



Municipal Tools for Affordable Housing



The Ministry of Municipal Affairs and Housing has developed this handbook to provide information on the planning and financial tools available to municipalities to encourage and support the development of affordable housing in their communities.

Municipalities are responsible for making local decisions, including compliance with any applicable statutes or regulations. Some links to case studies and snapshots in this handbook are from other jurisdictions where laws may be different.

This handbook should not be relied upon as a substitute for specialized legal or professional advice in connection with any particular matter. While every effort has been made to ensure the accuracy of the information in this handbook, the Ministry does not accept legal responsibility for its contents or for any consequences, including direct or indirect liability, arising from its use.

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Table of Contents

1. Affordable Housing Matters	- 2 -
1.1 A Fundamental Need.....	- 2 -
1.2 Building Foundations, Building Futures: Ontario’s Commitment to Affordable Housing	- 3 -
1.3 What is Affordable Housing?	- 4 -
1.4 Affordable Housing Benefits the Entire Community.....	- 5 -
2. Municipal Tools for Affordable Housing.....	- 8 -
2.1 <i>Municipal Act, 2001 and City of Toronto Act, 2006</i>	- 8 -
2.1.1 Demolition and Conversion of Residential Rental Properties	- 10 -
2.1.2 General Power to Make Grants	- 10 -
2.1.3 Municipal and City Services Corporations	- 11 -
2.1.4 Municipal Capital Facilities Agreements	- 12 -
2.2 <i>Planning Act</i>	- 13 -
2.2.1 Official Plans and Zoning By-Laws	- 13 -
2.2.2 Minimum and Maximum Development Standards.....	- 15 -
2.2.3 Second Units.....	- 15 -
2.2.4 Garden Suites	- 16 -
2.2.5 Demolition Control Areas.....	- 17 -
2.2.6 Community Improvement Plans.....	- 17 -
2.2.7 Height and Density Exchange	- 19 -
2.2.8 Development Permit System	- 20 -
2.2.9 Land Division – Subdivision.....	- 21 -
2.2.10 Reduction in Parkland Dedication or Cash-in-Lieu.....	- 21 -
2.2.11 Reduction or Exemption from Parking Requirements	- 22 -
2.2.12 Waiving or Reduction of Application Fees	- 22 -
2.3 <i>Development Charges Act, 1997</i>	- 23 -
2.4 Property Tax Rate Reduction.....	- 24 -

1. Affordable Housing Matters

1.1 A FUNDAMENTAL NEED

Housing is one of the most fundamental of human needs. It is also a key driver shaping the economic and social sustainability of communities, a vehicle for social inclusion and an important component of growth.

Access to safe, affordable and adequate housing touches almost every aspect of a community's well being and affects all of its members. Communities with a range of housing choices that meet the full range of their housing needs - including the needs of low and moderate income citizens - are generally more liveable, more economically competitive and resilient. A growing body of research shows that access to good quality affordable housing supports not only low and moderate income households, but also has positive community-wide benefits related to economic competitiveness, health, education and community well-being.



Do you know that Ontario had 4.5 million households in 2006, of which approximately...

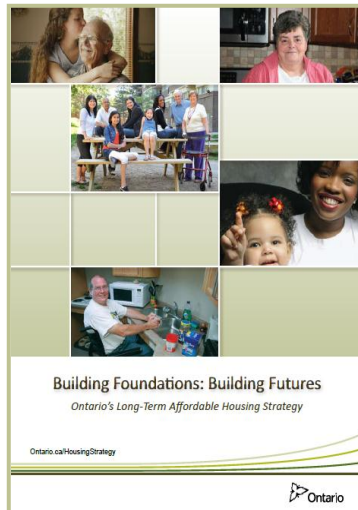
- 1.3 million were rental households (29 percent) and 3.2 million (71 percent) were homeowners
- 45 percent of rental households were families, fairly evenly divided between couples with children, couples without children, and single parents; another 45 percent of rental households were persons living alone
- Rental households had an average household income of approximately \$45,000 compared to approximately \$95,000 for homeowners
- 20 percent of rental households (261,000 households) spent more than 50 percent of their income on rent

Where's Home is published annually by the Ontario Non-Profit Housing Association and the Ontario Region of the Co-operative Housing Federation of Canada. This report looks at critical housing indicators across the Province, including rental housing demand and availability, vacancy rates, and affordability and takes a snapshot of 22 municipal housing markets.

http://www.chfcanada.coop/eng/pdf/ontdocs/WheresHome_2010.pdf

1.2 BUILDING FOUNDATIONS, BUILDING FUTURES: ONTARIO'S COMMITMENT TO AFFORDABLE HOUSING

The *Housing Services Act, 2011* provides the foundation for Ontario's long-term commitment to affordable housing and a renewed partnership with municipalities based on clear roles and responsibilities. Most provisions of the *Housing Services Act, 2011* will come into effect on January 1, 2012.



Section 4 of the *Housing Services Act, 2011* sets out the provincial interest in having a system of housing and homelessness services that:

- is focussed on achieving positive outcomes for individuals and families
- addresses the housing needs of individuals and families in order to help address other challenges they face
- has a role for non-profit corporations and non-profit housing co-operatives
- has a role for the private market in meeting housing needs
- provides for partnerships between different levels of government and others in the community
- treats individuals and families with respect and dignity
- is co-ordinated with other community services
- is relevant to local circumstances
- allows for a range of housing options to meet a broad range of needs
- ensures appropriate accountability for public funding
- supports economic prosperity
- is delivered in a manner that promotes environmental sustainability and energy conservation

Ontario's Housing Policy Statement, issued under section 5 of the Act, provides direction to Service Managers to guide the development of locally relevant housing and homelessness plans and articulates the provincial priorities related to affordable housing, social housing, homelessness prevention and housing for persons with disabilities.

