CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OFJUNE 22, 2021

Item 15, Report No. 29, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on June 22, 2021.

15. AFFORDABLE HOUSING STRATEGY - WORK PROGRAM UPDATE

The Committee of the Whole recommends:

1) **That the recommendation contained in the report of the Deputy City Manager, Planning and Growth Management dated June 1, 2021, be approved; and**

2) **That the presentation by the Manager of Special Projects, Planning and Growth Management, be received.**

Recommendation

1. THAT this report be received for information.

Committee of the Whole (1) Report

DATE: Tuesday, June 1, 2021 **WARD(S):** ALL

TITLE: AFFORDABLE HOUSING STRATEGY – WORK PROGRAM UPDATE

FROM:
Haiqing Xu, Deputy City Manager, Planning and Growth Management

ACTION: FOR INFORMATION

Purpose
To provide an update respecting the delivery of the City's Affordable Housing Strategy including an overview of the phased work program and key deliverables.

Report Highlights
- The City is developing an Implementation Strategy for Affordable Housing. The Strategy will include who would manage/be responsible for the implementation of affordable units, the process required to achieve implementation, required resources and monitoring tools to measure success
- Each phase of the work program described in this report will form an integral part of the City's Affordable Housing Strategy
- An Affordable Housing Strategy provides an opportunity to understand the current state of housing in the City, and to strive for innovative solutions through the consideration of a variety of planning policy and financial tools, partnerships, collaboration and advocacy opportunities, strategies, and initiatives
- The City of Vaughan is actively reviewing options to address housing affordability; part of this work program includes evaluating the potential City-building benefits of Inclusionary Zoning ('IZ')
- York Region as the upper tier municipality is the designated Service Manager (York Housing Inc.) and is responsible for the funding, planning, delivery and administering of government assisted housing programs and services

Recommendation
1. THAT this report be received for information.

Background

This report provides an update respecting the City of Vaughan's Affordable Housing Strategy work program. This report will outline a phased work program including critical deliverables at each phase. The Canada Mortgage and Housing Corporation ('CMHC') defines the housing market as a continuum or system where housing supply responds to a range of housing needs. Due to demographic, social, economic, and geographic factors which impact housing need and demand, the private housing market does not always meet the full range of housing need in a community. This is particularly true for individuals and families with low incomes or for persons with unique housing and support service needs.

People can move back and forth through different phases of home affordability within their lifetime. For example, a senior homeowner may choose to sell their home and move to the private rental market. There may also be households who were in subsidized rental housing who are able to move to affordable ownership. As such, it is important for each community to have an adequate supply of housing options within the housing system. As well, it is important that an implementation strategy recognize this, while ensuring units remaining affordable over time and tenure.

This work program provides an opportunity to understand the current state of housing in the City, and to look for innovative solutions through the consideration of a variety of planning policy and financial tools, partnerships, collaboration and advocacy opportunities, strategies, and initiatives. The Affordable Housing Strategy will include all lands within the City of Vaughan, with a focus on the Urban Area, where the majority of growth is planned.

Who Does What? There are many stakeholders involved in providing affordable housing and related support services

All levels of government and non-profit organizations and cooperatives, the private sector and individuals play an essential role in the delivery of housing to address local housing challenges. The Federal Government, through the CMHC, provides mortgage insurance to homeowners and funds and implements various housing programs, including programs to support and deliver Canada's National Housing Strategy.

The Provincial Government has legislated responsibility for housing and offers both legislative tools and financial support. The Provincial Government is responsible for land use planning legislation and associated strategies and plans that provide direction on growth management and the development of complete communities to provide a range and mix of housing options. The Provincial Government also provides a framework for housing and homelessness services in Ontario, through the *Housing Services Act*. In some cases, funding support from the Provincial Government is provided to Service Managers to manage local housing needs.

The Planning Act (Section 2) identifies the adequate provision of a full range of housing, including affordable housing, as a provincial interest

The *Planning Act* (the 'Act') also directs that municipal Official Plans contain policies and measures to ensure the adequate provision of affordable housing. The Provincial planning policy framework establishes the importance of providing a full range of housing and identifies affordable housing as a matter of Provincial interest. The PPS directs that planning authorities shall provide an appropriate range of housing types and affordability to meet projected requirements of current and future residents. Many of the key changes introduced in the updated PPS 2020 fall under the auspices of the government's broader "More Homes, More Choice: Ontario's Housing Supply Action Plan", the Province's overarching framework for a series of legislative and policy changes aimed at promoting affordable housing and increased housing supply.

