

COMMITTEE OF THE WHOLE (WORKING SESSION) MAY 14, 2002

**PROPOSED HOUSING SUPPLY STRATEGY
REGION OF YORK**

Recommendation

The Commissioner of Planning recommends that:

This report BE RECEIVED;

The principles identified in this report form the basis for further discussion with the Region of York on their incorporation into the final Housing Supply Strategy;

Regional Staff BE REQUESTED to provide an update on the status of the Region's Proposed Housing Supply Strategy at an upcoming Committee of the Whole Working Session;

Final comment on the Region of York's draft Housing Supply Strategy be prepared for Council's consideration, if required, after completion of discussions with the Region; and

This report be forwarded to the Region of York's Community Services and Housing and Planning and Development Services Departments;

Purpose

The purpose of this report is to identify a number of principles, which should be considered in evaluating future investments in affordable housing. The principles are intended to form the basis for further discussions with the Region of York with the intent that they be addressed in the Region's Housing Supply Strategy, which is currently being finalized. The principles identified in this report would constitute the City of Vaughan's preliminary comments on the draft Housing Supply Strategy. Final comments, if required, would be forthcoming after the discussions with the Region.

Background - Analysis and Options

a) Origin

At its May 3, 2001 meeting, Regional Council directed that a Housing Supply Strategy be developed to increase the supply of subsidized housing stock across the Region and to increase rental opportunities in the private market. Regional Staff was directed to focus on innovative approaches to increasing the affordable housing supply and to develop a significant role for public – private partnerships, to increase the supply of rental housing and to support lower income households seeking assisted housing.

An interim report was submitted to Regional Council on November 1, 2001, setting out a work plan for the preparation of the strategy. On January 31, 2002, a Regional Council Workshop was held, at which the Proposed Housing Supply Strategy was presented.

On February 11, 2002 Council provided the following direction in respect of the proposed strategy.

1. That the verbal report of Regional Councillor Di Biase be received;
2. That a workshop be held at a Committee of the Whole (working session) meeting in February 2002 for members of Council to express their views; and

3. That staff provide a report regarding the various strategies proposed by York Region.

At the February 19, 2002, Committee of the Whole Working Session, Committee received a status report on the Proposed Region of York Housing Supply Strategy. Committee of the Whole adopted the following recommendation.

1. That staff be directed to report on a response to the proposed York Region Housing Supply Strategy, taking into account the concerns raised by Members of Council;
2. That the following report of the Commissioner of Planning, dated February 19, 2002, be received; and
3. That the Regional Council Workshop information package, to Mayor and Members of Council, dated January 31, 2002, and the pamphlet entitled, "Status Report, Proposed Housing Supply Strategy Regional Municipality of York, dated February 19, 2002, be received.

Council ratified this recommendation on February 25, 2002. This report has been prepared in response to Council's direction, as set out above.

b) Analysis

As a result of the Province's downloading process, the Region of York has assumed responsibility for the provision of social and affordable housing. Evidence indicates that there is a substantial need for additional housing in this sector of the market. However, the provision of affordable housing is a challenging task, which needs to simultaneously address a number of important matters. These issues include funding, location, planning and social policy, community relations and the availability of both hard and soft services. As such, only limited numbers of social or affordable rental housing units have been built since the mid-1990's. York Region, in response to this situation, is developing a Housing Supply Strategy geared to address the deficiencies in this under-served segment of the market.

Financial considerations are perhaps the greatest obstacle to the delivery of affordable housing. The Federal and Provincial Governments have now signaled a willingness to re-enter the housing market with subsidies to support the construction of new affordable units. Provincial legislation permits the Region to offer, subsequent to the enactment of a "Municipal Housing Facilities By-law", incentives to the private sector to produce affordable housing. This can take the form of direct grants or waivers of development charges. The Region is currently pursuing a development charge exemption for Non-Profit Housing Corporations and is hoping to expand the program at a later date to include the private for-profit sector.

With these inducements in place, there is a much greater chance that more affordable housing will be built. As a "Municipal Service Provider for Housing and Homelessness" under the *Social Housing Reform Act, 2000* the Region's mandate includes authorization to purchase a housing project, purchase land, construct housing, operate and maintain the housing and dispose of any such land or projects. Therefore, the Region has the power to provide the necessary housing. The return of funding from the senior levels of government and the Region's ability to offer other financial inducements will increase the likelihood that more affordable housing will be produced. The Region will also be requesting that the local municipalities provide similar financial relief.

