



Increasing Housing Supply in Ontario

January 14, 2019

General Comments on the Consultation Document

Promoting a mix of housing that meets the needs of all residents is a key priority for the City of Brampton. The City is working to identify a range of affordable and accessible housing as one of the objectives for achieving complete communities.

The City is developing an affordable housing strategy, which will result in the creation of additional rental and affordable ownership units. The strategy seeks to strengthen partnerships with builders, residents, stakeholders, and all levels of government, to improve the state of housing affordability for the City's residents.

Highlights of City's Housing Market:

- The City of Brampton's population is expected to grow by 50% over the next 25 years, to a total of 890,000; however, housing affordability continues to remain a challenge for many residents.
- The composition of Brampton households is quite unique, as nearly 50% of households contain 4 or more people, while 12% of all units are comprised of more than one nucleus family (2016).
- Brampton is also very diverse, as 52% of the City's population are foreign-born (2016).
- In 2016, Brampton had the highest proportion of households that find housing unaffordable, compared to other Peel Region municipalities. Approximately 34% of all households in Brampton are spending more than 30% of their total income on shelter costs.
- The 2017 waitlist for subsidized housing in Peel was 13,597, or approximately 6.5 years, 3432 of which were Brampton residents.

The City welcomes the provincial government's desire to eliminate barriers to new housing ownership and rental housing. However, the Plan needs to recognize the critical role of building complete, livable neighbourhoods in line with the municipal plans and development vision.

Comments on Specific Themes

Speed: It takes too long for development projects to get approved

- The City of Brampton welcomes the Province's desire to find efficiencies in the approval process and reducing red-tape. One way the province can do this is by looking at data requirements by ministries, ministry response times and customer service practices, which sometimes slow down the process.
 - For example, a municipality has a 30-day window to comment on an application, similar time-limitations should be required of Ministries to allow predictable and timely application process.
- The government should also consider imposing mandatory periods on other levels of government to respond to planning approvals at key times: for example Ministry of Transportation, Conservation Authorities and Upper Tier governments (Region). These stakeholders need to be held accountable for their response times, so that the municipal planners can process their work in a timely manner.

Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed

- While there are regulatory tools in place to allow mixed-use development, the Province should emphasize the need for developers and municipal partners to work closely together to achieve a balance between market driven housing options and the optimal development in line with municipal plans and broader community development needs.
- Residents in mature areas are emotionally sensitive to new development and redevelopment in their communities. The City supports ways of redefining and redesigning spaces and neighbourhoods in the same way that the Region of Peel has redesigned and enlarged Peel Manor on Main Street in Brampton by using existing community space, where the Region owns the property and the City owns the adjacent park. The City and Region worked together, including some land transfer to make the project work on the site. Such collaborative approach ensured maximum benefit to the community.
- Consideration should be given to alternative forms of housing, building codes, and construction techniques that are less costly than traditional methods.

Cost: Development costs are too high because of high land prices and government-imposed fees and charges

- The key factor in managing costs is scaling the development appropriately to help lower the costs and maximize any site in an appropriately planned way.

- The sole reason for revenue collection from development charges is to pay for growth-related infrastructure that is required to service new growth and development. Furthermore, the amount collected through development charges is not currently sufficient to fully cover the costs of growth.
- It is a commonplace that DCs levied for water and wastewater infrastructure are typically the highest charges as compared to other eligible services under the DC Act. Major capital infrastructure such as water and wastewater treatment plants, pumping stations, sanitary trunk sewers, and watermains are complex engineering projects and costly.
- Many municipalities in the GTA utilize lake-based water and wastewater systems, including the Region of Peel. The Region's Master Servicing Plan objective states "provide water supply and sanitary sewer services to appropriate areas of the Region in an adequate, efficient, planned and cost-effective manner consistent with the public need and financial realities". To that end, if the Province wishes to reduce the cost of developing new housing by lowering development charges, the location of where new greenfield development occurs would directly impact the quantum of projects included for recovery in the Region's DC Study. The Province may wish to consider a more natural progression of where new development occurs, whereby an analysis be done to fully utilize the existing capacity in the system, prior to approving growth in unbuilt greenfield areas.
- Further restrictions to the DC Act (as experienced when the 1989 DC Act was amended in 1997) does not ensure that funds would be available for growth-related infrastructure. Prohibiting the recovery of, for example, water and wastewater through development charges does not assist in the increase of the supply of housing, nor does it aid municipalities in funding the necessary infrastructure.
- It is important to note that most growing municipalities in Ontario have been using DCs (or previously lot levies or impost fees) to fund growth-related infrastructure since the 1970s. A cost recovery shift to property tax or utility rates to recover for water and wastewater services would be passing on the costs of development from the developer to the homeowner; ultimately decreasing the affordability of a home for every resident. Removing or limiting DCs would have an immediate and substantial impact on property taxes and utility rates, as well as limit municipalities' ability to deliver growth-related infrastructure.
- The housing market is largely driven by lending rates, the ability to borrow and affordability. Currently vacant serviced land inventory in Brampton is high, but the market is stagnant. Prices on like for like new homes have decreased, year over year, in response to low market activity. This indicates that developers have been capitalizing on high demand to drive prices up whereas the costs for development have already been borne.

- Reduction in government imposed fees would only seem to increase profits for the developer, unless the cost savings are passed to home owner or buyer (through an established formula) translating into more affordable home ownership.
- Better understanding and education of all input costs associated with housing will help identify opportunities to reduce costs. Land cost, development costs, construction, profit margins, fees and taxes should all be examined in greater detail in order to determine possible areas for reduced costs.

Rent: It is too hard to be a landlord in Ontario, and tenants need to be protected

- The eviction process and the associated legal process causes great strain on landlords. There may be a benefit to more flexible and reduced regulatory framework for landlords, reinforced by providing small business support to landlords specific to rental investment.
- The City of Brampton has a very vibrant rental market. Since the adoption of the second unit policies in 2015 the City has received over 3300 applications to register a second dwelling unit (apartment). The average costs for renting a Brampton apartment in 2016 (Fall), was \$1,186, up from \$1,158 in 2015. In 2016 (Fall), the average rental vacancy rate in Brampton was 1.3%, down from 1.9% and 2.8% in 2014 and 2013, respectively¹. Rates below 3% generally suggest that the demand for rental housing is higher than the current supply, which ultimately impacts housing affordability².
- The Ontario Building Code is onerous to comply with when converting a single detached dwelling into two or more dwelling units. Under a separate submission to the Ministry of Municipal Affairs, the City is putting forward recommended changes to the Ontario Building Code to create a Section dedicated to second units. This would simplify and streamline compliance. With any changes, an understanding of liability is needed.

Innovation: Other concerns, opportunities and innovations to increase housing supply

- Identifying locations for increased density in the City can make better use of existing homes, buildings and neighbourhoods to increase the supply of housing, and eventually help convert the land to medium density. Examine alternative ownership structures such as land-lease and co-ownership.

¹Canada Mortgage and Housing Corporation: Rental Market Report, Greater Toronto Area, Fall 2017.

² www.peelregion.ca

- Provincial support and continued investment to provide a convenient, higher order transit service can attract higher density residential investment, and mixed use housing development along key transit corridors. Encourage more housing options geared to transit friendly development, where the offset costs of automobile ownership will assist with housing costs.
- High proportion of young professionals (millennials) do not own a car, therefore continued investment in higher order transit would not only encourage mixed use, and affordable housing along the key transit corridors, but also help attract talent to Brampton employers, especially in tech industry. The City has heard from a number of companies that are finding it increasingly difficult to find talent despite offering competitive entry-level wages as most of their talent base is being priced out of the city.
- The Province may also consider providing incentives or tax breaks for money spent on renovations to existing dwellings to increase the unit count.
- Require new greenfield development areas to provide a greater mix of housing types and prices. Pre-zone key areas where redevelopment is logical. This will reduce the approval process and NIMBY concerns if the long-term plans are in place in advance of the development occurring
- Municipalities need more flexibility to shift population forecasts within the municipality to key density nodes without the risk of other landowners appealing such a decision to the LPAT on the basis that a shift of planned growth must occur.
- New homebuyers currently benefit from compensation, through TARION, for building and occupancy delays. In addition, a performance target based down payment would help with the cost of the down payment while the new homebuyer awaits the completion of the construction process, which can sometimes take years. Accessories like AC, driveway, HVAC, should be included in the cost of the house and not be considered additional add-ons.
- The Ontario Building Code currently permits the Council of a Municipality to enter into service sharing agreements with other jurisdictions. Differing service levels and a risk of liability have prevented municipalities from entering into such agreements. If legislation to clarify, reduce or eliminate liability in a service sharing situation; builders would be able to avoid re-review costs and timelines when building the same house in multiple jurisdictions.