

REPORT

Date Presented: June 9, 2020
To: Members of the Committee of the Whole
From: Bradley Wright, Town Planner
Subject: **Affordable Housing Strategy**

For Information Only Delegation Presentation Attachment

FOR INFORMATION ONLY.

Executive Summary:

This report has been drafted in response to the COVID-19 pandemic and potential impacts to the regional economy. This report provides a summary of the pre COVID-19 affordable housing issues within Lanark County and the Town of Perth. It also provides planning strategies that could be implemented to expedite the availability of affordable housing. These planning strategies consider recent policy changes to the Provincial Policy Statement (PPS) (May 1, 2020) and the current economic climate.

Strategic Plan:

N/A

Greenhouse Gas Reduction Plan 2016 - 2030:

N/A

Background/Discussion:

Please refer to the attached PAC Report-PAC-6.3 dated June 1, 2020.

Options:

Option 1: Recommended: For Information Only.

Financial Considerations:

N/A

Applicable Policy/Legislation:

Provincial Policy Statement, 2020
Zoning By-law 3358
Town of Perth Official Plan

Others Consulted:

Planning Advisory Committee

Respectfully submitted,

Handwritten signature of Bradley Wright in black ink.

Bradley Wright, Town Planner

Approved by,

Handwritten signature of Michael Touw in blue ink.

Michael Touw, CAO

REPORT

Date Presented: June 1, 2020
To: Members of the Planning Advisory Committee
From: Bradley Wright, Town Planner
Subject: **Affordable Housing Strategy**

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Recommendation:

FOR INFORMATION ONLY

Executive Summary:

This report has been drafted in response to the COVID-19 pandemic and the impacts to the regional economy. In particular, 13% of the Town of Perth's population is employed in the retail industry. Due to the temporary closing of retail stores and an abrupt change to tourism patterns, there is economic uncertainty to many residents of the Town of Perth.

This report provides a summary of the existing affordable housing issues within Lanark County and the Town of Perth. It also provides recommendations that could be utilized to expedite the availability of affordable housing based on changes to the PPS and the current economic climate.

Introduction

Lanark County's population is expected to grow by 61.4% by 2038 with an annual growth rate of 2.2%. The average size of Lanark County Households in 2016 was 2.4 people. The biggest increase in population is in the 65+ cohort which is expected to increase by 44% by 2041. Housing is considered affordable when housing costs do not exceed 30% of a household's before-tax income.

According to the 2016 Census 48.7% of renters and 16.2% of home owners in Lanark County spent more than 30% of their income on housing. A major barrier to home ownership is that the price of housing is rising at a faster rate than household income. The average resale for all owned dwellings increased 154% from 1996 to 2016, during that same time period the median household income only increased by 48%. As housing costs increase, affordability decreases, drastically impacting individuals and families in the low to moderate income range.

The number of owned dwellings in the Town of Perth has increased 12.3% from 1996 to 2016. This has outpaced the number of rental dwellings which has only increased by 9%

over the same time frame (Lanark). Total rental units numbered 1,270 in 2016, an increase of 105 units over the 20-year period.

The median household income in the Town of Perth is below the Lanark County median average. In 2016, the median household income was \$52,429 while the County median was \$71,660. Given that housing affordability is determined by a threshold of 30% of before-tax income, to maintain housing affordability, the Town of Perth rental rates should not exceed \$1,310 per month.

PPS 2020

Housing Options

The PPS 2020 defines housing options as: a range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi-residential buildings. The term can also refer to a variety of housing arrangements and forms such as, but not limited to life lease housing, co-ownership housing, co-operative housing, community land trusts, land lease community homes, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

Additional Residential Units

PPS, 2020 has replaced the term 'second residential unit' with 'additional residential unit'. Municipalities were previously able to specify that a second residential unit would be permitted within either a dwelling or an accessory structure. The recent modifications now require planning authorities to allow an additional residential unit within the dwelling and with an accessory structure, for a total of three (3) dwelling units per parcel.

As per Section 1.4.3 of PPS, 2020:

Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected market-based needs of current and future residents of the regional market area by:

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

In 2014, Lanark County completed its 10-year housing and homelessness plan entitled the Housing and Homelessness Blueprint. An additional housing study was completed in 2018 which provides updated information on demographics, income, housing availability and trends. By leveraging studies completed by Lanark County, the Town of Perth is in a position to develop housing affordability targets.

Community Benefits Charge

One past source of municipal funding for affordable housing has been density bonus provisions. Ontario's Bill 108, the More Homes, More Choices Act, 2019 replaces these provisions with a formal Community Benefits Charge strategy and by-law to be written locally. Funding for soft services such as recreation and library are proposed to move from development fees to the Community Benefits Charge. If the Town wishes to

prioritize affordable housing then it should use the new Community Benefits Charge strategy and By-law, required by Bill 108, to prioritize funding for affordable housing.

Under Ontario's current regulatory regime, Bill 108's new Community Planning Permit System could be used as a tool in strategic locations, utilizing economic feasibility analyses, to design clear, predictable, but flexible incentives and requirements to encourage the building of housing, especially affordable and "missing middle" housing.

Community Improvement Plan

A Community Improvement Plan is a tool under the Planning Act. It allows the Town to designate a specific area and then to direct funds and policy initiatives towards a specific goal, such as developing affordable housing.

Innovation

Case study #1: Encourage experiments in co-housing arrangements for seniors (e.g. seniors with students) and others, using existing homes.

