

January 24, 2018

Via Email: [housingsupply@ontario.ca](mailto:housingsupply@ontario.ca)

Ministry of Municipal Affairs and Housing  
777 Bay Street, 17<sup>th</sup> Floor  
Toronto ON  
M5G 2E5

Dear Sir/Madam,

Re: **Consultation: Increasing Housing Supply in Ontario**

Thank you for the opportunity to comment on the *Increasing Housing Supply in Ontario* consultation document. The following comments are provided by Region of Peel staff for consideration as the Province develops a Housing Supply Action Plan. It is anticipated that a report including these comments will be brought before Regional Council for endorsement in February, and our comments here should be viewed as subject to Regional Council's endorsement. A copy of the report and Council resolution will be forwarded to Ministry staff for further consideration at that time.

The Region has an important role to play in creating a sustainable and integrated affordable housing system. Comments provided reflect the full scope of the Region's interest in housing affordability and supply. As Service Manager for housing and homelessness, the Region effectively manages the centralized wait list, creates new housing units, maintains existing stock, and supports housing operations. The Region also plays a key role in development approvals and policy planning processes, and through this work guides growth responsibly to reflect Provincial direction and local priorities. As an infrastructure provider, the Region builds the infrastructure needed to support growth while efficiently managing financial resources, including revenue from Development Charges (DCs).

As requested in the consultation document, the recommendations and suggestions provided support the development of "missing middle" affordable housing and in particular, purpose built rental and family sized units. Key recommendations include a continued Provincial focus on intensification, strengthening municipal decision-making powers, Provincial investments in higher-order transit along key corridors, allowing flexible policy implementation to support context-appropriate development, providing Provincial incentives and partnering to increase supply and encourage innovation, and providing for innovative housing forms and changes to funding mechanisms to allow programs such as down payment assistance programs and rent-to own models.

The Region understands that this consultation process focuses on housing supply and inefficiencies in the development process in relation to housing affordability. However, the Province is urged to recognize that meaningfully addressing the issue of housing affordability will require holistic solutions that also respond to the needs of people in crisis or living in poverty. We strongly recommend that the Province support and fund evidence-based strategies that provide for low income households in Peel (earning up to \$57,000) and households that need supports to stay in suitable housing, which is a key focus for the

Region's Service Manager role. Recommendations include providing allocation-based funding programs and flexible mechanisms to access operating and capital funding that will allow Service Managers to meet local needs. The Region's Peel Housing and Homelessness Plan (PHHP) includes working with partners to secure 20,000 units affordable to low and middle income households over the next 10 years. While the private sector is one important partner, only by continuing to build capacity and invest in people and the community housing sector will we achieve desired outcomes for housing affordability.

The Region has been efficient and effective in its development planning role, including providing sufficient land supply to accommodate growth. More than 50 percent of the lands designated to accommodate growth in Peel from 2006 to 2031 remain available for residential and employment uses, and we have 30,000 units or a five-year serviced land supply of residential units within the active development approval process. Despite having available supply, in some cases developable lands are being held and not brought forward to the market. There is no evidence that developers will provide more housing at affordable prices if additional supply were provided, and our planning, monitoring and measurement work suggests that the high cost of land is not solely linked to a housing supply issue.

Our proactive planning efforts are also demonstrated by the Region's approach to growth management, which integrates long-range transportation planning, water and wastewater master planning, asset management, updates to the Development Charge By-law, and policy planning. By managing growth comprehensively, the Region has reduced/deferred over \$600 million in DC-related infrastructure costs. The Region does not support Provincial changes that would eliminate or reduce the role of DC revenue as a key source of funding that enables investment in infrastructure for future growth and development. DCs are one of only three revenue tools available to municipalities, and the right tool for financing the infrastructure required before new development can occur. In fact, eliminating or reducing DC revenue would reduce affordability for the people of Ontario, including seniors and lower income residents, raising issues of equity and fairness and leading to opposition to future growth and development. Further, because other potential sources of revenue to construct required infrastructure are not available, this would lead to an evaporation of the serviced land supply to support housing.

The Region understands the importance of planning for housing supply and the links to affordability. We also recognize the connection between housing affordability and other factors such as market conditions, interest rates, land prices, speculation and rising construction costs. Addressing this complex issue will require sharing responsibility and working in partnership with senior levels of government, the development industry, local municipalities and others.