Section 6 of the Act requires Service Managers to develop local housing and homelessness plans which must: identify current and future housing needs within an area, include objectives and targets relating to housing needs, describe measures proposed to meet these goals, and describe how progress towards meeting the identified goals will be measured. These plans must address matters of provincial interest identified in section 4 of the Act and must be consistent with Ontario's Housing Policy Statement issued under section 5.

Service Managers are municipalities and District Social Services Administration Boards (boards established in each of the 10 districts in Northern Ontario). Service Managers are responsible for delivering and administering social and affordable housing, as well as administering other social service programs such as Ontario Works and childcare.

Affordable Housing in Ontario: Roles and Responsibilities

Province	Service Managers (Housing Role)	Municipalities (Land Use Planning Role)
<ul style="list-style-type: none"> • Establish legislative and policy framework • Set out provincial interests for housing • Partner with Service Managers to ensure financial accountability through service agreements • Provide annual reports on province-wide progress • Contribute to funding for affordable housing and homelessness programs • Engage the federal government to establish a long-term national housing strategy including sustainable funding for affordable housing 	<ul style="list-style-type: none"> • Engage the local community in determining housing needs, establish a housing vision and determine priorities for helping people in need • Develop and implement local housing and homelessness plans that address provincial interests and are consistent with Ontario’s Housing Policy Statement • Contribute to, coordinate and administer housing funding • Monitor and report on progress 	<ul style="list-style-type: none"> • Use local housing and homelessness plans as the basis for housing needs assessment to guide development of municipal planning policies and approaches • Identify range of planning and financial tools that are available and create enabling frameworks for their use • Develop and implement official plan policies and zoning to direct development and promote the availability of a full range of housing types to meet range of identified needs. This includes implementing policies to permit second units, as well as enabling policies needed to use planning and financial tools

A Definition for Affordable Housing

Canada Mortgage and Housing Corporation provides a commonly used definition for **affordable housing**. To be affordable, a household should not spend more than 30 percent of their gross income on shelter costs.

The definition in the **Provincial Policy Statement (PPS)** issued under section 3 of the *Planning Act* is based on this commonly-used definition. Municipalities must be consistent with the PPS in their land use planning and development decisions.

1.3 WHAT IS AFFORDABLE HOUSING?

Affordable housing is a broad term which encompasses a range of housing types. It includes both low-cost market housing for homeowners and renters, and non-market housing available at subsidised rates. Providing affordable housing in a community means that families and individuals of all income levels and lifestyles can find suitable and adequate places to live without spending a disproportionate percentage of their income on housing.

Affordable housing is housing for people in housing need. Households in need of affordable housing are diverse and represent a broad spectrum of households along the housing continuum – from renters and homeowners to those in need of supportive, transitional and social housing. Households in housing need can include seniors and young families, low and moderate-income workers, people with special needs, and the homeless.

Affordability should be viewed on a continuum, rather than at a specific price point. Within Ontario's housing continuum, there are varying degrees of affordability. The range and diversity of housing needs means that community responses to the challenge of affordable housing require a range of approaches, based on community needs. Within the continuum, communities may face affordability challenges both in absolute terms (the price of housing) as well as in relative terms (types of housing). Given the diversity in land values across Ontario, similar housing types may vary in terms of affordability from one community to another.

ONTARIO'S HOUSING CONTINUUM



1.4 AFFORDABLE HOUSING BENEFITS THE ENTIRE COMMUNITY

Access to good quality affordable housing has community-wide benefits related to economic competitiveness, health, education, social inclusion and strengthened communities. Consider the following benefits that providing a full range of housing, including affordable housing, can bring:

Supporting Economic Vitality

Communities with a full range of housing, including affordable housing, may enjoy a competitive advantage. The cost of housing is a primary factor that individuals and businesses take into account in terms of locating or staying in a community. As such, the availability of a full range of housing, including affordable housing, plays an important role in a municipality's efforts to attract and retain employees and businesses, or to accommodate population growth and new investment.

Housing is an important component for attracting and accommodating a workforce by:

- ensuring a range of housing that accommodates a variety of household incomes
- locating housing within reasonable distances of employment areas



Providing a full range of housing, including affordable housing, can help promote economic development and yield positive community-wide benefits such as:

- increasing demand for goods and services through a more diverse population base which in turn provides increased local employment opportunities
- providing increased housing options for a diverse local workforce, including service sector and other activities that depend on workers from a variety of backgrounds
- spurring job creation in the construction industry
- supporting low and moderate income households by helping reduce the costs of housing and freeing up income for other needs

Building Resilient, Inclusive and Sustainable Communities

Affordable housing is an essential part of building diverse and well-integrated communities. Communities that provide a variety of housing types are more socially inclusive, are better equipped to meet changing community needs, and are better able to establish closer ties between all segments of the community.

The availability of a full range of housing choices, including affordable housing, helps: seniors find alternative housing forms so they can remain in their own communities, low and moderate income workers afford to live in the communities they work in, and vulnerable people find adequate and appropriate shelter and services.