The new housing supply strategy will be critical to developing the procedures necessary to deliver the required housing. Once past the funding issues, there are a number of other issues associated with affordable housing that have to be addressed. These issues can be based on public perception and result in resistance at the local level to the construction of new affordable

units. The problems can also result from insensitive delivery of the program. As it is clear that the Region will be a provider and facilitator of affordable housing, the Region's Housing Supply Strategy must address the issues of delivery head-on as they will directly affect the local municipalities and their residents. To a substantial degree, the success of an affordable housing program can be measured by how well it serves its target population and its level of acceptance by the community.

Currently the draft Housing Supply Strategy provides only limited guidance as to how the delivery issues will be addressed. In the presentation to Regional Council on January 31, 2002, a number of "Principles for Housing Investment" were identified, some of which relate to implementation. They included:

- Integration;
- Permanent Affordability;
- Focus on Modest Form;
- Intensification of Nodes and Corridors;
- Links to Transit, Services, Employment;
- Addresses Social Housing Waiting List;
- Accountability; and
- Local Municipal Support.

As noted, local municipal support will be critical. Therefore, delivery will have to be sensitive to the needs and concerns of the host communities and the municipal councils. Under the *Planning Act*, the local municipalities will play a significant role as the regulators of the planning processes that influence the location, timing and form of such development. As such, there is the possibility that the planning approvals process for any, or all, affordable housing developments will become the focus of controversy.

In order to minimize the potential for contention in the approval process there needs to be a set of principles guiding the delivery of the program. The principles should form the basis for a protocol or understanding which would govern the actions and decisions of the Regional housing authority and its relations with the local communities and municipal councils.

The following principles are put forward for consideration.

c) Principles to Guide the Implementation of the York Region Housing Supply Strategy

1. Part of a Fair and Equitable Region-wide Strategy

Such housing should be provided on the basis of an overall strategy for York Region, which is acceptable to the local municipalities, which ensures that there is a fair and equitable distribution of such housing among all the York Region Municipalities and among City of Vaughan Communities;

2. Co-operation, Consultation and Collaboration

There will need to be a working relationship with the Region of York which is co-operative, consultative and collaborative; and the nature and structure of this partnership and the delivery model will need to be defined and agreed to by the respective Councils;

3. Consistent With the Objectives and Policies of the Local Official Plan

Such housing shall be consistent with the objectives of the local official plans in respect of urban structure, design and economic and business objectives;

4. Local Needs are a Priority

First priority should be given to meeting the needs of local communities in respect of the provision of non-profit or co-op housing (e.g. locally based sponsorship preferred), seniors and workforce requirements;

5. Providers Must be Responsible and Accountable

Housing providers shall demonstrate a clear history of responsibility and accountability with a successful track record in building and site management and tenant and community relations;

6. High Quality, Contextual Urban Design and Architecture

Design of such housing shall be contextual, respecting and enhancing the character of the immediate area and respecting the scale, height, massing and intensity of the built form and architectural style of the surrounding community;

7. Community Integration

Such housing shall be provided in a socially responsible manner, being dispersed and integrated into the community, without concentration, either by building or by area;

8. Services Must Be Available

Such housing shall only be permitted where services are immediately available or where their provision is imminent. Services includes transit, schools, community centres, libraries etc.;

9. Financial Relief May Be Considered

The City may wish to consider relief from its Development Charges on a case-by-case basis, subject to the development of evaluation criteria, which would include adherence to the set of adopted principles. It is noted that relief from Development Charges would have to be replaced from another source of funds. The Region of York, in offering relief from its Development Charges, is proposing to replace the DC's with money from its Social Housing Reserve Fund.

10. Financial Relief Considered Only if Other Partners Available

Relief from development charges would only be granted where such charges, or other funding, have also been waived or received from the Region of York or other level of government. City participation could be subject to any necessary conditions, which may include special considerations relating to design, beyond the purview of the *Planning Act*.

d) Options

Ultimately, Council will have to determine the role it wants to play in the provision of social housing in the City of Vaughan. A number of options are available. In the first instance, the City could play a largely passive role and rely on the oversight offered by the City's representatives on Regional Council and the influence on development approvals that the local councils have through the *Planning Act*.