In Appendix A, we provide detailed responses to the questions outlined in the *Increasing Housing Supply in Ontario* consultation document. This includes specific, actionable recommendations and suggestions to increase affordable housing in Ontario. Our recommendations are summarized here:

#### **1.0 Speed: It takes too long for development to get approved.**

- Recommend Provincial support in upholding municipal planning decisions at the Local Planning Appeal Tribunal
- Recommend the Province provide flexibility in implementation of Provincial policy to recognize local context and expertise through appropriately staged planning

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

- Recommend continued Provincial support and emphasis on building via intensification and redevelopment
- Recommend Provincial investment and support in higher order transit along key corridors
- Recommend Provincial investment and incentives for purpose-built rental housing
- Consider mandatory inclusionary zoning tools for the Greater Golden Horseshoe
- Recommend Provincial involvement in marketing, education and awareness to enable new and innovative housing types in existing neighborhoods
- Recommend the Province eliminate the need for some Provincial approvals when planning for employment areas within Major Transit Station Areas

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

- Strongly recommend the Province work to strengthen the *Development Services Act* in order to support municipalities investing in future infrastructure needed for growth and development
- Recommend the Province continue to work with all levels of government to streamline decision making processes and support housing data collection and research to address supply of developable land issues
- Recommend Provincial support to coordinate and provide a standardized approach to collecting and sharing housing data

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

- Recommend flexibility and reduced 'red tape' in requirements within housing legislation
- Recommend the Province consider incentives and less prescriptive provisions for landlords
- Recommend Provincial training and other resources for landlords on the *Residential Tenancies Act* and Landlord and Tenant Board processes and procedures
- Recommend Provincial funding mechanisms for tenant training on the *Residential Tenancies Act*
- Recommend Provincial clarity, access to information and other resources for tenants to navigate through the Landlord and Tenant Board
- Recommend the Province revisit rent control regulations
- Recommend Provincial dedicated funding to support the Peel Second Unit Program

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

- Recommend Provincial funding mechanisms for municipalities to incent builders to encourage innovation
- Provincial recommendation to provide separate, dedicated funding to enable municipalities to encourage builders to participate in a down payment assistance program
- Recommend Service Managers be provided Provincial funding mechanisms to support Community Improvement Plans
- Recommend Provincial research and study on existing rent-to-own models
- Recommend Provincial research and support to explore new approaches to housing forms

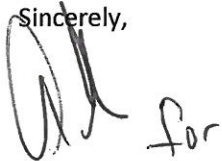
- Recommend providing Provincial incentives to Service Managers to work with partners to capitalize on underutilized land or space to increase housing supply
- Recommend that the Province make use of public lands to increase the supply of new rental housing where appropriate
- Recommend the Province consider innovative and creative ideas to increase housing supply such as changes to funding rules to allow local innovation, expanding social programs, etc.
- Consider enhanced Provincial qualifications and transparency requirements for condos
- Recommend stronger Ontario Building Code requirements for lower energy operating costs and durability against climate change impacts
- Recommend enhanced Provincial restrictions on current pre-sale practices by developers
- Recommend the Province utilize Provincial financial tools to provide increased support and stability to new home buyers

#### Other Comments

- Recommend the Province make changes to funding rules and distribution mechanisms associated with the National Housing Strategy
- Recommend the Province provide municipalities with Non-Resident Speculation Tax funding to address affordable housing needs
- Recommend the Province research and consider new financial tools, mechanisms and funding streams to support municipalities to increase affordable housing supply and address local priorities

We look forward to working with you in partnership to increase housing supply and address the issue of housing affordability as we build complete communities now and in the future. We would appreciate being involved in continued dialogue and consultation on this issue and look forward to further opportunities to participate. Regional staff would be pleased to discuss any clarifications or provide additional comments as required. Our staff contact is Naheeda Jamal, Principal Planner, Regional Planning & Growth Management Division, 905-791-7800 ext. 4024; [Naheeda.Jamal@peelregion.ca](mailto:Naheeda.Jamal@peelregion.ca).

Sincerely,



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 Director, Regional Planning & Growth Management Division  
 Public Works, Region of Peel  
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**Appendix A – Detailed Region of Peel Comments on Provincial Consultation:**  
**Increasing Housing Supply in Ontario**

**1.0 Speed: It takes too long for development to get approved.**

- *How can we streamline development approval processes, while balancing competing interests and the broader public interest?*

The Region is committed to an effective and efficient streamlined development application review process and we continue to take additional steps to advance this outcome including outlining clear and concise requirements for applicants and municipalities, availability of a Development Liaison, technology improvements to submit and review applications electronically and streamlining comments to ensure clear direction. However, municipal planning staff do recognize the importance of retaining authority to ensure that development conforms to local standards and priorities including obtaining approvals for critical infrastructure.