Helping Children and Families Succeed

Access to good quality, affordable housing promotes good health in children and families enabling them to contribute to their communities in positive ways. A growing body of research is showing that stable, affordable housing helps provide children with enhanced opportunities for educational success. By providing a stable and supportive home environment, affordable housing complements the efforts of educators and helps support better student achievement.

A Comprehensive Housing Strategy for Halton Region



“Affordable housing is critical to fostering healthy communities in Halton. As we plan for the future, it is important that we have a mix of housing types and affordability levels so that residents can remain in Halton through all phases of their lives.”

- Halton Regional Chair,
Gary Carr

Link: www.halton.ca

What Does Affordable Housing Look Like?

Well-designed affordable housing can look just like any other form of housing. Depending on the regional market, it may include single, semi-detached and row housing, and/or low, mid-rise and high-rise buildings. It may be a single development or building, or it may include subsidized units integrated into a predominantly market-based building or development.



92 Carlton St., Toronto

The 11 storey apartment building contains over 100 units of affordable housing. The property, owned by Toronto Community Housing, has design features that complement the existing brick facades of surrounding buildings along Carlton Street.
<http://www.torontohousing.ca/>

Healthy Communities

Affordable housing, like our education and health care systems, is an important part of a community's well-being. Adequate, stable and affordable housing contributes to physical and psychological well-being, leads to increased personal safety, and helps decrease stress.

Housing which is affordable provides households with a greater ability to meet other needs such as food, clothing, transportation and recreation. Together these factors help result in better health outcomes.

Makes Planning Sense

The provision of a full range of housing in a community not only helps meet important economic and social needs, it also represents good planning. As a generally smaller and more compact form of housing, affordable housing can help communities meet other important goals such as:

- promoting a more intensive use of land and buildings and optimizing public investments in infrastructure
- promoting intensification in urban areas, brownfield site rehabilitation and redevelopment
- supporting local businesses by creating a larger pool of potential customers through more intensified mixed use development
- promoting transit-supportive development by contributing to increased densities
- reducing the need for long commutes to work, which in turn supports improved local air quality through reduced car usage and the promotion of transit, cycling and walking



Anson House, Peterborough

56 affordable units for lower-income singles, families and persons living with disabilities.
<http://www.cmhc-schl.gc.ca/>



Chimney Hill, Cambridge

56-unit property comprised of multiple, affordable townhomes.
<http://www.housingcambridge.com/>



Bread & Roses Co-operative, Kitchener

The co-operative has 66 affordable apartment units, and partially operates in a renovated heritage building.
<http://www.breadandrosescoop.org/>

2. Municipal Tools for Affordable Housing

Municipalities possess a range of authority, responsibility and local expertise which provide them with a unique ability to take a leadership role in helping meet the need for affordable housing in their community.

Municipalities can consider a range of land use planning and financial tools to help promote a full range of housing types - including affordable housing - and meet the full range of housing needs in a community.

This section provides information on key planning and financial tools enabled under provincial legislation that municipalities can use in developing and implementing local housing and homelessness plans which promote a full range of housing types and help achieve tangible results. It provides descriptions of the tools and examples of best practices that some municipalities have used to increase the range and mix of housing types, to provide opportunities for more affordable housing development, and to make the construction of affordable housing more financially viable.



Do you know...

Many communities have developed affordable housing strategies that can assist other municipalities as they develop their own strategies to meet their local housing needs.

Some examples include:

- [City of Brantford](#)
- [Bruce County](#)
- [Region of Halton](#)
- [City of Hamilton](#)
- [United Counties of Leeds & Grenville](#)
- [City of London](#)
- [City of Ottawa](#)
- [City of Toronto](#)
- [County of Wellington](#)



2.1 MUNICIPAL ACT, 2001 AND CITY OF TORONTO ACT, 2006

The *Municipal Act, 2001* governs the structure, responsibilities and powers of municipalities in Ontario. The *City of Toronto Act, 2006* similarly governs the City of Toronto. These Acts set out a broad legislative framework that provides municipal governments with powers to pass by-laws relating to a wide range of activities, including by-laws respecting the economic, social and environmental well-being of municipalities. There are provisions in both Acts that may be considered in the development and preparation of local strategies to encourage the development of a full range of housing choices, including affordable housing.

Do you know...

- **Canada Mortgage and Housing Corporation's** affordable housing centre has a team of experts to help municipalities and the private, public and non-profit sectors to develop affordable housing in communities just like yours. Visit www.cmhc.ca/affordablehousing to:
 - access over 250 [project profiles](#) and [stories](#) about successful projects across Canada
 - find information on [Seed and Proposal Development](#) funding
 - find [learning resources](#), strategies and case studies to navigate the financial, operational and social issues faced in developing affordable housing projects
- **Affordability and Choice Today (ACT)** - an initiative funded by Canada Mortgage and Housing Corporation, and administered and delivered by the Federation of Canadian Municipalities with the participation of the Canadian Home Builders' Association, and the Canadian Housing and Renewal Association - helps overcome planning and building regulatory barriers to the development of affordable housing by promoting practical solutions at the local level. ACT offers an extensive database of case studies from municipalities across Canada. A sample of some of these case studies include:
 - broadening housing options (includes live/work, secondary dwelling, special needs, supported housing, workforce housing)
 - implementing alternative development standards (includes parking, subdivision developments)
 - innovative strategies, policies and guidelines (includes development charges and density bonusing, development standards and guidelines)
 - intensification, renewal and redevelopment (includes brownfield redevelopment, conversion, infill)
 - streamlining approvals

Source: <http://www.actprogram.com/english/ProjectListing.asp?x=1>

2.1.1 Demolition and Conversion of Residential Rental Properties (*Municipal Act 2001*, s. 99.1; *City of Toronto Act, 2006*, s. 111)

The preservation of the existing affordable housing stock is an important component of a local housing strategy. Affordable rental units are sometimes lost through demolition, the conversion of existing units from rental to ownership / condominium and property renovations. Municipalities can consider the use of the following tool as part of a local strategy to help protect existing affordable housing stock.