The PPS 2020 also clarified the requirement for planning authorities to provide an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by (1.4.3): (a) establishing and implementing minimum affordable housing targets which align with applicable housing and homelessness plans; and (b) permitting and facilitating all housing options required to meet the social, health, economic and wellbeing requirements and needs arising from demographic changes and employment opportunities and all types of residential intensification, including additional residential units.

The PPS 2020 added a new definition for "Housing Options," clarifying the range of housing forms and tenures to be accounted for: A range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi-residential buildings and uses such as, but not limited to life lease housing, co-ownership housing, co-operative housing, community land trusts, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

The private sector which is comprised of landowners, developers, builders, investors, and landlords respond to market demands and deliver ownership and for-profit rental housing. Individuals may purchase investment properties that provide rental accommodation at market rates. Some homeowners create additional residential units within their homes or on their property which can be a source of affordable rental housing. Non-Profit Organizations and Cooperatives provide subsidized housing as well as emergency shelters and transition housing. It often supports social justice causes and may target particular groups such as seniors or those with physical or developmental challenges.

The City of Vaughan Official Plan recognizes that housing is fundamental to the social, economic, and physical well-being of the city's residents, and promotes a land use pattern that supports a full range and mix of housing options across the city. The identification of an urban structure and the establishment of a growth framework in the Official Plan identifies areas in the city where growth is expected. These areas identified as the most appropriate locations for intensification will support the provision of a wider range of housing options in addition to jobs and more mobility choices. The on-going Official Plan Review ('OPR') will update a policy framework that considers number of elements, including strategies, financial incentives, and tools such as an inclusionary zoning by-law program. It is expected that the Implementation Strategy work, described in this report will inform the OPR review process.

Previous Reports/Authority

No previous reports associated with this report.

Analysis and Options

A multi-phased work program is recommended to create, monitor, and update the City's affordable housing strategy:

Phase I – Affordable Housing Implementation Strategy (Q2 2021 to Q1 2022):
The Implementation Strategy should include who would manage/be responsible for the implementation of affordable units, the process required to achieve implementation, the required resources and monitoring tools to measure success.

In addition, a best practice scan of the following will further inform the strategy:

- Financial Tools – e.g. property tax reductions, waiving or reduction of application fees
- Cost analysis of incentives
- Affordability in perpetuity and range of affordability periods (agreements)
- Licensing/Registration, Monitoring/Tracking

Phase I will include substantial consultation with potential partners, York Housing Inc, Non-for-profits capable of entering into an agreement with the City respecting the administration of affordable housing units. The first phase will culminate in the approval of an implementation strategy which will form a major component of the broader Affordable Housing Strategy.

Phase II – Housing Assessment Report (Q1-Q4 2022)

On April 11, 2018, Ontario Regulation 232/18 was enacted under the *Planning Act* to enable municipalities to implement inclusionary zoning

The City of Vaughan is actively developing strategies to address housing affordability. Part of this work program includes evaluating the potential City-building benefits of Inclusionary Zoning ("IZ"). As part of this review, the Provincial Regulations require that municipalities evaluate the potential impacts of an IZ policy on development viability.

Most of the policy experience with IZ has been in the United States. In most jurisdictions where IZ has been successfully implemented, the central principal is that development density is traded to offset the costs of delivering affordable housing. As such, the use of this tool would generally be more appropriate within areas planned for broader intensification. Whereas the Province was initially allowing municipalities to identify areas to which IZ would apply, changes from the *More Homes More, Choice Act* have restricted IZ to two types of areas: areas subject to a Development Permit System (DPS) and Major Transit Station Areas (MTSAs), which will be established through the City's Official Plan Review process. Aspects of this phase are anticipated to be completed in close coordination with the City's Official Plan Review ('OPR').

O. Reg. 232/18 requires that prior to adopting inclusionary zoning polices, municipalities develop an assessment report that will be considered as part of the development of official plan policies. The assessment report must include analysis of housing need and demand, current average market prices and rents, and potential impacts on the housing market and on the financial viability of development. The minimum requirements of the assessment report are outlined by the *Planning Act* and must be undertaken, and peer reviewed by a third-party consultant.