**Recommend Provincial support in upholding municipal planning decisions at the Local Planning Appeal Tribunal**

Regional staff requests the Province to continue supporting the objective of proactive planning to build complete communities, through the use of the planning process and tools available (including policy planning, master planning, secondary planning, zoning, etc.). These tools and processes enable municipal councils to make planning decisions based on consistency and conformity with Provincial direction, sound and acceptable planning principles and comprehensive local information. Given the above, in order to streamline the development process and move forward with review, approvals and permits, we request the Province to implement the current legislative direction, so that the Local Planning Appeal Tribunal upholds municipal planning decisions that meet the test of 'good planning.' In addition, we urge the Province to provide staff and other resources to the Local Planning Appeal Tribunal to enable efficiency and timely results supporting regional and local municipal decision making. This will assist in unnecessary delays in the planning process.

**Recommend the Province provide flexibility in implementation of Provincial policy to recognize local context and expertise through appropriately staged planning**

It is recommended that flexible Provincial policy be provided to enable municipalities to move forward with planning for growth to 2041 with staged implementation of Official Plan amendments, where appropriate, rather than holding back important community building policies from being implemented while other detailed, longer term studies are done. This will help bring new housing opportunities to market sooner, as outlined in our comments to the Province on Growth Plan implementation.

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

- *How can we make the planning and development system more effective to build the kind of housing people want, and can afford, in the right places with the right supports (e.g., schools, transit and other amenities)?*

### **Recommend continued Provincial support and emphasis on building via intensification and redevelopment**

It is recommended that the Province continue with a land use policy emphasis that prioritizes housing development in existing urban boundaries, within strategic growth areas and focusing on existing neighborhoods including Major Transit Station Areas. These are areas that provide real opportunities for “missing middle” density housing and are already connected to municipal infrastructure, amenities, employment and other community facilities. There should be an emphasis on increasing housing supply by capitalizing on existing urban areas, rather than building in new greenfield areas or encroaching on environmentally significant areas where there is a lack of infrastructure, amenities, transit and other facilities. More importantly, developing in new greenfield areas is less cost-effective for municipalities and new homeowners.

### **Recommend Provincial investment and support in higher order transit along key corridors**

It is important to recognize the priority of providing key infrastructure that will make the “missing middle” development practical and marketable. There is a Provincial role in providing funding for key transportation infrastructure to support communities, which enables such housing options to become more viable. Our work shows that higher order transit will be key to achieving these housing forms along key corridors such as Dundas Street in Mississauga, Queen Street in Brampton and Airport Road. These major corridors are an important link to job opportunities and housing. Providing Bus Rapid Transit and Light Rail Transit along such corridors will be important to unlocking the “Missing Middle” housing supply potential and this infrastructure cannot be funded through property taxes.

### **Recommend Provincial investment and incentives for purpose-built rental housing**

It is recommended that Provincial incentives (e.g. income tax rebates) be considered to encourage developers to provide purpose-built rental housing. There needs to be more focus on increasing the supply of purpose-built rental housing (especially for larger families), as this tenure type is lacking as an available choice for middle-income Ontario residents. Provincial investment through financial incentives can be effective. For example, under the previous government’s rebate program for purpose built rental housing, the Region witnessed interest in providing purpose-built rental (18 submissions were received through the joint Request for Expression of Interest process). We encourage the Province to reconsider the decision to cancel the program as continued commitment and support is essential to increase the supply of purpose-built rental housing in Peel.

### **Consider mandatory inclusionary zoning tools for the Greater Golden Horseshoe**

On April 11, 2018, the Province released the final inclusionary zoning Regulations O.Reg. 232/18 and proclaimed into force the inclusionary zoning provisions of the *Planning Act* as amended by the *Promoting Affordable Housing Act, 2016*. The legislation enables municipalities to require affordable housing units or gross floor area to be provided in new development projects and to ensure affordable housing is maintained over time. Regional staff recognizes the potential of utilizing the inclusionary zoning planning tool to increase the supply of affordable housing stock and address needs in the community. It is recommended that the enabling legislation for inclusionary zoning remain in place and that consideration be given to making this a mandatory tool to be utilized across the Greater Golden Horseshoe to provide consistency across municipalities. The Province should not, however, introduce requirements for municipalities to provide financial incentives as part of inclusionary zoning implementation.

- *How can we bring new types of housing to existing neighbourhoods while maintaining the qualities that make these communities desirable places to live?*

### **Recommend Provincial involvement in marketing, education and awareness to enable new and innovative housing types in existing neighborhoods**

Significant potential exists to increase the supply of affordable housing in existing neighbourhoods and encourage new types of housing, while maintaining the qualities and livability of those neighborhoods. In order to accommodate additional housing within existing neighborhoods, it is suggested that the Province support local municipalities to overcome issues related to perceived negative impacts and lack of awareness of the positive outcomes that new development can afford. Such perceptions can result in ill-considered objections that stop or delay otherwise positive projects that add housing supply. The Province can provide support to help address such challenges through providing marketing, education and awareness on the potential positive community building attributes of bringing new and innovative types of housing to existing neighborhoods (e.g. second units, co-housing, shared housing, gentle density, mixed use infill, walkability, etc.).

- *How can we balance the need for more housing with the need for employment and industrial lands?*

### **Recommend the Province eliminate the need for some Provincial approvals when planning for employment areas within Major Transit Station Areas**

In order to plan for complete communities, we must plan for both housing and employment uses. Major Transit Station Areas (MTSAs) create opportunities for mixed use communities that provide both employment and increased supply of “Missing Middle” forms of residential development. The Growth Plan currently requires the planning of MTSAs as part of a Municipal Comprehensive Review subject to Provincial approvals, which is restrictive to municipalities. To address this, the Province should provide municipalities with flexibility to convert employment lands within MTSAs to other uses without Provincial approval, if deemed appropriate as part of a comprehensive planning process.

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

We are concerned about the claim that ‘development costs are too high’ and that ‘government imposed fees,’ such as Development Charges (DCs), are a major contributor to increases in the cost of housing. A recent study by Royal Bank and the Pembina Institute examined factors affecting home prices in the GTA which concluded that, with respect to DCs, “the increase in these charges accounts for only a fraction of the increase in home prices.”

The Canadian Center of Economic Analysis completed a study titled “Region of Peel Economic Study: Water and Wastewater Infrastructure Investment Beyond 2031”. The findings indicate that the infrastructure investments by the Region will have positive economic impacts at the Peel, Ontario and national levels as measured by employment growth and activity (or Gross Domestic Product) which will in turn increase the revenue raising ability of each level of government. The study concludes that with respect to employment, economic growth and governments’ revenue raising ability, this return on the Region’s investment is maximized at the \$4 to \$4.5 billion investment level.

- *How can we lower the cost of developing new housing while ensuring that funds are available for growth-related infrastructure (e.g., water and sewer systems, fire and police services, schools, roads and transit)?*

In accordance with the principle that 'growth should pay for growth,' municipalities fund capital infrastructure primarily through the levying of upfront DCs, and provide infrastructure to service growth. Upwards of 75% of these DCs are for water and wastewater service systems that need to be in place before developers can begin a new project. Economic growth and housing development relies on this municipal investment in infrastructure to service land.

Municipalities are extremely limited in the tools they have available to pay for supporting infrastructure. In addition to DCs, the only other major sources of revenue are property tax, user fees and grants from other levels of government. Despite this, DCs continue to represent only 5 to 7% of the price of a new single-detached home in the GTA.

We acknowledge that the Province may be considering an elimination or reduction of water and wastewater charges within DCs. The Province is urged to recognize that there have been significant cost increases as projects advance from initial budget estimates, through the pre-construction process (Environmental assessment, design and engineering, etc.) to final construction. Further, as GTA municipalities grow, they grow further from the lake, making water and wastewater investments more costly (as we need to upscale plants at the lake and transmission from the lake to new developments further from the lake).

However, in order to accommodate Provincially mandated population and employment growth targets, the Region of Peel has continued to invest in the upfront costs of infrastructure that need to be in the ground years ahead of development, taking on debt to do so. The resulting debt financing costs have added 12% to the current (2015) DC rates.

The Region established a Planning and Growth Management Council Committee in 2013 to ensure optimal utilization of existing and planned Regional infrastructure. A key aspect of the new approach is integrating financing and servicing considerations into planning decisions early in the process. This was achieved through formal working groups established with local municipal staff and the development industry. Such actions have resulted in infrastructure debt avoidance of over \$600 million. This work was undertaken from the premise that 'growth should pay for growth' and minimize the financial impact to residents and businesses. Benefits of this work will be reflected in the 2020 DC By-law.

Housing prices are driven by complex market demand dynamics. The link between DCs and housing affordability is therefore questionable, especially given housing prices are rising for both resale and new homes. The Fraser Institute notes that it is "unwise to focus on any single element of housing demand when trying to explain rapid price growth. Rather it helps to remember the fundamentals, which include population growth, income growth, housing supply and interest rates." Other broad economic factors that affect housing prices are buyer and seller confidence, availability of credit, and expectation of future price changes. The removal or reduction of Water and Wastewater DC's will not lower housing prices or increase land supply, on the contrary, it will have unintended consequences as detailed below:

- It will result in a significant rise in taxes and user fee rates for water and wastewater, to make up for the lost DC revenue. This will increase current user fee rates for water and wastewater by 72%, in the first year. That means an additional \$515 annually added to the average regional household bill. Another result would be an annual bill increase for the Region's top five Industrial, Commercial and Institutional (ICI) accounts, ranging from \$800,000 to \$2.4 Million.

- Utilizing user fees rates to fund future growth creates a competition between new growth and existing asset management needs (rehabilitation and replacement), which are the current focus of user fees. Municipalities will not have the funds available to put new infrastructure in place for development to occur in a timely way. Therefore, reducing or further restricting DCs would have the effect of reducing housing supply, not increasing it.
- An increase in user fee rates or property taxes can also lead to negative public reaction; especially from homeowners who have previously paid DCs for their existing homes. Higher rates will reduce affordability for the people of Ontario, including seniors and lower income residents. These homeowners may have difficulty being able to afford their existing homes and less disposable income for other needs. These homeowners will raise issues of equity and fairness, and oppose future growth and development, knowing such development will raise their rates. A likely result is that municipalities will not have the funding available to put needed infrastructure in place in order for development to occur in a timely manner.
- Further, there is no guarantee that a reduction in DCs will be reflected in lowering new housing costs. Instead it is likely that any reduction will generally be a financial gain to the developer. Individual developers building new units are constrained by the price of existing housing in the surrounding area. They cannot raise their price based on an increase in DCs and will not lower prices based on a decrease in DCs. The average 2012 to 2016 increase in DCs is 7% per year, which includes approximately 2% per year for indexing. According to TREB Market Watch the average resale price for a detached home in the GTA for the 2012 to 2016 period, increased from \$606,000 to \$964,000 (69% or an average of 12% per year). This does not support the theory that DC's are a primary cause of the housing affordability crisis.

We do not support eliminating or making other changes to development charge legislation that can lead to unintended consequences and further exacerbate housing issues. To do so will reduce a municipality's ability to finance the essential infrastructure needed for growth to occur and reduce the supply of serviced land.

Given the above, Regional staff provide the following recommendations:

**Strongly recommend the Province work to strengthen the *Development Services Act* in order to support municipalities investing in future infrastructure needed for growth and development**

There should be no ineligible services under the *Development Services Act*. There should be no service discounts or reductions. Service levels should be forward looking and not based on historic service averages; and there should be no new mandatory development charge exemptions.

**Recommend the Province continue to work with all levels of government to streamline decision making processes and support housing data collection and research to address supply of developable land issues**

Issues related to the speed of the approvals process need to be viewed more broadly. Development approval timelines are overly lengthy, but so too are the timelines for various infrastructure approvals that municipalities must obtain. In cases where approvals are required for critical infrastructure, such as water or wastewater services, the lack of an approval, or a delay of an approval, can bring development to a virtual halt with obvious housing supply implications.

It is recommended that the Province consider the study conducted by the Canada Mortgage and Housing Corporation (Examining Escalating Housing Prices in Large Canadian Metropolitan Centres, 2017). Two of the following recommendations are adapted in the bullet points below:

- Provincial support for municipalities to pursue more integrated and comprehensive infrastructure planning;
  - Work between the three levels of government that allows for streamlined decisions at the Regional level, increasing the supply of developable land and addressing bottlenecks.
- ***How can we make sure that serviced land is available in the right places for housing?***

**Recommend Provincial support to coordinate and provide a standardized approach to collecting and sharing housing data**

There is already available land supply in Peel; however these developable lands are being held in many instances, and not being brought forward to the market. It is a shared responsibility with partners to address housing supply issues including the development industry, municipalities and others. Consistent with Provincial policy direction and requirements, municipalities track and plan for an appropriate range and mix of land uses to meet projected need. For example, the *Provincial Policy Statement, 2014* requires municipalities to provide land with servicing capacity sufficient to provide at least a three-year supply of residential units available. Based on Region of Peel monitoring and tracking, we have 30,000 units or a five-year serviced land supply in the planning process. We also have lands identified and planned for to the 2031 planning horizon and we are currently planning for lands to 2041.

There is no evidence that developers will provide more housing to the market at affordable prices, especially given that additional supply is already provided. The current high cost of land is not solely linked to a housing supply issue, as evidenced by our planning work. Given the above, we recommend that the Province study all factors affecting housing price beyond land supply including monitoring and measurement of Growth Plan forecasts. This can occur through Provincial support to provide a coordinated, timely and standardized approach to housing data collection and sharing across municipalities and other organizations, along with the identification of consistent measures. Such efforts align with the Region of Peel's current practice of monitoring and measuring housing data. The CMHC study mentioned earlier also recommended 'Work between the three levels of government to develop forward looking housing data and market modelling to better anticipate short to medium term housing market imbalances.'

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

We urge the Province to focus on and be a partner in encouraging rental housing, especially purpose-built rental.