A more activist stance presents a range of opportunities. This could involve a closer working relationship with the Region of York in the delivery of housing. Measures may include developing formal liaison committees or working groups with the Region, to guide the delivery of social

housing in the City; giving priority treatment to the processing of planning applications for affordable housing; playing an advocacy role in supporting the housing initiatives of local organizations; and potentially providing financial assistance for social housing through the waiving of Development Charges and application fees.

Staff is of the opinion that it is premature for the City to take a position on its role at this time. More needs to be learned about the York Region Housing Supply Strategy, particularly on the delivery model the Region is proposing to implement and its guiding principles. A set of principles identifying local concerns has been set out above, which can form the basis for further discussion with the Region. Once there is more information on the overall strategy and the Region's reaction to the suggested principles, there will be a better basis for Council to decide on the role the City of Vaughan might play in the delivery of affordable housing.

Conclusion

There is clearly a need for more social and affordable housing in York Region. With the prospect that more money will be available from the senior levels of government, there is a much greater chance that new social housing will be developed, over the next few years. In response the Region is in the process of preparing its Housing Supply Strategy. Of particular concern to the local municipalities will be how the housing programs are implemented and the resulting impacts on their communities.

This report recommends that further discussions take place with the Region, focusing on how the housing programs will be delivered. It is suggested that the implementation principles set out above form the basis for these discussions. Once Council has a better idea of the more detailed content of the Strategy and the Region's response to the implementation principles, it will be possible for Council to refine the City's role in the provision of social and affordable housing.

Should Council concur with this approach, then the recommendation set out in the "Recommendation" section of this report should be adopted.

Attachments

1. "Status Report: Proposed Regional Housing Supply Strategy, Regional Municipality of York", Item 2, Report No. 16, Committee of Whole (Working Session) – February 25, 2002

Report prepared by:

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Respectfully submitted,

MICHAEL DeANGELIS
Commissioner of Planning

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EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 25, 2002

Item 2, Report No. 16, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on February 25, 2002.

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**STATUS REPORT
PROPOSED HOUSING SUPPLY STRATEGY
REGIONAL MUNICIPALITY OF YORK**

The Committee of the Whole (Working Session) recommends:

- 1) That staff be directed to report on a response to the proposed York Region Housing Supply Strategy, taking into account the concerns raised by Members of Council;
- 2) That the following report of the Commissioner of Planning, dated February 19, 2002, be received; and
- 3) That the Regional Council Workshop information package, to Mayor & Members of Council, dated January 31, 2002, and the pamphlet entitled, "Status Report, Proposed Housing Supply Strategy Regional Municipality of York", dated February 19, 2002, be received.

Recommendation

The Commissioner of Planning recommends that:

This report BE RECEIVED for information purposes; and

Regional Staff BE REQUESTED to provide a future Working Session with a presentation on the proposed Housing Supply Strategy.

Purpose

To provide Council with information on the status and content of the Region of York's Proposed Housing Supply Strategy. On February 11, 2002 Council provided the following direction in respect of the proposed strategy.

1. That the verbal report of Regional Councillor Di Biase be received;
2. That a workshop be held at a Committee of the Whole (working session) meeting in February 2002 for members of Council to express their views; and
3. That staff provide a report regarding the various strategies proposed by York Region.

Background - Analysis and Options

At its May 3, 2001 meeting, Regional Council directed that a Housing Supply Strategy be developed to increase the supply of subsidized housing stock across the Region and to increase rental opportunities in the private market. The guiding principles of the strategy include:

- Creating new housing and increasing the housing choices available to residents of low and moderate incomes using new and innovative approaches;
- Focusing on partnerships with the private and non-profit sectors and other levels of government;

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- The strategy be carried out in a well-planned manner that is consistent with other policy initiatives, such as Vision 2026, and the Region's overall growth management strategy; and
- Signal to the community and other levels of government that York Region is a leader in meeting the housing needs of its residents of all income levels.

An interim report was submitted to Regional Council on November 1, 2001 setting out a work plan for the preparation of the strategy. Included in the work plan was a public consultation process, which took place in the Autumn of 2001. On January 31, 2002 a Regional Council Workshop was held, at which the Proposed Housing Supply Strategy was presented.

The purpose of this report is to bring Vaughan Council up to date on the Region's Housing Supply Strategy and to advise of the Region's upcoming steps in the process of completing the strategy.