The City's draft Assessment Report will be prepared in two main components:

1. Housing Need and Demand Analysis
2. Financial Impact Analysis

O. Reg 232/18 further outlines that Official Plan policies include an approach for how proceeds from the sale of an affordable unit will be determined. The provincial regulation permits municipalities to receive up to 50% of the net proceeds of that sale. Where affordable ownership units will be provided, it is proposed that the units would be conveyed to a non-profit housing provider who would assume responsibility for administration and ensuring the ongoing affordability of the units. As part of this process, the City may enter into an agreement with the non-profit housing provider to ensure that any proceeds from the sale of the units be reinvested in other affordable housing projects. Phase I intends to delve further into these details and provide a comprehensive implementation strategy for future Council endorsement, which positions the City to effectively administer affordable housing units, as they are secured through the development approval process.

The findings from the comprehensive analysis undertaken will be used to inform the development of an inclusionary zoning policy framework. Of note however, the analysis

described above should consider post-COVID housing data as this data is still emerging.

This report will continue to be supplemented throughout the policy development process. In particular, the City will continue to monitor the impacts of COVID to the housing market and will include any relevant impacts in the final version of this report that will be used to inform the recommended final Inclusionary Zoning policies.

Phase III – Inclusionary Zoning Impact Analysis (Q3 2022)

The third phase of the broader work program will analyze the financial impacts of a range of inclusionary zoning requirements on the housing market
A final Assessment Report will be considered by Council following public and stakeholder consultations. This analysis will consider existing development charge and parkland acquisition policies in place today and any adjustment to soft costs which might occur through the potential implementation of a CBC by-law.

This phase will provide a quantitative and fiscal analysis supporting the feasibility and potential limits of IZ and provide at minimum:

- The percentage of affordable housing required, including different requirements for condominium ownership and purpose-built rental projects
- Where IZ would apply and the minimum size of development projects that IZ could be applied to
- How long the units must remain affordable for
- As part of consultations on inclusionary zoning, we will seek feedback on a proposed new definition for “affordable” specific to the diverse needs of the City of Vaughan.

While available data on the impact of inclusionary zoning varies by jurisdiction, inclusionary zoning is generally understood to have created at least 100,000 affordable rental units, and nearly 50,000 affordable ownership units across the United States, including over $1.7 billion in cash-in-lieu payments for affordable housing over the past 20+ years. Policy approaches vary across different jurisdictions. Affordability periods generally range from 30-99 years, with about a quarter of jurisdictions securing affordability in perpetuity. Geographic coverage of the policy ranges from the entire municipal boundary to only applying in specific zones. However, it should be noted that for large cities such as New York and San Francisco, the policy applies only to specific areas of the city. The IZ Impact analysis will provide a quantitative analysis further informing policy recommendations and the review of the City’s Official Plan policies.

Phase IV – Vaughan Affordable Housing Strategy & Policy Updates (Q4 2022 to Q2 2023)

The final Affordable Housing Strategy will provide an holistic overview of the tools, policies, and resources available to position the development of complete communities. The key outcomes of the City's Affordable Housing Strategy will include:

- Understanding the key players and their respective roles in housing
- A detailed Implementation Plan respecting the administration of affordable units
- Assess opportunities for partnerships to deliver affordable housing opportunities
- A set of housing objectives
- Establishing where the City wants to focus or prioritize efforts (i.e. MTSA's) to address housing issues in the City
- Understanding the current state of housing in Vaughan and identifying current and future housing needs
- Action-oriented housing objectives and an associated toolbox of best practices in housing, focusing on innovative practices and new, pioneering ideas
- The establishment of minimum targets for affordable, assisted and or special needs housing within mid-rise and tall buildings
- Understanding all tools available to support the delivery of affordable housing;
- Establish minimum targets for two and three bedroom units for development applications, including minimum targets for three or more bedroom units to promote complete communities
- Examination of potential strategies including but not limited to Seniors Housing and Long-Term Care Facilities
- A series of recommendations on policy directions, programs, initiatives, partnerships, advocacy opportunities, tools, and strategies to achieve the housing objectives

Phase V – Monitoring (2023-2024)

Based on the outcome and recommendations of each earlier phase, Vaughan Council may be subject to additional reporting requirements

The *Planning Act* requires that the underlying assessment work be reviewed and updated every five years to be reflective of changing market drivers and policy evolution. A detailed report respecting the monitoring of the affordable housing strategy will be brought forward as part of the work program.

If a council of a municipality passes an IZ By-law, the council shall ensure that a report is prepared and made publicly available at least every two years. The council shall ensure that each report describes the status of the affordable housing units required in the by-law, including the following information for each year that is the subject of the report:

- The number of affordable housing units
- The types of affordable housing units
- The location of the affordable housing units
- The range of household incomes for which the affordable housing units were provided
- The number of affordable housing units that were converted to units at market value
- The proceeds that were received by the municipality from the sale of affordable housing units

All monitoring considerations will be developed as part of the Affordable Housing Strategy. Staff will develop a comprehensive Engagement Plan and coordinate, prepare for, facilitate, and present at public and stakeholder meetings and consultation events with supporting presentations. The basis of the final engagement plan will be based on the following guiding principles:

- Provide relevant information about the project, decision-making process, and how the public can provide input and feedback;
- Work with consultants (as required) to provide a coordinated approach to engagement, communication, and evaluation of the Affordable Housing Strategy.
- Provide multiple channels for people to provide meaningful input virtually at appropriate decision points;
- Create an ongoing record of what is said during engagement opportunities and make it available to the public throughout the process, so they can track the progress of the project, including reports back to the community that highlight how feedback was or was not incorporated into the final recommendations to Council;
- Gather meaningful input from members of the community whose voices are historically underrepresented in conversations about city issues;
- Establish a project page on Vaughan.ca as the main online platform for up-to-date information about the project and upcoming engagement opportunities;
- Use clear, plain language in the delivery of the Engagement Plan to inform the public about what can and cannot be influenced throughout the Housing Strategy work program.

The More Homes More, Choice Act provides municipalities with the authority to charge for community benefits with respect to land to be developed or redeveloped

Community Benefits Charges (CBCs) are intended to fund municipal infrastructure for community services, such as land for parks, affordable housing, and childcare facilities, that are needed to support new residents and businesses associated with new development. The CBC is meant to complement development charges and parkland dedication requirements. The new regulation pertaining to the community benefits authority under the *Planning Act* was passed on September 18, 2020 and municipalities are required to pass a CBC By-law by September 18, 2022. As part of this strategy, the

City will examine opportunities for using some revenue from the CBC to fund some of the potential incentives to support affordable housing.

A key update to the Growth Plan 2020 was the new Schedule 3, establishing population forecasts to the 2051 planning horizon. The intermediate years (e.g. 2031, 2041) that were included in the prior Schedule 3 are deleted. York Region will have to allocate its population to the lower-tier municipalities. The Affordable Housing Strategy will benefit from the implementation of the 2051 planning horizon through Municipal Comprehensive Review and OPR processes.

Financial Impact

It is expected that external consultant resources will be required to assist the City with various phases of delivering the Affordable Housing Strategy work program. Consulting fees will be funded through the approved Growth Management Strategy capital budget.

Broader Regional Impacts/Considerations

The Region of York as the upper tier municipality is the designated Service Manager (Housing York Inc.) and is responsible for the funding, planning, delivery and administering of government assisted housing programs and services. On February 25, 2021 York Regional Council adopted the following motion:

1. That in order to support the acceleration of Affordable Housing in York Region, York Regional Council asks all lower tier municipalities to pass a resolution in support, in principle, of the provision by each municipality either directly or through partnership, of 2 acres of land over the next 5 years for Housing York Inc. or a not-for profit or for profit site dedicated to support affordable housing as deemed appropriate by the municipality, and provide a decision to York Region by May 30, 2021.

The City of Vaughan will consult with Housing York Inc. throughout the development of an Affordable Housing Strategy, seeking opportunities for partnership, including the analysis of opportunities respecting land supply, while identifying clearly defined roles between the Region and the City of Vaughan in the implementation of the Strategy.

Conclusion

The principal objective of this work program is to develop an innovative Affordable Housing Strategy for the City of Vaughan in manageable phases which sets out policies, tools, and actions to address housing needs now and in the future. The Strategy will focus on the development of local solutions to housing issues in the City of Vaughan. The Strategy will provide an opportunity to look for creative and innovative solutions to address local housing issues through the consideration of a variety of planning policy and financial tools, partnership, collaboration and advocacy

opportunities, strategies, and initiatives. The first phase encompasses the delivery of an Implementation Strategy.

For more information, please contact: Brandon Correia, Manager of Special Projects, Planning and Growth Management Portfolio, ext. 8227

Attachments

NA

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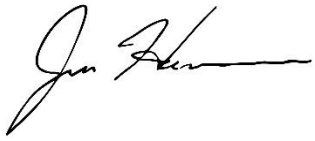
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