- ***How can we make the current system work better for landlords?***

**Strongly recommend flexibility and reduced 'red tape' in requirements within housing legislation**

The Region is the Service Manager supporting the development of an integrated system of housing and homelessness supports in Peel, and implementing key accountabilities and requirements associated with this role as outlined in the *Housing Services Act, 2011*. In carrying out this role, we urge the

Province to be a partner in assisting citizens to find and keep affordable housing. This partnership requires an ongoing, sustainable, comprehensive response from all levels of government. In order to overcome challenges, success is contingent on comprehensive solutions that address issues and challenges on both the housing supply and demand side of the problem. In order to be successful as Service Manager, it is strongly recommended that flexibility, authority and reduced 'red tape' be provided, in order to recognize our municipal context and implement local priorities. For example, the Region should be provided full flexibility to identify and address local priorities when managing the centralized wait list - local needs and priorities should be paramount. Provincial funding should be allocation-based with sustained funding for programs (operating) and new development (capital).

#### **Recommend the Province consider incentives and less prescriptive provisions for landlords**

It is recommended that the Province consider less prescriptive provisions, as well as direct incentives to landlords including tax breaks (providing attractive rebate and/or tax credit programs for affordable rental housing projects and working with Canada Revenue Agency on other tax incentives for landlord rental income). The Province should also encourage landlords that are looking to expand or improve their units (e.g. by providing Provincial funding to convert underutilized space).

In addition, in the current system when tenants default on utility payments (such as gas or electricity bill), landlords are made responsible to pay the arrears. Unfortunately, landlords are not made aware of the arrears until the utility has been in default for several months, and at that time the utility is transferred into the landlord's name. While the landlord is attempting to collect the payment from the tenant, the charges are added to the property tax which discourages landlords from continuing to provide housing. Utility costs are not currently recognized as rental arrears by the Landlord and Tenant Board, therefore evicting a tenant for faulting on utilities can take time and additional funds that the landlord may not have. The Province should consider changing legislation to include utility arrears as rental arrears that can be filed under an N4 eviction notice at the Landlord and Tenant Board. Furthermore, a fund could be made available to landlords who are left with utility arrears from an evicted tenant.

#### **Recommend Provincial training and other resources for landlords on the *Residential Tenancies Act* and Landlord and Tenant Board processes and procedures**

The Landlord and Tenant Board often favours tenants' rights, which can lead small landlords or second unit landlords who may not be as well versed in the *Residential Tenancies Act* or have the financial means to use paralegal professionals, to be in a position where they may be taken advantage of. The Province can consider providing free training to small/second unit landlords on the *Residential Tenancies Act* and the Landlord and Tenant Board's processes and procedures. Duty Council is available to provide free legal advice to tenants at all Landlord and Tenant Board hearings; it is recommended that the Province make Duty Council available to small/second unit landlords as well. In general, the Province should take a balanced approach between landlords and tenants in the *Residential Tenancies Act* and explore and address the key issues between both stakeholders.

#### **• What additional protections should be provided for tenants?**

#### **Recommend Provincial funding mechanisms for tenant training on the *Residential Tenancies Act***

It is recommended that the Province provide funding for tenant training on the *Residential Tenancies Act*, specifically the rights and responsibilities of both tenants and landlords. This service could be provided at Newcomer to Canada centers, shelters and through the Landlord and Tenant Board. The funds could flow through the housing departments of the various regional municipalities.

#### **Recommend Provincial clarity, access to information and other resources for tenants to navigate through the Landlord and Tenant Board**

The Province should provide free and easily accessible translation services for those where English is a second language through the Landlord and Tenant Board. This service is already available within the court system. The Province should ensure that all information and forms on the Landlord and Tenant Board website is in plain language, similar to the new standard lease recently released by the Province. In addition, the standard lease recently released by the Province should have an additional section or an addendum outlining where and how tenants can seek help in their community.

The Province should consider implementing or providing funding for a mediation service that can be utilized by tenants/landlords prior to applying to the Landlord and Tenant Board. This will avoid additional filing fees being applied to the tenants account, contentious relationships with landlords and reduce the number of hearings that create a backlog at the Landlord and Tenant Board.

#### **Recommend the Province revisit rent control regulations**

The Province should consider new regulations to replace rent control that provides cost stability to renters without placing the burden on landlords. This may involve a Provincially-funded subsidy for eligible landlords to offset the cost of rent control when payments are below the market value. The most recent changes to rent control, where the rent increase guideline applies to existing units (rented prior to November 15, 2018), has resulted in some unintended consequences. There are some landlords looking to evict tenants, in order to charge a higher rent beyond the rent control guidance parameters. These landlords are aware that the rent increase guideline would not apply to new tenants and higher rent can be charged.

- ***How do we encourage homeowners to create legal second units and new rental supply?***

#### **Recommend the Province provide dedicated funding to support the Peel Second Unit Program**

The expenses associated with creating and maintaining legal second units can be quite costly, and many homeowners find the prospect of this too demanding for little return. The Region launched the second unit renovation assistance program in partnership with all three local municipalities (Mississauga, Brampton and Caledon) in 2015. The program was created to provide Regional funding to assist eligible homeowners with renovation costs to existing second units, in order to meet health and safety criteria set out by the local municipality and to ensure that the existing second units are safe and habitable.

Homeowners with an existing second unit can receive a forgivable loan of up to \$25,000 for renovations required in order to register their second unit. The first \$3,500 of approved funding is in the form of a grant and the homeowner must sign a promissory note for renovations of up to \$15,000 which is forgiven over 10 years. For renovations over \$15,000 and up to \$25,000, homeowners and the Region must sign a Funding Agreement and security in the form of an interest-free mortgage is registered on title to the homeowner's property, which is also forgiven over a period of 10 years. If the homeowner sells their property, they pay back a prorated portion of the loan to the Region.

The Province should consider providing a dedicated funding stream to the Region to support the continuation of Peel's Second Unit program for homeowners to create or renovate second units for the rental market. Alternatively, the Province can consider increasing the funding provided through the current Investment in Affordable Housing to fund Second Unit programs. In addition, the Province

should consider tax credits for homeowners wishing to create a second unit and/or additional income tax incentives to ensure the unit is in rental tenure for a specific period of time.

#### **5.0 Innovation: Other concerns, opportunities and innovations to increase housing supply.**

- *How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?*

##### **Recommend Provincial funding mechanisms for municipalities to incent builders to encourage innovation**

The Province should consider incenting or providing funding mechanisms for municipalities to provide to the building industry to encourage innovation, energy efficiency and new best practices in alignment with Regional and municipal design guidelines for housing. Current funding mechanisms often have limitations that mean funds cannot be applied to innovative programs.

- *Are there any innovative forms of homeownership (e.g., shared ownership or rent-to-own models) that you feel could help make housing more attainable?*

##### **Provincial recommendation to provide separate, dedicated funding to enable municipalities to encourage builders to participate in a down payment assistance program**

Innovative homeownership programs and initiatives that address housing affordability relative to household income levels such as rent-to-own programs, second mortgages, shared ownership agreements, Community Land Trusts and housing cooperatives could help make housing more attainable for many people.

With provincial support, municipal governments could work with local developers to seek opportunities where the developer would deliver a down payment assistance program, funded by the Province, for qualified purchasers to buy new affordable units. This funding should be a dedicated, separate funding stream for this purpose only and not part of the Provincial/Federal funding (Investment in Affordable Housing – IAH Extension) envelope that requires Service Managers to pick and choose which components to offer, thus reducing funding available for the other components like rental housing capital funding. The down payment assistance funding could be branded to increase marketability with prospective purchasers, similar to the Daniels' "Boost Program."

##### **Recommend Service Managers be provided Provincial funding mechanisms to support Community Improvement Plans**

In order to encourage developers to address specific housing supply and affordability needs, the Province can provide funding mechanisms to Service Managers that can be utilized to incentivize development within appropriate locations using the Community Improvement Plan planning tool. This would enable municipalities to target specific objectives, levels of affordability and locations, for example larger family sized units for middle income households in urban growth centres.

##### **Recommend Provincial research and study on existing rent-to-own models**

The Province should investigate the outcomes realized with existing rent-to-own models operating in Ontario, such as the one the Habitat for Humanity Mississauga/Halton affiliate is pursuing in Halton Region. This will inform whether these approaches are helping to create complete communities and making housing more attainable for middle/moderate income households.

- *Do you have any creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing?*

#### **Recommend Provincial research and support to explore new approaches to housing forms**

The Province should research and provide support to municipalities to provide innovative forms of housing, such as rent-to-own, second unit designs, home sharing, co-housing and other approaches in the area of building design and materials. Further, the Province should raise awareness of innovative housing forms, building design and materials by supporting demonstration projects, pilot and providing public education.

- *What other creative solutions could help increase the supply of housing?*

#### **Recommend providing Provincial incentives to Service Managers to work with partners to capitalize on underutilized land or space to increase housing supply**

Service Managers should be incented to work with existing affordable and social housing providers to identify underutilized land or space within their buildings for the creation of new housing supply, specifically targeted to the middle/moderate income households. This would help to increase supply while working with players who are already in the housing business whose main driver is not profit.

