to help developers and homeowners navigate the land use planning process.
38. Streamline review and approval timelines of provincial agencies involved in reviewing affordable housing and purpose-built rental housing development applications.
39. Aim to reduce the number of appeals to the Ontario Land Tribunal as well as hire more adjudicators to reduce the backlog and speed up the process.

## Funding & Incentives

40. Work with the federal government to make housing capital programs more effective by providing multi-year funding by eliminating the ‘use it or lose it’ approach and allow Service System Managers to carry over funding between fiscal years, similar to other federal and provincial infrastructure programs.
41. Develop and implement a provincial Rental Housing Strategy with incentives such as tax credits and tax exemptions for private and non-profit housing developers to encourage the building of new purpose-built rental housing, and specific initiatives to meet the unique needs of rural and northern communities.

42. Enhance renovation programs for low-income people that can preserve existing stock, delivered by municipal service managers and co-funded by the federal and provincial governments through the National Housing Strategy.
43. Support non-profit and co-operative housing to develop community and supportive housing through donations of land, up-front pre-construction funding and capital funding.
44. Support and fund the creation of more affordable housing and purpose-built market rentals.
45. Ensure DCs and community benefit charges are calculated in a way that ensures growth pays for growth.
46. Allocate revenues generated from the land transfer tax and the non-resident speculation tax to affordable housing and for financial incentives to encourage housing solutions for moderate-income households.
47. Provide low-cost loans to homeowners who wish to renovate to create new legal second units in accordance with local municipal bylaws.
48. Ensure that municipal governments continue to have the discretion to offer home ownership programs and renovation support programs with funding from federal-housing programs available under the National Housing Strategy.
49. Advocate to the federal government for more robust home ownership programs.
50. Provide one-time funding to municipal governments to update their zoning bylaw in accordance with their official plans.
51. Explore how existing infrastructure programs might be used and enhanced to assist municipal governments with upfront servicing costs.

## **Workforce Development & Supply Chain**

52. Provide training and skills development on new forms of cost effective and rapidly built housing forms such as modular housing.
53. Explore ways to address the shortage of skilled labour in the construction trades through workforce development strategies including measures such as education, training, apprenticeships, public promotion, and immigration.
54. Provide training to help municipal governments increase the supply of building department and planning staff.
55. Pursue opportunities to increase in-province supply of materials and components by building “local” supply chains for materials, logistics and skilled labour.

# Municipal Actions

Housing pressures are most keenly felt as a local issue because municipal governments are the order of government closest to the people and are responsible for much of the infrastructure that is required for robust and healthy communities. Together with District Social Service Administration Boards (DSSABs), municipalities work with a variety of partners to increase housing affordability, through local land use planning and development approvals and community housing systems.

Municipal governments play a major role in determining the form, density and location of housing. They pride themselves in being stewards of complete communities – places where homes, jobs, schools, community services, parks, and recreation facilities are easily accessible, and residents' quality of life and population health are prioritized.

Municipal governments are responsible for local planning and development approvals, as regulated by provincial policy and the Ontario Building Code. These roles put municipal Councils at the forefront of the housing crisis in Ontario, as they work to balance pressures for growth while preserving existing housing stock and mix.

In addition to their role in development, upper- and single-tier municipal governments (and DSSABs in the north) administer local community housing systems. Ontario is the only Canadian province or territory where municipal governments are responsible for the funding and delivery of community housing. In 2018, property taxpayers contributed over \$2 billion towards community housing alone.<sup>2</sup>

Ontario's 47 Consolidated Municipal Service System Managers (CMSMs) and DSSABs who co-fund, manage, plan, and administer community housing. They also develop affordable housing stock and deliver homelessness prevention programs. Municipal governments contribute significant funding amounts annually for housing-related supports, homelessness prevention programs, and financial incentives to facilitate affordable housing development. Due to limitations in province-wide data collection, a figure representing the full picture is challenging to put together.

To provide housing to residents, service system managers work in partnership with co-operative, non-profit, for-profit and Indigenous community housing providers. They also consult with community members to address the housing needs of vulnerable, low-income Ontarians.

The *Housing Services Act*, 2011 requires service system managers to develop ten-year housing and homelessness plans, which are based on local needs and guide local actions to address homelessness and housing in line with provincial and local priorities. The Act also sets service level standards such as the minimum level of assistance that must be provided by service system managers. Eligibility for rent-geared-to-income (RGI) assistance and portable housing benefits is also legislated by the Act and its regulations.

<sup>2</sup> Government of Ontario. (2021, December 15). Year 2018. Financial Information Return. Retrieved February 9, 2022, from <https://efis.fma.csc.gov.on.ca/fir/index.php/year-municipality/year-2018/>.

All municipal governments, regardless of whether or not they are designated service system managers, play a critical role in facilitating more housing affordability options as a result of the planning and financial tools at their disposal. Many do so to the extent that fiscal circumstances allow, and community priorities dictate. It works best where there is close collaboration between service system managers and their municipal partners to achieve mutual goals.

## Collaboration & Coordination

1. Work with developers to encourage innovative housing while still conforming to the standards of the Ontario Building Code.

## Innovation

2. Advocate for the province to fund municipalities to accelerate the development of new housing supply by supporting new technology and methods (e.g., e-permitting and Lean Sigma methodologies, etc.), as well as the dissemination of best practices that could assist in more efficient planning and development approval processes while respecting sound planning practices.
3. Consider whether adopting a Community Planning Permit System would meet the needs of their local communities, and advocate for provincial funding to implement and review how this would impact the Ontario Land Tribunal.
4. Revisit zoning best practices to explore planning solutions that could include zero-lot-line housing, community improvement plan (CIP), reduced parking minimums, tiny homes, laneway housing, flex housing, shared housing, and other types that reduce land costs and increase density.
5. Work with the province to raise awareness among municipalities about the potential benefits of as-of-right zoning and inclusionary zoning bylaw that reflect a diverse mix of housing.

## Streamlining Processes

6. Ensure that zoning bylaw are up to date with official plans and reflect best practices for development that respects local decision making while prioritizing housing development that best meets local needs.
7. Have the flexibility to attract development in accordance with local municipal objectives without prescribed one size fits all solutions that don't work.
8. Ensure their zoning by-law and planning processes reflect the requirement under Bill 108 to permit additional residential units (secondary suites) in single, semi-detached and row homes and in accessory buildings or structures, for a total of three residential units on a property.
9. Consider and implement as-of-right zoning where feasible to facilitate 'missing middle' housing.
10. Consider and implement inclusionary zoning by-laws to increase housing affordability, including in places outside of major transit station areas (MTSAs).

## Funding & Incentives

11. Consider and implement local vacant homes tax if feasible and desirable to ensure units are available to residents in a reasonable amount of time.

## Workforce Development & Supply Chain

12. Consider municipal succession management strategies to ensure that qualified building inspectors and planning staff are attracted and retained.



# Development Sector Actions

Alongside government action, the development sector (e.g. private, non-profit and co-operative housing) has an important role in collaborating towards greater housing affordability for Ontarians. The development sector is broad with a wide range of actors, interests, and objectives. While the most prevalent type of home ownership or rental housing in the province is through the private market, there are also developers with mandates to provide affordable housing that are rightly supported by governments as essential partners.

Non-profit housing provides a community-based alternative, often for vulnerable and low-income populations either providing affordable rental or facilitating affordable home ownership. Housing co-operatives provide a unique space between renting and home ownership as mixed income communities that are democratically designed and bring people together from diverse social, economic, and cultural backgrounds.

Despite their differences however, all players within the development sector can contribute to the sustainability and affordability of housing in Ontario over the long term. This includes working with governments and other organizations to develop innovative solutions and implement more efficient practices. These actions will facilitate the timely development of housing that meets the unique needs of the communities in which they are located.

These recommendations present an opportunity for Ontario's development sector to demonstrate leadership in collaborating towards a more affordable, attainable, and sustainable Ontario housing future.

## Collaboration & Coordination

1. Work with municipal governments that are seeking to facilitate partnerships between private and non-profit residential developers, faith groups, institutions, and community agencies to increase the supply of affordable and supportive housing.

## Innovation

2. 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).
3. Design buildings in a way that allows for the future installation of accessible features.

## Streamlining Processes

4. Take steps to ensure developers submit complete, quality applications to reduce timelines and reduce the number of resubmissions.
5. Take good care to prepare comprehensive site plans.
6. Diligently and completely fulfill contractual Clearing Conditions in a timely manner.
7. Ensure timely building inspections to keep projects on track and on schedule.
8. Work with municipal governments and the province to identify factors that contribute to delays in getting shovels in the ground after all approvals are done and explore joint solutions with the private sector to accelerate development.

## Conclusion

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In Ontario, the municipal role in housing cannot be understated. We are critical players on the front lines and make a meaningful difference for our communities with support from the provincial and federal governments and other partners. Given this role, municipal governments are well-positioned to provide advice and act going forward on what is necessary to address the housing affordability and supply crisis negatively affecting our communities.

This *Blueprint* provides a starting point for ongoing collaboration and collective work by all to improve housing in Ontario. Going forward, local flexibility is essential when implementing these actions to ensure that the unique and different challenges facing large and small urban, rural, and northern municipalities are addressed and serve the needs of every community. AMO stands ready to actively work with the province, federal government and development sector to meet the long-term housing affordability needs of all Ontarians.



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# Schedule C to Report 2022-0365: Town Staff Comments on HATF Report

Focus on getting more homes built (Recommendations 1,2)	
HAFT Recommendation	Staff Comments
<p>Set a goal of building 1.5 million new homes in ten years and amend the Planning Act, Provincial Policy Statement, and Growth Plans to set “growth in the full spectrum of housing supply” and “intensification within existing built-up areas” of municipalities as the most important residential housing priorities in the mandate and purpose.</p>	<ul style="list-style-type: none"> <li>While the goal is appropriate, it does not effectively consider timing, community need, affordability needs to be considered in implementation</li> </ul>
Require greater density (Recommendations 3-11)	
HAFT Recommendation	Staff Comments
<p>Limit exclusionary zoning in municipalities through provincial action and modernize the Building Code to remove any barriers to affordable construction and to ensure meaningful implementation including the following as of right allowances:</p> <ul style="list-style-type: none"> <li>Residential housing up to four units and up to four storeys on a single residential lot;</li> <li>Conversion of underutilized or redundant commercial properties to residential or mixed residential and commercial use;</li> <li>Secondary suites, garden suites, and laneway houses province-wide;</li> <li>Multi-tenant housing;</li> <li>Zoning up to unlimited height and unlimited density in the proximity of major transit stations within two years if municipal zoning remains insufficient to meet provincial density targets; and,</li> <li>Zoning of six to 11 storeys with no minimum parking requirements on any streets utilized by public transit</li> </ul>	<ul style="list-style-type: none"> <li>Town staff support limiting exclusionary zoning and modernizing the building code as well as the conversion of commercial space to multi-tenant housing</li> <li>As of right residential building up to four units and up to four storeys on single residential lot is supported only within strategic growth areas and other areas based on studies of technical viability</li> <li>As of right zoning up to unlimited height and unlimited density is not supported as it has not proven to be effective in securing more housing options</li> <li>The Town can not feasibly support as of right 6-11 storey buildings with no minimum parking requirements on streets serviced by transit</li> </ul>

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

HAFT Recommendation	Staff Comments
<p>Create a more permissive land use, planning, and approvals system:</p> <ul style="list-style-type: none"> <li>• Repeal or override municipal policies, zoning, or plans that prioritize the preservation of physical character of neighbourhood</li> <li>• Exempt from site plan approval and public consultation all projects of 10 units or less that conform to the Official Plan and require only minor variances</li> <li>• Establish province-wide zoning standards, or prohibitions; restore pre-2006 site plan exclusions to the Planning Act and reduce or eliminate minimum parking requirements; and,</li> <li>• Remove any floorplate restrictions to allow larger, more efficient high-density towers.</li> </ul>	<ul style="list-style-type: none"> <li>• Support for more permissive land use, planning and approvals system towards achieving planning objectives</li> <li>• Province wide standards should focus on development of purpose built rental and housing options affordable to low and moderate income households</li> </ul>

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

HAFT Recommendation	Staff Comments
<p>Simplify planning legislation and policy documents including creating a province-wide definition for plans of subdivision with a standard set of conditions. Further, limit additional public meetings beyond those that are required under the Planning Act and implement digital participation options.</p> <p>Prevent abuse of the heritage preservation and designation process by prohibiting bulk listing on municipal heritage registers, reactive heritage designations after a Planning Act development application has been filed and requiring municipalities to compensate property owners for loss of property value as a result of heritage designations.</p> <p>Restore the right of developers to appeal Official Plans and Municipal Comprehensive Reviews and legislate timelines at each stage of the provincial and municipal review process. An application will be deemed approved if the legislated response time is exceeded. To meet these timelines and quickly resolve conflicts among municipal and/or</p>	<ul style="list-style-type: none"> <li>• Digital participation and simplified planning documents can positively increase opportunities for stakeholder involvement</li> <li>• The province should mandate timelines to require developers to commence construction within a certain period after receiving the necessary planning approvals</li> <li>• Reducing opportunities for public consultation could limit opportunities for resolving issues and comments on applications and further reduces public trust</li> <li>• Appealing Official Plans and MCRs would delay housing objectives</li> <li>• Heritage preservation and designation allows for the protection of local cultural attributes and does not necessarily lead to loss of property value, utility, or ability to provide for increased density. There has not been sufficient time since the last reform was made to heritage planning (under Bill 108) to</li> </ul>

provincial authorities the creation of “approvals facilitators” will be funded.	establish evidence in support of the recommended changes.
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Fix the Ontario Land Tribunal (Recommendations 26-31)

<b>HAFT Recommendation</b>	<b>Staff Comments</b>
<p>Require appellants to promptly seek permission (“leave to appeal”) of the Tribunal and demonstrate that an appeal has merit, relying on evidence and expert reports, before it is accepted. Further, prevent abuse of process by:</p> <ul style="list-style-type: none"> <li>• Removing the right of appeal for projects with at least 30% affordable housing in which units are guaranteed affordable for at least 40 years.</li> <li>• Requiring a \$10,000 filing fee for third-party appeals.</li> </ul>	<ul style="list-style-type: none"> <li>• Requiring demonstration of merit on appeals would support stronger vetting allowing more developments to move forward</li> <li>• The threshold for right of appeal for projects including affordable housing should extend to apply to any projects which include designated affordability components</li> <li>• The increase of third party appellant fees would limit public participation in the OLT process</li> </ul>

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

<b>HAFT Recommendation</b>	<b>Staff Comments</b>
<p>Fund the adoption of consistent municipal e-permitting systems and encourage the federal government to match funding. Fund the development of common data architecture standards across municipalities and provincial agencies and require municipalities to provide their zoning bylaws with open data standards. Set an implementation goal of 2025 and make funding conditional on established targets. Funding will be reduced for municipalities that fail to meet provincial housing growth and approval timeline targets.</p>	<ul style="list-style-type: none"> <li>• Consistent municipal e-permitting efforts would further the Town's housing objectives</li> <li>• Reduced funding for municipalities who do not meet growth targets is not understanding of the complexity of growth</li> </ul>

## Other (Recommendations 32-48, 51-55)

HAFT Recommendation	Staff Comments
<p>Provide provincial and federal loan guarantees for purpose-built rental, affordable rental and affordable ownership projects and align property taxes for purpose-built rental</p> <p>Waive development charges on all forms of affordable housing guaranteed to be affordable for 40 years as well as development charges and parkland cash-in-lieu for infill residential projects up to 10 units or for any development where no new material infrastructure will be required.</p> <p>Regarding cash in lieu of parkland, s.37, Community Benefit Charges, and development charges:</p> <ul style="list-style-type: none"> <li>• Provincial review of reserve levels, collections and drawdowns annually to ensure funds are being used in a timely fashion and for the intended purpose. Where there is significant concern, further collection will be restricted until the situation has been corrected.</li> <li>• Except where allocated towards municipality-wide infrastructure projects, require municipalities to spend funds in the neighbourhoods where they were collected.</li> </ul>	<ul style="list-style-type: none"> <li>• Purpose built rental supported through provincial and federal loan guarantees and aligning property taxes with those of condos and low rise homes improves the economics of investing in purpose built rentals</li> <li>• Support waving development charges on all forms of guaranteed affordable housing that is reflected in legislative changes</li> <li>• The general waving of development charges and parkland cash-in-lieu restricts when and how funds are drawn upon and contradicts the principle of "growth pays for growth"</li> <li>• Market housing prices are driven by market conditions and not by exclusively by development charges</li> </ul>