The Symbiosis program at McMaster University is a program that matches students needing housing with seniors who have space in their homes. In general, seniors face many challenges downsizing to apartments, so they stay in their homes longer before moving to a retirement home. The Symbiosis program is focused on making quality matches, not on increasing the number of matches. This is important because these arrangements fall outside the *Residential Tenancies Act* and neither party is protected by the provisions of that act or human rights legislation in case something goes wrong. The Symbiosis program has not had any such problems so far because of the matching quality, the agreements, and relationships that develop. They try to match needs and wants, services, income requirements, motivation and are not interested in students who merely want cheap housing. They plan to put out a "toolkit" for other communities to use and try out their ideas.

Case Study #2: Welcome innovative, cost-saving methods for residential or mixed construction which help create more affordable housing.

In Ottawa, a new 24-story tower managed by Common Living Inc. will have 25% communal apartments, sharing amenities such as kitchens. These units have monthly rents expected to be 30% lower than regular apartment rents. The advantage for the building owner, according to the management company, is that rents per square foot are up to 50% higher with up to 1.5% higher yield on cost. However, there is specialized expertise required to design, operate and market these buildings. For this particular manager, co-living units are described as high-end student-like rentals which serve as transition homes for single adults.

Case Study #3: Grants

The City of Kingston has a Second Residential Unit Affordable Housing Grant Program. This is an incentive to help to finance secondary units which create affordable housing.

Case Study #4: Innovative building

The City of Kington has initiated a pilot project on tiny home development

Indigenous Needs

Affordable housing needs extends to indigenous groups as a vulnerable segment of society. When considering affordable housing initiatives, indigenous groups should be consulted early in the planning process. Also, there should be consideration of municipal resources to Indigenous peoples and related culturally supportive housing initiatives.

Recommendations for discussion:

1. Changes to the Zoning By-law following PPS, 2020:

With the changes to the PPS, there is an opportunity to amend Zoning By-laws to encourage second residential units and accessory structures that allow for occupancy. As part of this process, the Town could complete a mapping exercise to determine the number of residential units that would allow for increased density and the potential increase in affordable housing.

Increasing supply can make housing more affordable because it reduces inflationary pressure on prices and rents. However, building immediately affordable housing requires public funding. Also, there is a two-year time delay to allow for consultation, approvals, and construction. By making changes to the Zoning By-law to allow for intensification that is following the PPS, 2020 it may allow for increased supply in a reduced timeframe.

Town staff could encourage the creation of secondary suites in single-detached houses, including offering education and assistance in assessing the suitability for adding a secondary suite to a property.

In an effort to increase housing supply, especially affordable housing, to allow people to live closer to jobs, schools and amenities, many North American jurisdictions have looked at discouraging single-detached family zoning. Oregon and Minneapolis have, very recently, passed legislation to that effect.

The current Zoning By-law 3358 contains low density residential zones (R1) which only allow single detached dwellings as a permitted use. Due to the changes to the PPS, 2020 (secondary units and accessory units), there is a need to make changes to R1 zones to better reflect the PPS, 2020.

2. Changes to the Zoning By-law based on current economic conditions and COVID-19 pandemic:

Consideration should be given to modify the Zoning By-law to allow for residential density to be added to commercially zoned areas. The rise of online shopping has changed the retail landscape. Adding residential units to underutilized retail space is a significant trend in Canada and the United States.

With the COVID-19 pandemic, there could be a domino effect of closed retail businesses unable to pay commercial property rents. While there is an immediate need to support local business, there could also be medium term retail vacancy that could jeopardize the overall vibrancy of the town of Perth. Allowing residential density in commercially zoned areas would effectively increase rental options to property owners.

Adding residential to commercially zoned areas has particular potential when it is within walking distance to amenities and therefore creates less (competing) demand for parking.

Summary of Planning Strategies

1. Intensification:

Following Provincial direction regarding three dwelling units per residential parcel could lead to the encouragement of building additions and garden suites. This initiative could be immediate as there are no required changes to the Official Plan or Zoning By-law.

2. Zoning Changes:

Consideration should be given to modify the Zoning By-law to allow for residential density to be added to commercially zoned areas. Adding residential units to underutilized retail space is a significant trend in Canada and the United States. This may be a proactive solution to maintain downtown vibrancy if there is a shock to existing retail businesses.

3. Official Plan:

Ensure that future updates to the Town of Perth's Official Plan explicitly acknowledge the consideration of housing needs in making local planning decisions such as the need for a sustained 3-4% vacancy rate across different housing sectors, particularly housing with below-median rents. Another Official Plan policy, as recommended by the 2018 Lanark Housing Study is "where there is a binding agreement to ensure the affordability of the housing for a minimum of 10-year period, Council may grant relief of up to 10% from the development charge".

4. Community Benefits Charge:

As part of the Community Benefits Charge, the Town of Perth complete an economic feasibility analysis to determine incentives and requirements to encourage affordable housing.

5. Community Improvement Plan:

The Town of Perth should consider implementing a Community Improvement Plan to encourage affordable housing development and/or set aside a portion of property taxes from new market rentals, to pay for affordable housing.

6. Innovation:

As discussed above, there are several innovative initiatives occurring across the province. The Town should review these examples and look to build partnerships with local groups to find solutions to the affordable housing issue.

Respectfully submitted,

Bradley Wright
Town Planner

This report was completed through a summary of the following studies:

A Foundation for the Public Good: Recommendations to Increase Kingston's Housing Supply for All. Mayor's Task Force on Housing Final Report. City of Kingston. March, 2020.

Lanark County Housing Study 2018. Lanark County.