#### **Recommend that the Province make use of public lands to increase the supply of new rental housing where appropriate**

Increasing land prices often hinders new rental housing development. The Province and the Region could work together to use public lands to reduce the cost of development. Access to provincial lands, provided or sold below market rates to the local Service Manager would offer many opportunities. This is a timely consideration as the Province is considering an expedited sell-off of 240+ surplus properties as per the recent announcement: <https://news.ontario.ca/mgs/en/2018/12/reducing-red-tape-and-accelerating-sales-of-surplus-government-properties.html>.

#### **Recommend the Province consider innovative and creative ideas to increase housing supply such as changes to funding rules to allow local innovation, expanding social programs, etc.**

In addition to the above, the Province could also consider the following to help increase the supply of housing:

- Work together with the federal government to ensure funding is provided through allocations rather than on an application basis (e.g. funding for National Housing Strategy). This better meets the reality faced by private and public sector developers.
- Provide additional capital (per unit) and operational funding for affordable and supportive housing which will allow the Region to leverage established relationships with service providers to increase housing supply.
- Expand social programs to reduce economic burdens of households so they can afford housing: e.g. include pharmacare and dental care in OHIP coverage; eliminate tuition fees; forgive existing student debts; substantively increase OW/ODSP payments; expand CPP or supplement through an Ontario Pension Plan; introduce socialized childcare; expanded CCAC services for seniors/those in medical need.
- Shift the property demand curve in order to free up supply through additional taxes on foreign investment, local investors, speculation, vacancy tax, capital gains tax and taxation on multiple properties.

- Investigate online accommodation rental platforms such as Airbnb and HomeAway as they affect housing availability, affordability, rental supply and do not address the current low vacancy rates in Peel.
  - Partially discount or eliminate property taxes and charges/fees for units in developments (rental, co-op, ownership) that commit to being classed as affordable for 25 years or more.
- ***What type of protections would help new home buyers?***

**Recommend enhanced Provincial qualifications and transparency requirements for condos**

The Province should require enhanced qualification requirements for condo board members and enhanced voting/election transparency requirements for condo elections. The Province should mandate publicly accessible records of maintenance plans, reserve funds, work undertaken/work planned, and current and historical and projected maintenance fees for all condo corporations. This action will ensure appropriate reserve fund management to counter unintended affordability issues.

**Recommend stronger Ontario Building Code requirements for lower energy operating costs and durability against climate change impacts**

Stronger Ontario Building Code requirements should be created to ensure lower energy operating costs and durability of product to try to mitigate the effects of known climate change/extreme heat/flood/extreme weather impacts.

**Recommend enhanced Provincial restrictions on current pre-sale practices by developers**

The Province should consider enhanced restrictions on current pre-sale practices by developers and require that they must pay back purchaser deposits plus average market increase if a development fails.

**Recommend the Province utilize Provincial financial tools to provide increased support and stability to new home buyers**

In order to provide for support and financial stability to new home buyers, the Province can increase the exemption threshold for Provincial land transfer taxes. In addition, the Province can work with the federal government to increase the period of a fixed mortgage rate for first time home buyers to a longer period (e.g. 15 years) and permit them to renew at a lower rate than what is being offered by banks.

**Other Comments**

**Recommend the Province make changes to funding rules and distribution mechanisms associated with the National Housing Strategy**

The Region looks forward to receiving funding flowing from the National Housing Strategy. It is recommended that programs being funded through this initiative are structured to enable flexibility for municipalities to identify and address local priorities and needs (rather than the Province outlining mandatory priorities). The Region has developed the Peel Housing and Homelessness Plan, as per *Housing Services Act* requirements. The Plan outlines our future direction over the next 10 years, including a detailed understanding of needs and priorities, and housing targets we aim to achieve in collaboration with system partners, strategies and actions.

**Recommend the Province provide municipalities with Non-Resident Speculation Tax funding to address affordable housing needs**

The Province should investigate alternative funding sources to assist municipalities in delivering affordable housing such as providing a portion of the Non-Resident Speculation Tax. The 15% tax on the purchase or acquisition of a residential property by individuals who are not citizens or permanent residents of Canada or by foreign companies should be provided back to municipalities to fund affordable housing developments. The Ministry of Finance has reported that in Peel over \$10 million has been collected between April 2017 and November 2017.

**Recommend the Province research and consider new financial tools, mechanisms and funding streams to support municipalities to increase affordable housing supply and address local priorities**

The Province (Ministry of Finance) should look at existing regulations related to land transfer tax, specifically when non-profits are purchasing a turn-key project (land and construction included). The land transfer taxes are considerably higher in a full turnkey arrangement versus the non-profit purchasing the land and construction separately. This issue was experienced in a Region of Peel agreement with a private developer for the purchase of 174 affordable rental units in Mississauga.