Municipalities may enact by-laws to prohibit and regulate the demolition of residential rental properties containing six or more dwelling units and the conversion of such properties to a purpose other than residential rental. Some municipalities have developed demolition and conversion control policies through their land use processes to help ensure the preservation or replacement of affordable housing in communities where residential rental housing is decreasing.

Section 33 of the *Planning Act* allows municipalities to designate “demolition control areas” to help maintain existing housing stock. Demolition control areas established under the *Planning Act* can include both ownership and rental properties as well as properties with less than six units.

2.1.2 General Power to Make Grants

(*Municipal Act 2001*, s. 110 and O. Reg. 603/06; *City of Toronto Act 2006* s. 252 and O. Reg. 598/06)



A municipality has, subject to certain limits, the general power to provide grants for purposes council considers to be in the interests of the municipality, including:

- providing loan guarantees
- selling or leasing land at a nominal amount
- donating land, food and merchandise

Generally, municipalities cannot provide financial assistance to bodies that undertake manufacturing, industrial or commercial activities through the granting of bonuses (for further information see *Municipal Act, 2001* s. 106, *City of Toronto Act, 2006* s. 82). However, exceptions exist and bonusing may be considered in relation to affordable housing – for example, in connection with Municipal Capital Facilities Agreements.

2.1.3 Municipal and City Services Corporations

(*Municipal Act 2001*, s. 203 and O. Reg. 599/06; *City of Toronto Act 2006*, s. 148 and O. Reg. 609/06)

Municipalities may establish a Municipal Services Corporation (MSC) or a City Service Corporation (CSC) in the City of Toronto, for most services that municipalities could deliver themselves. Municipalities would decide if a corporation is the appropriate vehicle for delivering certain types of services and address any related legal or practical issues, such as financing or bonusing.

In order to establish an MSC or CSC, a business case must first be adopted and it is up to municipal council to determine the specific details of its business case. The power to create an MSC / CSC cannot be delegated from municipal council.

Municipalities may put in place special levies (often called area rates) for a MSC / CSC for defined “economic development services”. Municipalities would then collect these special levies in a specific area, and transfer those funds to the MSC or CSC. Economic development services may include the following:

- acquisition, development and disposal of sites for residential, industrial, commercial, and institutional uses
- provision of residential housing
- undertaking of community improvements consistent with a municipally-approved community improvement plan under section 28 of the *Planning Act*
- improvement, beautification and maintenance of municipally-owned land, buildings and structures



2.1.4 Municipal Capital Facilities Agreements (*Municipal Act 2001, s. 110; City of Toronto Act 2006, s. 252*)

Municipal capital facilities agreements can be used by municipalities to create relationships with other parties such as public bodies, municipal services corporations, the private sector, not-for-profit organizations, and aboriginal communities to deliver municipal facilities. The types of municipal capital facilities listed in the regulation include, among others, municipal housing project facilities and recreational or parking facilities. As an example of this tool, a municipality may consider an agreement with, and providing financial assistance to, a not-for-profit organization for affordable housing facilities.

Assistance for municipal capital facilities from a municipality can include:

- giving or lending money
- giving, leasing or lending property
- guaranteeing borrowing
- property tax exemptions or reductions

Municipalities can also consider development charges exemptions for land used for municipal capital facilities.

Prior to entering into a municipal capital facilities agreement to provide affordable housing, the municipality must pass a municipal housing facility by-law. A municipal housing facility by-law must include a definition of “affordable housing”, policies regarding public eligibility for the housing units to be provided as part of the municipal capital facilities, and a summary of the provisions that an agreement respecting municipal housing project facilities is required to contain.



Municipalities must define “affordable housing” in a municipal housing facility by-law before entering into a municipal capital facilities agreement for municipal housing project facilities.

2.2 PLANNING ACT

The *Planning Act* sets out the ground rules for land use planning and development in Ontario and provides a range of land use planning tools that municipalities can consider to help achieve a full range of housing, including affordable housing, in their communities.

Section 2 of the Act identifies the adequate provision of a full range of housing, including affordable housing, as a provincial interest. Decision-makers must have regard to matters of provincial interest identified in section 2 of the Act when carrying out their responsibilities under the Act.

The Provincial Policy Statement, 2005 (PPS) issued under section 3 of the *Planning Act* builds on the provincial interests identified in section 2 of the Act by providing more specific provincial policy direction to guide land use planning decision-makers. The PPS articulates the provincial interest in ensuring a full range of housing to meet current and future needs of communities, provides a definition for “affordable”, and additional policy direction to planning authorities and other decision-makers to address their housing needs. Pursuant to section 3 of the *Planning Act*, municipalities are required to implement the PPS through their land use planning decisions, including the adoption of their official plan, as all decisions affecting a land use planning matter shall be consistent with the PPS.

Provincial plans, such as the Growth Plan for the Greater Golden Horseshoe, also apply in specific geographic areas of Ontario. Within these areas, development must also conform to the provincial plan which applies.

2.2.1 Official Plans and Zoning By-Laws (*Planning Act*, s. 16, 17 and 34)

Municipal official plans set out the broad vision of a community’s plans and goals governing land use. This includes the municipality’s policy approach to providing a range and mix of housing types and densities, specifying measures and procedures for attaining housing objectives, and establishing targets to provide housing that is affordable to low and moderate income households.

Municipalities should use **local housing and homelessness plans**, which Service Managers must develop in accordance with the *Housing Services Act 2011*, to inform their official plan review or update.

In accordance with the *Housing Services Act 2011*, **local housing and homelessness plans** must:

- identify current and future housing needs within an area
- include objectives and targets relating to housing needs
- describe measures proposed to meet these objectives and targets
- describe how progress will be measured towards meeting the identified goals
- address the matters of provincial interest identified in section 4 of the Act
- be consistent with Ontario’s Housing Policy Statement issued under section 5 of the Act



While key factors that contribute to housing being unaffordable in any community - such as incomes relative to housing prices - are beyond the scope of land use planning, there are important spatial and land use aspects to housing affordability.

Municipal official plans provide a key starting point – they guide the form and land use structure of our communities and can have a significant impact on the availability of a full range of housing types, including affordable housing.

Local housing and homelessness plans developed by Service Managers inform the municipal review of its official plan by providing information on existing supply and demand in a region, and projecting future housing needs. Municipalities use this information to develop a land use policy framework through the official plan, which guides development with a view to accommodating the range of projected needs.

Official plans are implemented primarily through zoning by-laws. Zoning by-laws that put the official plan into effect enable communities to regulate and manage land development. The *Planning Act* requires that municipalities update their official plans on a five year basis. Zoning by-laws must be updated to conform to the official plans within three years of the new or updated official plan coming into effect.

Consider how affordability can be facilitated through land use planning techniques such as:

- **Mixed use development** allows various land uses to be combined within a single development or district and can create new housing opportunities in areas where such opportunities may have previously not existed. Mixed use developments can promote housing diversity, social inclusiveness and more compact, walkable neighbourhoods that are integrated with commercial and service uses. It also has the potential for offering cost savings to developers / property managers in the form of shared parking arrangements and shared costs for building operation and maintenance.
- **Increasing density through reduced lot or unit size** can reduce per unit housing costs and provide for more effective use of infrastructure, while still considering compatibility with the surrounding area.
- **Increasing density on under-utilized sites** can help to increase a community's housing stock, accommodate population growth and increase a neighbourhood's population so that the pool of customers for existing businesses in the area is expanded. Within built-up areas, there may be potential for affordable housing above ground level commercial space and for infill development.
- **Building form and design** can provide more opportunities for affordable housing through alternative house forms which can decrease development costs through higher densities. Alternative building forms can range from row houses, to triplexes, quattroplexes and stacked townhouses, to low-, mid- and high-rise apartments.
- **Converting non-residential buildings** located in suitably designated areas into affordable housing by renovating and reusing existing buildings can result in more inclusive neighbourhoods that attract business and employment talent. It can also be more cost-efficient than new development as the building shell is already in place and the site is already serviced, while also allowing for greater flexibility in unit layout as non-residential buildings often have higher floor to ceiling heights.

2.2.2 Minimum and Maximum Development Standards (*Planning Act*, s. 34(3))

By using minimum or maximum standards in local zoning by-laws for residential or mixed use buildings and development, municipalities can provide for more compact forms of development that provide more opportunities for affordable housing units.

Development standards can affect the price of housing construction and can contribute to lowering the costs for housing development. More efficient built forms which contribute to lower base costs for housing development can be achieved through by-law standards for minimum building height and density. For instance, establishing minimum density and height standards generally has the effect of reducing land and site development costs as costs can be spread over a larger number of units.

Other benefits include improving the use of community resources such as public transit, utilities, existing road and sidewalk networks, and greenspaces, while expanding the number of potential customers for area businesses.

2.2.3 Second Units (*Planning Act*, s. 16, 17 and 34)

Second units are one of the most inexpensive ways to increase the stock of affordable rental housing and integrate affordable housing throughout the community, while maintaining neighbourhood character. Second units can provide practical housing options to meet specific needs, including increasing housing choices for low and modest income households, accommodating an aging population who wish to live independently but also benefit from the support of having their extended families nearby, and promoting more inclusive communities.

Second units – also known as accessory or basement apartments, secondary suites or in-law flats – are self-contained residential units with kitchen and bathroom facilities within dwellings or within structures accessory to dwellings such as coach houses or laneway garages. In many cases, second units provide an important source of affordable housing for low and moderate-income households at what are typically some of the most affordable rental rates.

Provisions of the *Planning Act*, which will come into effect January 1, 2012, state that municipalities shall implement policies in their official plans and that all local municipalities shall implement provisions in their zoning by-laws authorizing second units.

Community Benefits from Second Units

Second units benefit the wider community by:

- increasing the stock of rental units in an area
- providing homeowners an opportunity to earn additional income to help meet the costs of homeownership
- supporting changing demographics by providing more housing options for extended family or elderly parents, or for a live-in caregiver
- maximizing densities and helping create income-integrated communities, which can support and enhance public transit, local businesses and the local labour market, as well as make more efficient use of infrastructure
- creating jobs in the construction / renovation industry

This change will require municipalities to identify appropriate areas for second units within both existing development, as well as in new development (greenfield) areas. Municipalities are responsible for determining where second units are appropriate, as well as the appropriate standards for second units. In determining appropriate locations for second units, municipalities could account for any inherent constraints, which may mean that it would not be appropriate to allow second units in some areas, such as those with inadequate servicing or in flood-prone areas. Municipal official plan policies for second units cannot be appealed to the Ontario Municipal Board except when they are included in the municipal five year update of the official plan.

Second units can be developed both within existing residential communities, or as part of new residential development and must comply with any applicable laws such as the Building Code, the Fire Code and property standards by-laws. The development of a second unit may require a building permit.

2.2.4 Garden Suites (*Planning Act*, s. 39.1)



Garden suites - also commonly known as granny flats - are one-unit detached residential structures which contain bathroom and kitchen facilities, are designed to be portable and are accessory to the existing residential structure. Garden suites are an affordable housing type, in part, because they do not necessarily require the purchase of

land as they are ancillary to existing dwellings, and are relatively inexpensive to install as they are often constructed off-site or made from pre-fabricated materials.

Garden suites are especially suitable for some groups such as seniors because they provide affordable housing and enable older adults to live independently while receiving informal support from family members or a caregiver in an independent unit.

Municipalities can pass temporary use by-laws authorizing garden suites as a temporary use for up to 20 years. Municipalities can also extend the temporary authorization for garden suites by further three year increments, as needed.

Garden suites are a temporary form of housing which municipalities may use to help meet a range of goals including housing, intensification and redevelopment objectives.

Some examples:

- The **Town of Caledon** permits garden suites in many of its residential, rural, and agricultural zones.
- The **Town of Bradford West Gwillimbury** promotes garden suites and secondary units as part of their strategy to assist in the provision of new affordable rental housing that meets the needs of an aging population and to achieve residential intensification goals.

2.2.5 Demolition Control Areas (*Planning Act*, s. 33)

Section 33 of the *Planning Act* enables municipalities to establish demolition control areas which can include both ownership and rental properties, as well as properties with less than six units.

Once demolition control areas are established under the *Planning Act*, landowners must obtain a demolition permit prior to demolishing the whole or any part of a residential property within the area.

Within demolition control areas, municipalities can refuse to issue a demolition permit unless a building permit has been issued to erect a new building on the site. This framework can assist a municipality with maintaining residential properties, including affordable housing. Demolition control areas can encourage owners to maintain viable housing stock. They can also allow municipalities to regulate demolition while considering and developing new land use policies for an area, such as an area in transition, where it may be appropriate to maintain existing affordable housing stock and promote new housing opportunities, while also promoting other uses to help revitalize the area.

The *Municipal Act 2001* and *City of Toronto Act 2006* provide authority for municipalities to enact by-laws to regulate the conversion of existing residential rental units (see section 2.1.1 of handbook).

2.2.6 Community Improvement Plans (*Planning Act*, s. 28)

Community improvement plans (CIPs) may be of interest to local and upper-tier municipalities considering providing financial incentives in connection with affordable housing. Some of their features are outlined below.

Local and prescribed upper-tier municipalities may:

- designate the whole or any part of an area covered by an official plan that contains provisions relating to improvement in the municipality as a community improvement project area
- adopt CIPs for designated community improvement project areas

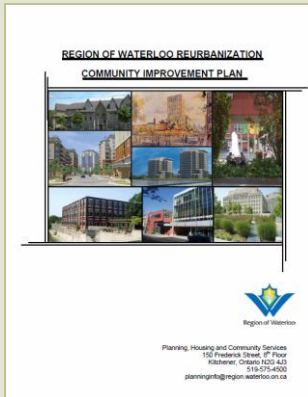
The activities of a municipality where a CIP has been adopted may include acquiring, holding, clearing, leasing and selling land in designated areas, as well as putting in place grant and/or loan programs for the purposes of carrying out the plan.

Subsection 28(1.1) of the *Planning Act* provides that “community improvement” includes the provision of affordable housing. Municipalities can consider using CIPs to provide for grants or loans in relation to the provision of affordable housing within CIP project areas. In some instances, loan agreements between municipalities and landowners have required that specified properties be maintained as affordable housing.

Upper-tier municipalities named in Ontario Regulation 221/07 (under the *Planning Act*) can adopt CIPs relating to affordable housing, infrastructure and transit corridors (Ontario Regulation 550/06 of *Planning Act*). Inter-governmental co-ordination may take place through lower-tier and upper-tier participation in each other's grant or loan programs, provided there are related policies in the official plan of the municipality making the grant or loan.

Community improvement programs have been tailored to support municipal redevelopment and revitalization goals such as diversifying employment opportunities, improving accessibility, remediating and redeveloping brownfields, revitalizing core areas, and ensuring a range of housing types that include affordable housing. In connection with a grant or loan program that is part of a CIP, municipalities may wish to consider activities and outcomes such as addressing soil contamination, retrofitting existing buildings or constructing buildings for energy efficiency and the provision of affordable housing.

CIPs do not require provincial approval. However, in accordance with the *Planning Act*, municipalities must consult with the Ministry of Municipal Affairs and Housing on the preparation of proposed plans, and must provide the Ministry with notice of adoption of a CIP.



Region of Waterloo Reurbanization CIP

The Region of Waterloo Reurbanization Community Improvement Plan (RRCIP) was established to help reduce development costs in an area of the Central Transit Corridor (CTC) and to promote a number of redevelopment goals, for example, providing for an appropriate range of housing choices, including affordable housing. While there were a number of under-utilized sites within the CTC with potential for reurbanization, redevelopment of these sites had proved difficult by their arrangement, the presence of existing buildings, or being too small to accommodate higher densities.

To implement the RRCIP, Regional Council put a CIP in place and bought key properties in the CTC in order to make them more attractive for redevelopment. This will allow Regional Council to take a leadership role in promoting and facilitating reurbanization while influencing the development of lands to include desirable forms of reurbanization such as affordable housing.

Source: www.region.waterloo.on.ca

2.2.7 Height and Density Exchange (*Planning Act*, s. 37)

Section 37 of the Act provides an incentive-based system that enables municipalities to authorize increases in the height and density of development otherwise permitted by a zoning by-law, in return for the provision of facilities, services or matters specified in the by-law. In order to use section 37, a municipality must include, in its official plan, policies that allow for increases in height and density. Municipalities can consider the use of section 37 to achieve affordable housing. Some Ontario municipalities, such as the City of Toronto, use section 37 to achieve affordable housing, while a number of other municipalities have adopted official plan policies to do the same.



The **City of Toronto** has used section 37 of the *Planning Act* to achieve affordable housing. The City's official plan authorizes the use of section 37, subject to certain provisions, including a requirement that the community benefits obtained must bear a reasonable planning relationship to the increase in the height and/or density of a proposed development. Affordable housing is specifically identified in the City's official plan as a potential community benefit that may be achieved through section 37, and, subject to other relevant policies, as the first priority community benefit when height and/or density increases are sought in relation to large residential developments.

Over thirty other municipalities have identified affordable housing as an eligible community benefit to be exchanged for increases in building heights and densities in their official plans. Some examples include: East Gwillimbury, Kingston, North Grenville, Ottawa and Peterborough.

2.2.8 Development Permit System (*Planning Act*, s. 70.2 and O. Reg. 608/06)

Ontario municipalities can use the Development Permit System (DPS) within all or parts of a municipality through the adoption of an Official Plan Amendment (OPA) and the passing of a Development Permit (DP) By-law. Together the OPA and DP By-law set out the requirements describing how the DPS will be used in that local municipality.

The DPS is a community-building tool that:

- integrates zoning, site plan and minor variance approvals into one application and approval process
- can help to significantly improve review and approval timelines (45 days for a development permit as compared to 120 days for a rezoning)
- can provide more certainty and cost savings through early community participation, upfront development rules and, once the system is in place, eliminating third party appeals to the Ontario Municipal Board on specific development permit applications that meet the requirements and community vision set out in the official plan and development permit by-law
- provides for a more flexible approval process whereby municipalities can incorporate a specified range of variation for development standards

A development permit bylaw is similar to an enhanced zoning by-law, which municipalities can tailor to meet their specific needs. While it includes the traditional features normally associated with zoning by-laws, such as certainty of use and development standards, municipalities can also include enhanced features as part of its DPS. Enhanced features could include a range of conditions of approval, the ability to identify discretionary uses (uses permitted if certain specified criteria are met), and the ability to incorporate a specified range of variation for development standards (such as density, height, setbacks).



The **Town of Carleton Place** and the **Township of Lake of Bays** have adopted Development Permit By-laws.

Municipalities can implement the flexibility in height or density allowed through the DPS to reflect a higher intensity of development which may be permitted if the specified conditions required for increased height / density are achieved. Ontario Regulation 608/06 outlines certain requirements relating to the use of conditions, including that the condition must be clear, precise and quantifiable, and must be reasonable for and related to the appropriate use of the land.

Conditions for increased height or density may include requirements for the provision of community services, facilities or matters specified in the local Development Permit By-law, so long as the proportional relationship between the permitted density or height and the quantity or monetary value of the community benefit that must be provided is identified upfront in the Development Permit By-law.

2.2.9 Land Division – Subdivision (*Planning Act*, s. 51)



The *Planning Act* requires municipalities to have regard to provincial interests – including the provision of affordable housing – when making decisions related to the division of land, through a plan of subdivision.

Municipal review and approval powers for land division provide opportunities to assess the applications in relation to the identified range of housing needs in a community and

to determine how the proposed development should contribute to this range, including affordable housing forms.

More compact subdivisions with higher densities and/or smaller minimum lot sizes can provide opportunities for more affordable housing forms (e.g., rows, semis, multi-unit housing) and can help lower the cost of housing. Higher densities can also mean that land and infrastructure costs can be spread over a larger number of units, resulting in reduced per-unit costs.

Community Design Solutions or CDS are flexible **design, planning and engineering standards** that can reduce the cost of housing, while still ensuring public health and safety. By providing alternatives to current standards used for the design and construction of communities, such as smaller setbacks, narrower lots, reduced road allowances and requirements for on-street parking, CDS can help reduce the overall cost of development. CDS can also help reduce construction and maintenance costs for the municipality by reducing the infrastructure and land area required for a dwelling unit.

The Cornell development in the **Town of Markham** provides an example of the use of CDS.