MUNICIPAL FINANCE  
OFFICERS' ASSOCIATION  
OF ONTARIO

## MFOA Response to the Report of the Ontario Housing Affordability Task Force

### Introduction

#### About MFOA

The Municipal Finance Officers' Association of Ontario (MFOA), established in 1989, is the professional association of municipal finance officers with more than 4500 individual members. We represent individuals who are responsible for handling the financial affairs of municipalities and who are key advisors to councils on matters of finance policy. MFOA promotes the interests of our members in carrying out their statutory and other financial responsibilities through advocacy, information sharing, networking opportunities, and through the promotion of fiscal sustainability. We also provide members with training and education to enable continuous professional development and to support excellence in municipal finance.

#### Objectives

We understand that Ontario's Minister of Municipal Affairs and Housing established the Task Force with the mandate to focus on how to increase market housing supply and affordability. The Task Force was requested to recommend ways to accelerate the progress in closing the housing supply gap to improve housing affordability. In their report, the Task Force clarified that 'housing affordability' referred to homes that can be purchased or rented without government support. Affordable housing (units provided at below-market rates with government support) was not part of the mandate, however some suggestions were provided on this topic as well.

While the report offers many suggestions in the areas of planning and governance, MFOA is limiting its comments to the recommendations that specifically affect municipal finance. Overall, MFOA's response is based on our extensive advocacy work surrounding development charges and is grounded in three guiding principles:

- a) Growth should pay for growth on a place-by-place basis
- b) Complete, vibrant communities are good for everyone
- c) Provincial legislation related to municipal governance should be enabling and permissive

### General Comments

MFOA supports the Province's commitment to addressing the issue of housing affordability in Ontario. However, the Task Force's report appears to assume that the challenges around the housing crisis are caused primarily by municipalities and their councils, failing to recognize that



market pressures and regulatory barriers, such as the Provincial Policy Statement (PPS), are critical factors as well.

MFOA supports the Association of Municipalities of Ontario (AMO) in encouraging the provincial government to find ways to address the housing crisis in Ontario in a way that requires all three orders of government and private, non-profit, and co-operative housing sectors (collectively referred to as the “development community”) to work collectively to improve affordability, diversify the housing mix, and increase supply.

## Recommendations Affecting Development Charges

MFOA is concerned that many of the recommendations around development charges (DCs) in the Report are verbatim or highly similar to those raised by the development community in past years. This is in spite of the municipal sector’s demonstrations to the Province and development community that some of these recommendations are detrimental to financing growth infrastructure and would saddle ratepayers with growth-related funding shortfalls. Regrettably, the concerns consistently raised by the municipal sector are not addressed in the Report’s recommendations. Indeed, these recommendations raise concerns regarding the fiscal sustainability of municipalities.

Housing affordability is a complex issue driven by a multitude of factors, most of which lie beyond municipalities’ control. While MFOA recognizes the need for greater housing supply in Ontario, it also understands measures that put municipalities into financial difficulty or shift growth-related capital costs onto established ratepayers do nothing to improve, and in fact may even harm, housing affordability. A salient omission in the Task Force’s report is a recognition that property taxes and user fees, and not merely new housing prices, are key drivers of housing affordability. The higher are such taxes and fees, the less disposable income households have left to spend on housing. Curtailment of DCs simply raises property taxes and user fees to excessive levels, reducing housing affordability for all residents collectively. Artificial DC exemptions and reductions serve only to distress municipal finances while doing nothing to address root causes of excessive housing prices. MFOA recommends that the Province instead focus on dismantling provincially-created barriers to housing supply, particularly barriers to greater competition in Ontario’s development industry.