The Housing Situation in York Region

A number of studies have indicated that several sectors of the housing market in York Region have been under-served. Despite rapid residential development in the Region, there is a shortage of affordable rental housing and affordable ownership dwellings. The following statistics illustrate the nature of the problem.

- York Region has a rental vacancy rate of 0.7%;
- Little rental housing is being built, with only 587 rental units constructed since 1995;
- There is a waiting list of 4800 households for social housing;
- 25% of the Region's homeowners pay over 30% of their income on housing;
- In south York Region it takes a minimum annual income of \$40,000 - \$45,000 to purchase a condominium apartment or townhouse;
- 40% of renters pay over 30% of their income on rent;
- There is a growing seniors' population combined with an overall rapid population growth.

The Role of the Region of York

Presently there are 7200 units of non-profit and co-op housing in the Region of York. Of this total, the Region administers 6098 units. Furthermore, the Region owns and manages 1695 units. The Region of York was designated a Consolidated Municipal Service Manager for Homelessness and Housing in 1998. Under the *Social Housing Reform Act, 2000, S.O. 2000, c. 27*, the service manager may, among other things: Purchase a housing project; purchase land; construct housing; operate and maintain the housing; and dispose of any such land or projects. The service manager may also establish, fund and administer programs for the provision of residential accommodation.

The provision of residential accommodation under the *Social Housing Reform Act, 2000, S.O. 2000, c. 27*, is deemed to be a municipal purpose and the municipal service manager may exercise certain powers of a municipality under the *Municipal Act*. This would include providing municipal housing projects (a municipal capital facility) with property tax exemptions, development charge relief, giving or lending of money and charging interest; giving, lending, leasing or selling property; guaranteeing borrowing; and providing the services of employees of the municipality.

The Region will be working with the local municipalities to develop a Municipal Capital Facilities By-law. This will make it possible to provide the above noted incentives to the private sector to help create new affordable housing. Once Council approves a project, a project specific by-law is

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enacted to implement the project. The Region will also be encouraging the area municipalities to reduce fees and charges to support the creation of new affordable housing. .../3

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Prior to Council enacting a by-law to authorize an agreement respecting the provision of a municipal housing project facility, it must enact a “municipal housing facility by-law”. All units provided in the facility must fall within the definition of “affordable housing” contained in the by-law and the by-law must contain policies regarding public eligibility for the units provided.

Key Housing Action Areas

The proposed strategy identifies four key action areas. These are the provision of more affordable ownership units, additional rental housing and new non-profit units along with the implementation of a community education and awareness campaign. The actions recommended to implement each of these measures are set out below.

a) Affordable Ownership

- Enforce Regional O.P. policies respecting housing mix, compact communities and intensification of centres and corridors;
- Investigate opportunities for a home ownership demonstration project with the area municipalities and the development industry;
- Promote the use of second suites in new homes to assist new homeowners and to create new affordable rental units;
- Discourage down zoning of sites with medium and high density residential designations.

b) Non-Profit Housing

- Ensure that surplus Regional lands are considered for non-profit housing;
- Provide 100 units per year through the Region's Non-Profit Housing Corporation;
- Work with non-profit housing providers to identify opportunities;
- Waive Regional Development Charges for new non-profit units;
- Encourage Area Municipalities to waive development charges and fees for new non-profit housing.

c) Rental Housing

- Enact a Municipal Capital Facility By-law to allow the Region to provide incentives to the private sector to help create affordable renting housing;
- Provide 200-500 new rental units through a public-private partnership pilot program;
- Encourage the area municipalities to reduce charges and fees;
- Promote alternative development standards to reduce cost;
- Discourage the conversion of rental housing to condominiums;
- Continue the reduction of multi-residential tax rates to the level of single detached dwellings; and
- Encourage the creation of accessory apartments in single detached dwellings.

Related initiatives would include:

- Encourage area municipalities to allow rooming houses and boarding and lodging houses;
- Encourage area municipalities to allow group homes for those with special needs; and
- Facilitate the expansion of emergency shelter beds in the Region.

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d) Community Education and Awareness Campaign

- Develop a campaign to promote community understanding of the needs of York Region's residents and labour force;

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- Create a Housing Fact Sheet to provide information about housing in York Region;
- Work with area municipalities to identify "Made in York" affordable housing success stories which exhibit high quality design, community integration and intensification of centres and corridors; and
- Work with employers to identify housing needs.