2.2.10 Reduction in Parkland Dedication or Cash-in-Lieu (*Planning Act*, s. 42 and 51.1)

Municipalities may require the conveyance of land (up to five percent) or cash-in-lieu for park purposes as a condition of development or redevelopment, and as a condition of approval of a land division (through plan of subdivision or an application for consent to sever).

Municipalities can tailor their parkland dedication and cash-in-lieu requirements to facilitate the development of affordable housing. For example, municipalities may provide for a reduction or exemption in the parkland (or cash-in-lieu) requirements in specific geographic areas (e.g., downtown areas or transit nodes) and can use this authority to help reduce the cost of affordable housing development.

To help promote affordable housing development, the [City of Orillia](#) exempts non-profit affordable housing development or redevelopment from parkland dedication requirements.

2.2.11 Reduction or Exemption from Parking Requirements (*Planning Act*, s. 40)

The cost of providing parking, particularly in areas of higher land costs and/or where underground parking is needed, can add significantly to development costs. Reduced parking requirements help lower construction costs and the cost of housing.

Municipalities can reduce capital and maintenance costs for itself and developers, while facilitating pedestrian-friendly and transit-supportive areas, through agreements that reduce requirements or exempt owners or occupants of a building from providing and maintaining parking facilities, particularly where public transit is available. This helps to facilitate pedestrian-friendly and transit-supportive areas.

The **City of Mississauga** has reduced the parking requirements for many assisted rental housing developments.

Source: www.actprogram.com
and www.cmhc-schl.gc.ca

2.2.12 Waiving or Reduction of Application Fees (*Planning Act*, s. 69)

Municipalities may reduce or waive planning application processing fees where they are satisfied that it would be unreasonable to require payment in accordance with the established tariff of fees. A reduction or waiver of the fees for applications required for an affordable housing development would help to reduce costs associated with the development.

2.3 DEVELOPMENT CHARGES ACT, 1997

Municipalities can impose development charges in order to pay for increased capital costs required because of increased needs for services arising from new development. A development charge by-law can:

- apply to the entire municipality or only part of it
- phase in development charges to stimulate development
- exempt or reduce development charges for types of development specified in the by-law

In order to impose development charges, municipalities must have passed a development charge by-law.

The **Cities of Toronto** and **Ottawa**, and the **Region of York**, have adopted by-laws that provide exemptions from development charges based on specific criteria.

The **Town of Bracebridge** Development Charges By-law 2009-063 permits requests for a deferral of payment of the applicable development charges for affordable housing developments until such time as developments are completed.



East Yorker Condominium, Toronto

The East Yorker, a planned 12 storey condominium in east Toronto with 105 suites, will help facilitate the entry of low and moderate income first time buyers into the residential market. The project developer, Neighborhood Concepts Non-profit Corporation, an affiliate of Options for Homes, is partnering with Home Ownership Alternatives to provide start-up capital and administer the funding and benefits secured by purchasers' second mortgages (provided as down payment assistance). To facilitate the project, the City of Toronto is providing grants to offset City planning fees and development charges.

<http://optionsforhomesww.ca/aboutus.html>

2.4 PROPERTY TAX RATE REDUCTION (*Municipal Act 2001, s. 308; City of Toronto Act 2006, s. 275; ss. 4 and 10 of O.Reg. 282/98 under the Assessment Act; and other sources*)

Municipalities levy tax rates on classes of real property. Generally, the multi-residential class includes rental apartment properties with seven or more units, and the residential class includes condos and single residential dwellings. The municipal tax rate for the multi-residential class is often higher than the rate for the residential class.

In conjunction with their local policies on affordable housing and incentives for it, municipalities may wish to consider their options to reduce the property tax rate on multi-residential properties to near or equal the tax rate for the residential property class.

These options may include:

- reducing the tax ratio on the existing class of multi-residential properties and thereby providing a tax rate for that class closer to the rate for the residential property class
- establishing a “new multi-residential property class”, and thereby setting the tax ratio and the tax rate for the new class to at or near (i.e. 1.0 to 1.1 times) the rate for the residential class.

In connection with the above, in most cases:

- the “new multi-residential property class” would consist of multi-residential properties with seven or more self-contained units that are newly built or converted from a non-residential use, and
- once land is in the new class, it would stay classified that way for 35 years

Municipalities may consider establishing a “new multi-residential property class” as an option of particular interest. Using it would likely have minimal impact on existing ratepayers.

Many municipalities have established new multi-residential tax classes with lower municipal tax rates on new multi-residential buildings, including:

- City of Toronto
- City of Ottawa
- City of Kingston
- City of Guelph
- City of Hamilton
- City of Orillia
- City of Greater Sudbury
- City of Timmins
- Town of Parry Sound
- Region of Waterloo

For More Information:

Ministry of Municipal Affairs and Housing
ontario.ca/mah

Provincial Planning Policy Branch

Municipal Finance Policy Branch

777 Bay Street
Toronto, Ontario M5G 2E5

ServiceOntario

For current consolidated law, access E-Laws
ontario.ca/e-laws

Municipal Services Offices:

Central (Toronto)

(416) 585-6226 or 1-800-668-0230

West (London)

(519) 873-4020 or 1-800-265-4736

East (Kingston)

(613) 545-2100 or 1-800-267-9438

Northeast (Sudbury)

(705) 564-0120 or 1-800-461-1193

Northwest (Thunder Bay)

(807) 475-1651 or 1-800-465-5027



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