*Recommendation #32. Waive development charges and parkland cash-in-lieu and charge only modest connection fees for all infill residential projects up to 10 units or for any development where no new material infrastructure will be required.*

MFOA supports intensification of infill properties to better meet housing demand within neighbourhoods. Concerns lie with the notion of “no new material infrastructure will be required”. Any particular development, whether infill or not, may not require new infrastructure at time of development since the required infrastructure would have been constructed years or decades earlier to accommodate anticipated development. DCs are self-correcting in the sense that yet unrecovered growth-related capital costs remain in DC rates until such time they are recovered

once all the development to which the costs are associated occurs. That is, yet unrecovered portions of previously incurred growth-related capital costs are recycled through the DC background study and by-law. Waiving DCs on infill development is simply apt to raise property taxes and user fees. As an unintended consequence, this recommendation may also undermine DC background studies in terms of growth and capital forecasts.

Higher intensity infill projects have a greater likelihood of requiring expanded infrastructure to accommodate increased traffic, and higher water, sewer and storm water demands. Such demands may result in infrastructure reaching its designed capacity limits well ahead of their DC planned expansion time lines. While a single higher intensity infill project may not significantly impact infrastructure requirements, several such projects throughout the whole community could indeed stretch infrastructure capacity to its limits.

*Recommendation #33. Waive development charges on all forms of affordable housing guaranteed to be affordable for 40 years.*

A number of municipalities already waive or reduce development fees for affordable housing projects. However, requiring municipalities to track whether such housing remains in the “affordable housing” category for a minimum of 40 years places an undue administrative burden on municipalities. Furthermore, there is no indication in the recommendation as to what penalty ought to apply if affordable housing is converted to market-priced housing or even to a non-residential use. MFOA seeks clarification over the meaning of “all forms” of affordable housing. Does this refer primarily rent-gated to income units? Are shelters and transitional housing, which are important and necessary supportive housing units, included in this definition? Clear parameters and guidance are needed to understand the implications of this recommendation.

*Recommendation #34. Prohibit interest rates on development charges higher than a municipality's borrowing rate.*

MFOA seeks clarification on whether this applies to the s.26.1 or s.26.2 rates under the *Development Charges Act, 1997*. Are there other alternatives that could meet the intended goal of the recommendation? Whereas DC payment deferrals are available to developers while infrastructure construction is routinely required prior to development, artificial reductions to interest rates are apt to simply raise DC rates as municipalities strive to ensure growth pays for growth.

*Recommendation #35. Regarding cash in lieu of parkland, s.37, Community Benefit Charges, and development charges: a) Provincial review of reserve levels, collections and drawdowns annually to ensure funds are being used in a timely fashion and for the intended purpose, and, where review points to a significant concern, do not allow further collection until the situation has been corrected. b) Except where allocated towards municipality-wide infrastructure projects, require municipalities to spend funds in the neighbourhoods where they were collected.*

*However, where there's a significant community need in a priority area of the City, allow for specific ward-to-ward allocation of unspent and unallocated reserves.*

- (a) Municipalities already perform annual reviews of their reserves and report to their councils accordingly. These reports were formally submitted to the Province, however, with a change in policy, this is no longer required. Such reporting to the Province could be reinstated. MFOA urges the Province to consider the unintended consequences of prohibiting collection of development levies (DCs, parkland dedication and CBCs). This could result in growth-related funding shortfalls, delays in the construction of growth infrastructure until sufficient funding is accumulated, and delays in housing construction until development levies are reinstated. All of these effects impede housing supply and thus housing affordability. Intermittent disallowance of development levy collection will, moreover, create inequities as some developments would have to pay such levies while others would not.

There is need for clarification around what is deemed “timely”. There often exists “tipping points”, such as the timing of development projects, to initiate a project vs public opinion as to when such construction is required. Often, there is the need to save for several years to fund certain projects. Checks and balances are already in place, including annual reports to council, along with regulatory requirements such as the Community Benefits Charge (CBC) where 60% of funds need to be allocated each year.

- (b) In most cases, municipalities find area-specific DCs impractical and unwarranted, as evidenced by DC background studies. Forcing municipalities to use area-specific DCs when they are impractical or unwarranted undermines municipal autonomy and efforts to create complete and vibrant communities. Forcing municipalities to track DC collections at the neighbourhood or ward level would create an undue and complicated administrative burden. Such unintended consequences should be avoided. There is also concern about what constitutes a “neighbourhood” and the question of who decides where one neighbourhood ends and another begins. Not only does this recommendation seek to micromanage municipalities, it is apt to create an administrative quagmire while provincially-imposed administrative burdens on municipalities are already far too excessive.

It should also be noted that there is no such thing as unallocated DC or CBC reserves. By law, all DC and CBC funds are dedicated to the growth-related projects noted in the respective background studies.

*Recommendation # 44. Work with municipalities to develop and implement a municipal services corporation utility model for water and wastewater under which the municipal corporation would borrow and amortize costs among customers instead of using development charges.*

Please refer to the reports and letters submitted to the Province on this very topic just three years ago from [MFOA and ORSTT](#), [AMO](#) and Watson & Associates (dated January 2019). A [research paper published by the Institute on Municipal Finance and Governance](#) speaks to the

model proposed in the recommendation that clearly demonstrates that eliminating water and wastewater DCs would have a detrimental impact on rates.

## Other Recommendations

*Recommendation # 17. Requiring municipalities to compensate property owners for loss of property value as a result of heritage designations, based on the principle of best economic use of land.*

Consideration of this recommendation should include the basis of valuation, timing of heritage designation, who determines the best economic use of land, and municipal affordability. This recommendation could give rise to the unintended consequence of municipalities declining to preserve historically significant buildings and sites in order to avoid unaffordable compensation.

*Recommendation # 25. Require municipalities to provide the option of pay on demand surety bonds and letters of credit.*

The option of accepting surety bonds already exists. Demanding that municipalities accept them undermines municipal autonomy by removing municipalities' authority to act according to their risk profiles and preferences and by permitting developers to dictate financial security terms to municipalities. Instead, the Province should encourage municipalities to educate themselves on financial security alternatives, which may help incline more municipalities to accept surety bonds.

*Recommendation # 37. Align property taxes for purpose-built rental with those of condos and low-rise homes.*

MFOA is assuming this recommendation refers to reducing tax ratios for multi-residential housing down to 1.0. If this is an incorrect assumption, please provide clarification as needed.

A provincial freeze on multi-residential taxes for municipalities with multi-residential tax ratios above 2.0 was instituted several years ago, causing municipalities to move these tax ratios down to 2.0. A similar freeze aimed at a target multi-residential tax ratio of 1.0 would eventually implement this recommendation. However, it should be noted that such significant movement of tax ratios often takes time. Municipalities should retain the decision-making power and autonomy over how and how quickly they move towards target tax ratios.

*Recommendation # 38. Amend the Planning Act and Perpetuities Act to extend the maximum period for land leases and restrictive covenants on land to 40 or more years.*

This would create an undue administrative burden on municipal staff to track land leases and restrictive covenants on land for such an extended period of time.

*Recommendation #39. Eliminate or reduce tax disincentives to housing growth.*

Clarification is required as to whether this refers to land transfer tax or something else.

*Recommendation # 48. The Ontario government should establish a large "Ontario Housing Delivery Fund" and encourage the federal government to match funding. This fund should reward: a) Annual housing growth that meets or exceeds provincial targets b) Reductions in total approval times for new housing c) The speedy removal of exclusionary zoning practices.*

There is no indication in the report as to appropriate parameters in the setting of targets and if this intended to be an annual comparison or a rolling average. Concerns have been raised around blanket targets that are province-wide or "zone-wide". Issues are centred around low or non-growth municipalities, growth patterns that are nonlinear or inconsistent, and unfair comparison or increased competition between municipalities or growth areas within a municipality. Furthermore, the basis of evaluation should be identified for consideration such as permits issued, completed housing, and rural vs. urban development.

*Recommendation #49. Reductions in funding to municipalities that fail to meet provincial housing growth and approval timeline targets.*

Clarification is sought as to what funding may be considered in this recommendation. This recommendation may have undue financial impacts if funding outside the fund under recommendation 48 is considered.

We appreciate the opportunity for MFOA to provide comments on the Report of the Ontario Housing Affordability Task Force. Should you have any questions, please contact MFOA's Executive Director Donna Herridge ([donna@mfoa.on.ca](mailto:donna@mfoa.on.ca)).

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