

REPORT TO COUNTY COUNCIL

Bill 134, Affordable Homes and Good Jobs Act, 2023

To: Warden and Members of County Council

From: Director of Human Services

RECOMMENDATIONS

1. That County Council receive Report HS 2023-20, entitled “Bill 134, Affordable Homes and Good Jobs Act, 2023” as information;
2. And further, that Report HS 2023-20 be circulated to Area Municipalities for information purposes.

REPORT HIGHLIGHTS

- On September 28, 2023, the Minister of Municipal Affairs and Housing (MMAH) introduced Bill 134, *The Affordable Homes and Good Jobs Act, 2023*, which proposes to amend the definition of “affordable” housing originally proposed (but not yet proclaimed) through Bill 23, *The More Homes Built Faster Act, 2022*, for the purposes of municipal development charge exemptions under the *Development Charges Act, 1997*.
- The proposed new definition of ‘affordable’ is more consistent with the County’s current definition of such housing and represents an improvement over what was originally proposed through Bill 23.
- Since 2009, affordable housing units, as defined by the County’s Municipal Housing Facilities By-law, have been exempt from County development charges, subject to an appropriate agreement. A similar exemption was also included in Area Municipal Development Charge (DC) By-laws.
- Overall, Bill 134 proposes no additional significant changes to the existing DC exemption that is already provided for affordable housing throughout the County.

IMPLEMENTATION POINTS

The recommendations contained in this report will have no immediate impacts with respect to implementation. Staff will continue to monitor the progression of Bill 134 and if implemented, will determine any required changes or updates to various County policies and processes. Staff will also continue to work with Area Municipalities to coordinate approaches to assist with the creation of affordable housing.

Financial Impact

Development charges are used, to the extent permitted under the *Development Charges Act*, 1997, to fund a portion of the cost of growth-related capital works as set out in each year's capital budget. Any exemptions provided through relevant legislation, impacts a municipality's ability to fund growth-related infrastructure.

While this is the case, the County and Area Municipalities have been providing development charge exemptions for affordable housing back to 2009. In this respect, as the proposed new definition of affordable housing will generally be consistent with the County's existing approach, minimal financial impacts are expected beyond what is already anticipated.

Communications

Staff have had initial conversations with County staff, and it is recommended that a copy of this report be circulated to the Area Municipalities for further information.

2023-2026 STRATEGIC PLAN

Oxford County Council approved the [2023-2026 Strategic Plan](#) on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council's vision of "Working together for a healthy, vibrant, and sustainable future." These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
Goal 1.1 – 100% Housed		

See: [Oxford County 2023-2026 Strategic Plan](#)

DISCUSSION

Background

On November 28, 2022, pursuant to Bill 23 – *More Homes Faster Act, 2022*, the *Development Charges Act, 1997*, was amended to define affordable housing as units where rent is no greater than 80% of the average market rent, or affordable ownership units where the purchase price is no greater than 80% of the average purchase price, as defined by the Ministry. The purpose of this amendment was to exempt such units from municipal development-related charges (including community benefits charges, parkland dedication requirements and development charges), subject to an agreement to ensure such units remain affordable for a minimum of 25 years. In response to Bill 23, the County provided comments requesting that the definition of affordable for the purpose of DC exemptions, be linked to income thresholds to ensure low to moderate income individuals continue to benefit, in accordance with the County’s current approach. In addition, further details were requested with respect to the proposed parkland dedication exemption, which is currently not exercised by Oxford’s Area Municipalities. While the noted exemption for affordable housing was enacted through Bill 23, it has not yet been proclaimed.

Subsequently, on September 28, 2023, the Minister of Municipal Affairs and Housing (MMAH) introduced Bill 134, *The Affordable Homes and Good Jobs Act, 2023*, which proposes another new definition of “affordable” housing for the purpose of exempting such units from municipal development-related charges. This definition is proposed to replace the former affordable housing definition that was enacted through Bill 23.

The definition proposed under Bill 134, if implemented, takes an alternate approach to defining affordability more in line with the current Provincial Policy Statement (PPS), as well as the County’s definition of affordable housing under the Municipal Housing Facilities By-law. The proposed definition is intended to focus on the ability of households to pay, as opposed to only what the market is dictating in terms of rental and purchase prices. While this approach is more appropriate to ensure the thresholds for affordable residential units better reflect households’ ability to carry the costs of housing, further details are still necessary to fully understand implications going forward, as discussed later in this report, and submitted to Ontario’s Regulatory Registry on October 26, 2023.

Overall, the proposed definitions under Bill 134, would be based on determinations of average market rents and purchase prices, as well as incomes, that the Minister would prescribe in the “Affordable Residential Units Bulletin”, which has not yet been released. Based on those parameters, ‘affordable housing’ is proposed to be defined as follows:

Affordable Rental Unit	Affordable Ownership Unit
<p>Lesser of:</p> <ul style="list-style-type: none"> ○ 30% of the 60th percentile of income for rental households in the County, or ○ The average market rent set out in the ‘Affordable Residential Units bulletin’. 	<p>Lesser of:</p> <ul style="list-style-type: none"> ○ A price for which the cost of accommodation is less than 30% of the 60th percentile of income for households in the County, or ○ 90% of the average purchase price identified in the ‘Affordable Residential Units bulletin’.