Other Elements of the Proposed Housing Supply Strategy

a) Partnerships

The strategy will also endeavour to promote partnerships with the public, private and non-profit sectors. A number of initiatives are being considered, which include:

- Establish a case management team expedite the approval of affordable housing;
- Work with local municipalities to fast track the development of affordable housing;
- Create a "best practices working group" with area municipalities to share ideas;
- Develop and implement a partnership program with the private sector;
- Continue to study the housing needs of the labour force to ensure continued economic success; and
- Local municipalities will be asked to become full partners through their endorsement of the Housing Supply Strategy.

b) Federal/Provincial Role in Housing

In order to take the funding of affordable housing beyond the municipal property tax base, the strategy recommends that the Region request that the federal and provincial governments provide new support to increase the supply of affordable housing. Such requests may include:

- Changes to federal tax policies that discourage housing, changing CMHC mortgage insurance requirements, provision of new funding programs and commitment to a National Housing Strategy; and
- Provincial funding for rent supplements for low income households, make legislative changes to prevent the loss of existing affordable housing and the funding of new housing programs.

It is also proposed that the Region take advantage of the new Federal Affordable Rental Housing Program, which is targeted at municipalities with vacancy rates of less than 1.0 %. Grants of \$25,000.00 per unit may be provided and matching provincial and municipal contributions will be required. A total of \$250,000,000 will be allocated to Ontario over four years. It is proposed that the Region initiate a pilot program to produce 200 to 500 units, linked to the federal program, of which a minimum of 25% of the units would be subsidized. This would involve the issuance of a Request for Expression of Interest in the Spring of this year.

c) Growth Management

The proposed strategy draws the link between housing, economic vitality, transportation and quality of life. For this reason it encourages:

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- Co-ordinated planning of housing, transit, economic development and community services;
- Refinement of the Regional O.P. to ensure its policies reflect the direction of the final housing supply strategy; and
- The completion of a study on financial incentives, including development charges, to encourage higher residential densities in Centres and Corridors.

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d) Monitoring

The monitoring component of the proposed strategy recommends the production of an annual report; a program to track public opinion and concerns over the quality and quantity of housing options in the community; and periodic re-examinations of the strategy to incorporate innovative ideas and to better match housing to the needs of the labour force, transit and urban structure.

Next Steps

The Region will now revise the proposed Housing Supply Strategy and begin consultations with the local municipalities and other stakeholders. It is proposed that the final version of the Housing Supply Strategy and Implementation Work Plan be sent to the Region's Community Services and Housing Committee in June of 2002 for its consideration. Other objectives that have been identified include the preparation of the Municipal Capital Facilities By-law and the reaching of an agreement with the province to deliver the new federal housing program. Both have been targeted for completion by the end of June, 2002.

Conclusion

The Region of York is now responsible for social housing, since the downloading of responsibilities from the province. Evidence indicates that the problem with the housing supply in York Region goes beyond the provision of social housing and extends into the availability of affordable ownership and rental units, for households with lower to moderate incomes. Therefore the Region is proposing a broad based housing supply strategy which would assist a wide range of people.

A number of principles designed to guide investment in housing were identified at the January 31, 2002 Regional Workshop. These included: integration into the community; permanent affordability; a focus on modest form; the intensification of nodes and corridors; links to transit, services and employment; the need to address the social housing waiting list; obtaining local municipal support; and accountability. These principles will be fundamental to the implementation of the strategy. Therefore, it will be necessary to gain a fuller understanding of the nature of these principles and their policy implications at both the Regional and Local levels. In this regard, it would be useful if Regional Staff could provide a more comprehensive presentation on the nature of the challenges facing York Region and how the proposed Housing Supply Strategy will address these concerns.

This report is provided as a basis for Committee of the Whole's discussion of the proposed strategy. It is recommended that the report be received for information purposes and that Regional Staff be invited to provide a presentation to a future Working Session, in order to give Council and City Staff a more complete understanding of the evolving strategy.

Attachments

1. Proposed York Region Housing Supply Strategy (Pamphlet – Both Sides, January 31, 2002 version)
2. Regional Council Workshop Information Package – January 31, 2002 (COUNCILLORS ONLY)

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Report prepared by:

Roy McQuillin, Senior Planner, Special Studies

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)