For Councils’ information, the County and Area Municipalities currently have a process in place for exempting affordable units from development charges, which is more in line with what is proposed through Bill 134.

As the dedication of parkland is an area municipal responsibility, the process for such exemptions will need to be considered by area municipal staff. In this regard, County staff continue to work with Area Municipalities to determine if any efficiencies can be determined in this process, similar to what is already being done for permitted development charge exemptions.

Comments

The County and Area Municipal Development Charge By-laws currently include an exemption for affordable housing, as supported by the County’s Municipal Housing Facilities By-law (MHFB). This exemption is facilitated through an appropriate agreement with the County, including a minimum affordability term of 25 years, consistent with that proposed through Bill 23 and subsequent Bill 134.

Overall, Bill 134 proposes to amend the definition of ‘affordable’ that was proposed through Bill 23, to be more in line with the County’s definition of such housing. Further details regarding the current and proposed definitions under each Bill are provided in the table below.

Current and Proposed DC Exemptions under the Development Charges Act

Housing Type	Current Criteria for Exemption (under Bill 23)	Proposed Criteria for Exemption (under Bill 134)	Implications / Comments
Affordable Housing (owned by a for-profit)	<p>Fully exempt from County and Area Municipal DCs (once proclaimed), provided:</p> <p><u>Affordable Rental</u></p> <ul style="list-style-type: none"> - Rent is no greater than 80% of the AMR, as set out in the bulletin under the Development Charges Act, as published by MMAH. <p><u>Affordable Ownership</u></p> <ul style="list-style-type: none"> - Purchase price is no greater than 80% of the average purchase price, as set out in the bulletin under the Development Charges Act, as published by MMAH. 	<p>Fully exempt from County and Area Municipal DCs, provided:</p> <p><u>Affordable Rental (lesser of)</u></p> <ul style="list-style-type: none"> - 30% of the 60th income percentile of renter households (i.e., \$1,612/month – one-bed), OR - The AMR (i.e., \$1,161/month – one-bed), as set out in the Affordable Residential Units bulletin. <p><u>Affordable Ownership (lesser of)</u></p> <ul style="list-style-type: none"> - A purchase price where accommodation is less than 30% of the 60th percentile of income for all households (i.e., \$387,700), OR - 90% of the average purchase price (i.e., \$575,100), as set out in the Affordable Residential Units bulletin. 	<p>Overall, no additional significant DC exemptions are expected as a result of Bill 134.</p> <p><u>Affordable Rental</u></p> <p>In County's context, the affordable rental criteria will continue to be based on the AMR (lesser of), which is consistent with the current definitions under the County's MHFB.</p> <p><u>Affordable Ownership</u></p> <p>In the County's context, the ownership criteria will be based on the affordability 60th percentile, which will marginally reduce the maximum eligible purchase price that is currently defined in the County's MHFB.</p>
Non-Profit Housing (owned by a non-profit)	Exempt from County and Area Municipal DCs.	No changes.	N/A
Market Rental Units (four or more units)	Discounted County and Area Municipal DCs, based on unit sizes (bedrooms).	No changes.	N/A
Attainable Housing	Exempt from County and Area Municipal DC (once defined and proclaimed)	No changes.	To be further defined by regulation at a future date.

While staff are generally supportive of the new definition of ‘affordable’ that is proposed through Bill 134, particularly as it seeks to re-introduce income thresholds and market prices into the determination of such housing, the following items require greater clarification:

- Can lower income thresholds be applied to affordable housing units, depending on local needs (i.e., 30% of the 50th income percentile of renter households), to ensure a greater range of affordability?
- Further clarification is necessary to understand if Federal and Provincial affordable housing funding programs will be revised to reflect the affordability thresholds proposed by Bill 134, including the AMR for affordable rental units, and maximum purchase price for an affordable ownership home.
- Further clarification is necessary to understand how local affordability will be determined. Will the AMR and purchase price continue to be based on data collected from CMHC, and will municipalities continue to have the ability to request amendments to affordability thresholds based on local needs.
- Will the average market rents provided in the proposed “Affordable Residential Units bulletin”, be defined by unit size, or simply the affordability of a renter household in the 60th income percentile, similar to the County’s approach?

Given the short commenting deadline provided by the province, and the relatively supportive changes that are proposed through Bill 134, staff submitted the above comments/questions to the province as part of the consultation process for the new Bill.

CONCLUSIONS

The proposed exemption is expected to continue assisting with lowering the cost of building, purchasing, and renting affordable homes across the province, which is in line with the County’s goal of promoting affordable housing development.

County staff will ensure that County Council is kept apprised of any comments submitted to the province and will continue to monitor the progress of the legislative, policy and other changes being proposed, and advise County Council of any relevant changes and/or opportunities for comment on matters that may be of particular interest or concern to the County or Area Municipalities.

SIGNATURES

Report author:

Original signed by

Rebecca Smith, MPA, MCIP, RPP
Manager of Housing Development

Departmental approval:

Original signed by

Kelly Black
Director of Human Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer