

To: Warden and Members of County Council

From: Chief Administrative Officer

Affordable Housing Update

RECOMMENDATION

1. That County Council receive Report No. CAO 2021-09 entitled “Affordable Housing Update” as information;
2. And further, that Council direct staff to amend the existing home ownership program to ensure greater consistency with the current housing market, as outlined in Report No. CAO 2021-09.

REPORT HIGHLIGHTS

- The purpose of this report is to provide Council with an update regarding the efforts of the County with respect to affordable housing.
- In light of rising rental and housing costs, and the growing waitlist for social housing, affordable housing was identified as a top priority item in the 2022 Budget Survey.
- While the creation of affordable housing is central to the County’s 10-Year Shelter Plan, there is a need to consider a more formal strategy to facilitate additional housing options.

Implementation Points

Staff continue to explore initiatives that will assist to address the current housing crisis. Any future initiatives or proposals will be presented to Council for consideration.







Financial Impact

The details contained in this report will have no impact on the current budget. Any future initiatives or amendments to the County’s existing housing programs will be brought forward to Council for consideration.

Communications

County staff regularly engage with area municipalities, community partners, as well as housing and service providers, in the collective work of addressing housing and homelessness related concerns. In light of this, details regarding this report will be shared with our various housing partners, as well as area municipalities.

Strategic Plan (2020-2022)

| | | | | | |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| WORKS WELL TOGETHER | WELL CONNECTED | SHAPES THE FUTURE | INFORMS & ENGAGES | PERFORMS & DELIVERS | POSITIVE IMPACT |
| 1.i. 1.ii. | | 3.i. 3.iii. | | | |

DISCUSSION

Background

In accordance with the Housing Services Act, 2011, Municipal Service Managers are required to develop a 10-Year Housing and Homelessness Plan to identify objectives and targets related to housing and homelessness, as well as actions proposed to meet those objectives. To ensure targets and objectives are being met, Service Managers are required to complete annual progress reports, as well as a five-year review.

Housing and Homelessness (Shelter) Plans play a critical function in setting out how Service Managers are addressing housing and homelessness locally, including housing affordability, coordination of homelessness and related support services, preventing homelessness and ending chronic homelessness. As such, the Housing and Homelessness (Shelter) Plan is an important tool to support poverty reduction.

On June 10, 2015, County Council approved the 10-Year Shelter Plan presented in [Report No. HS 2015-07](#). In support of this Plan, Council also approved [Report No. HS 2016-01](#), establishing an annual target of 50 new affordable units per year.

As required under the Housing Services Act, 2011, a five year review of the Shelter Plan was also completed in December, 2019. Prior to this review, the County also hosted an information session for senior leaders, planners, builders, employers and surrounding municipalities to learn more about the housing crisis across the Province. In consideration of the information that was received, the five year review highlighted changes in local demographics, needs associated with housing and homelessness, as well as the progress that has been achieved to date. This review also identified a number of projected outcomes and strategies for 2020 to 2024, including the preservation and optimization of the existing housing stock and an increase in the affordable rental housing supply.

In connection with the information that was received through the housing session, on February 12, 2020, Council also passed a resolution committing to the achievement of a “100% Housed” future, through cooperation with Federal, Provincial and Municipal governments, as well as community and industry partners. At that time, Council also considered a draft “100% Housed Plan”, identifying a number of initiatives to support the creation of housing along the continuum, which Council directed staff to circulate to area municipalities for input.

In light of rising rental and housing costs, and the growing waitlist for community housing, affordable housing was further identified as a top priority item in the 2022 Budget Survey. While the creation of affordable housing is central to the County’s 10-Year Shelter Plan, based on current circumstances there is a need to consider a more formal strategy to facilitate additional housing options.

Comments

Residential Housing Prices

As reported by the Woodstock-Ingersoll & District Real Estate Board, and as shown in Figure 1, the average residential house price in the County has been steadily increasing since 2012. More specifically, the average home price has increased from approximately \$450,000 at the beginning of 2020, to approximately \$650,000 in August 2021, representing a 45% increase over 18 months.

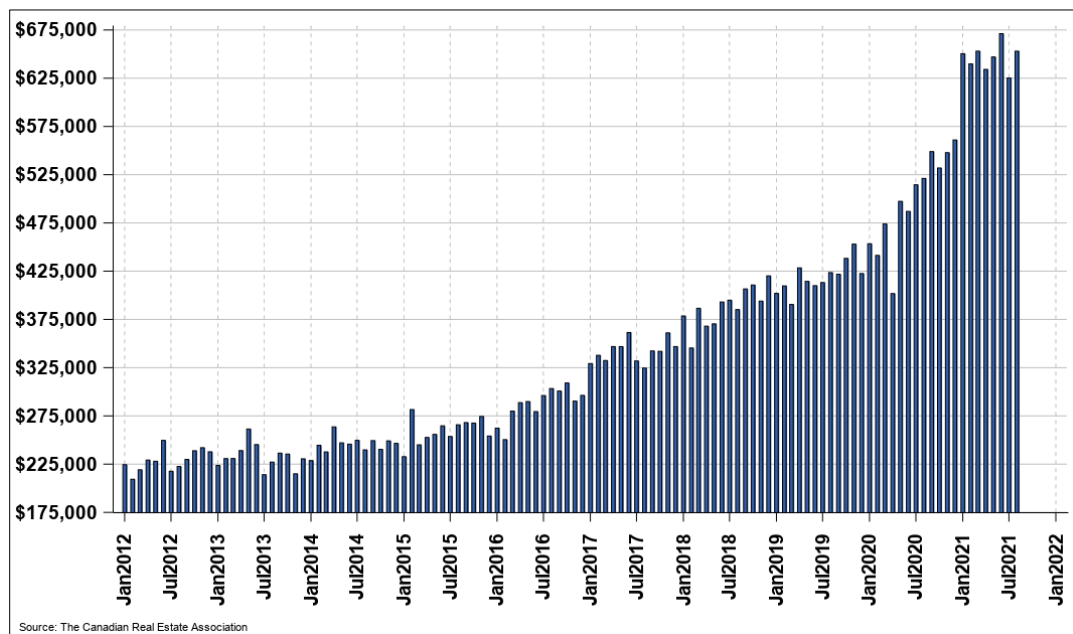


Figure 1: Average Home Prices in the County of Oxford

Taking into account the average home price of \$650,000 (as of August 2021), and assuming a minimum required down payment of \$40,000, a household would generally require a minimum annual gross income of approximately \$160,000 per year to qualify for a standard 25-year mortgage.

Vacancy Rates

Each year, Canada Mortgage Housing Corporation (CMHC) surveys private landlords to determine local vacancy rates. As shown in the following table, the vacancy rates for each of the urban municipalities is below 3%. For Council's information, a balanced rental market typically has a vacancy rate of 3%.

| Area Municipality | 2020 Vacancy Rates |
|-------------------|--------------------|
| Ingersoll | 2.6% |
| Tillsonburg | 2.2% |
| Woodstock | 1% |

At this time, it is difficult to find rental accommodations in all of the urban areas, particularly Woodstock.

Average Market Rent & Household Income Limit

The below table provides the 2021 average market rents for the County, as reported by the Ministry of Municipal Affairs and Housing, and adapted from the Canada Mortgage Housing Corporation (CMHC) Rental Market Report. In order to participate in an affordable housing program, proponents are required to charge no more than 80% of the average market rents (as shown below).

| Unit Type | Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom |
|-----------------------------|----------|-----------|-----------|-----------|
| Average Market Rent (AMR) | \$728 | \$1,062 | \$1,280 | 1,223 |
| Permitted Rent (80% of AMR) | \$582 | \$850 | \$1,024 | \$978 |

To qualify for an affordable rental unit, a tenant must also have a maximum gross annual household income of \$38,178, being 60% of the median household income for the County, according to Statistics Canada. This maximum household income cap ensures that affordable housing tenants are paying no more than 30% of their annual gross income on rent.

Gap in the Housing Continuum

The graphic below shows the continuum of housing options, from emergency shelters to home ownership.



Table 1 provides further details regarding the required household income for each of the housing options on the right side of the continuum. Given the County's median household income of \$63,630, the majority of households in the County are generally only able to afford a home with a purchase price of approximately \$250,000 to \$300,000, including a typical down payment.

Given the percentage of the population with a household income of less than \$63,630, and in light of the current average residential house price in the County, there is a clear disconnect in affordability.

Table 1: Residential Housing Affordability

| | Supportive Housing | Rent-Geared-to-Income | Affordable Rental Housing | Affordable Home Ownership (\$250,000 to \$300,000) | Market Rental \$1,200 to \$1,600 (one-bed) | Market Home Ownership (\$650,000) |
|--|---------------------------|------------------------------|----------------------------------|---|---|--|
| Required Household Income | < \$38,178* | | | < \$63,630** | | > \$160,000 |
| % of Households with Required Household Income*** | 26% | | | 51% | | 6% |

* 60% of the median gross household income according to Statistics Canada 2016

** Median gross household income according to Statistics Canada 2016

*** Based on 2016 Statistics Canada Data

Housing Project Summary

Since approximately 2007, County Council has approved a total of 28 affordable housing projects, for a total of 543 affordable units. Of that total, four projects are in the process of being constructed (totaling 94 units) and one project is awaiting funding from CMHC. In total, \$20,786,166 in Federal/Provincial funding and \$10,734,150 in County funding, has been allocated to the approved projects, in combination with private investments from each proponent.

Further details regarding the projects that are currently in progress (since 2020) are provided in Table 2 below.

Table 2: Affordable Housing Projects in Progress

| Property Location | Construction Status | Proposed Occupancy Date | Total Number of Units | Total Affordable Units | Funding Allocation |
|--|----------------------------|--------------------------------|------------------------------|-------------------------------|--|
| 1231 Nellis Street, Woodstock (Woodstock Non-Profit) | Structural Framing | March 2022 | 98 | 62 | <i>Federal/Provincial - \$1,861,200 County - \$1,363,700</i> |

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|---|---------------------------------------|---------------|------------|------------|--|
| 91 Mill Street East, Plattsville (DKP Realty) | Structural Framing | March 2022 | 30 | 22 | <i>Provincial - \$608,900 County - \$1,500,000 Township – Value of Land</i> |
| 738 Parkinson Road (County) | Site Plan Approval & Final Design | March 2022 | 8 | 8 | <i>Provincial - \$1,486,986 County - \$37,199</i> |
| Habitat for Humanity | Final Design | March 2022 | 2 | 2 | <i>County - \$140,000 Township – Reduced Land Value</i> |
| Parcel B, Woodingford Lodge (County) | Awaiting Funding from CMHC | December 2022 | 48 | 48 | <i>CMHC – Requested County - \$1,384,096 & Value of Land</i> |
| Non-Profit Housing Project (to be determined) | Awaiting Approval from County Council | March 2023 | 18 | 18 | <i>Federal/Provincial - \$1,764,700</i> |
| Total Since 2020 | | | 204 | 160 | Federal/Provincial = \$5,721,786 County = \$4,424,995 (Note: Capital funding only) |

Current Initiatives

While this is not an exhaustive list, Staff continue to pursue the following initiatives in an effort to provide more affordable housing opportunities throughout the County:

- Property Acquisition - Property acquisition and land banking opportunities to support future housing projects.
- Partnerships - Partnerships with both private and non-profit housing providers, as well as local municipalities.
- Alternative Construction Methods - Encourage the use of alternative construction methods, such as modular and pre-fab methods, as well as micro-units, to expedite the construction process.
- Redevelopment – Redevelop and intensify existing County and non-profit owned social housing properties in an effort to provide addition housing units.
- Funding - Apply for alternative funding opportunities, such as the CMHC Rapid Housing initiative, and advocate for alternative funding opportunities.
- Consultation - Consult with local municipal staff to identify available surplus land in support of future housing projects, and encourage, local developers to provide affordable housing units within development projects.
- Under-utilized Sites - Promote the conversion of existing under-utilized sites and/or conversion of existing buildings (i.e. places of worship).

- Tax Rate Reduction – Existing property tax reduction for multi-residential affordable housing conversions.
- Shovel Ready Land - Pre-zone and Pre-designate surplus lands, as well as initiate the site plan process, to ensure lands are ready for the type of development that is envisioned by the County and/or local municipality.
- Planning Process – Continue to promote a streamlined planning process, putting relevant applications in priority.
- Advocate – Consult and advocate with Federal/Provincial governments to ensure funding is allocated to suitable projects.

Current Challenges

While the County has been successful in increasing the size of the affordable housing portfolio, there are a number of challenges that impact the creation of new units, as summarized below.

| Current Housing Challenges | Details | Considerations | Stakeholders |
|----------------------------|--|--|--|
| Federal/Provincial Funding | <u>Timelines</u> <ul style="list-style-type: none"> • Strict construction timelines put undue pressure on builders. • Strict timelines with respect to funding allocations is an issue if shovel-ready land is not available. <u>Private Developers</u> <ul style="list-style-type: none"> • Funding is currently only available to municipalities and non-profits, both of which do not have housing development expertise. It is crucial that funding be made available for private proponents. <u>Attainable Housing</u> <ul style="list-style-type: none"> • Funding is currently only available for affordable housing. There is a gap in the housing continuum that includes those households who cannot afford to purchase a home. <u>Financing</u> <ul style="list-style-type: none"> • Current financing mechanisms (specifically CHMC) are cumbersome and deter developers. | <ul style="list-style-type: none"> • Continue advocating to Federal and Provincial Governments. • Complete a Housing Strategy to identify suitable development land and a list of priority projects. | <ul style="list-style-type: none"> • Federal & Provincial Governments • CMHC • Private Developers |
| Increased Cost | <ul style="list-style-type: none"> • As a result of Covid, construction costs have increased significantly. | <ul style="list-style-type: none"> • Continue advocating to Federal and Provincial Governments for increased funding opportunities. | <ul style="list-style-type: none"> • Federal & Provincial Governments |

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|----------------------|--|--|--|
| Land Availability | <ul style="list-style-type: none"> An inflated housing market has resulted in less land availability, making it difficult to plan projects into the future. | <ul style="list-style-type: none"> Continue to consider land banking opportunities. Local municipalities may consider a Housing First Policy and/or an evaluation of existing surplus land. Encourage developers to provide more housing options. Complete a Housing Strategy to identify suitable development land and a list of priority projects. | <ul style="list-style-type: none"> All municipalities Private Developers |
| Overall Support | <ul style="list-style-type: none"> Housing is a competing priority for some local municipalities. General support from all stakeholders is crucial. Particularly with respect to planning applications. | <ul style="list-style-type: none"> Local municipalities may consider a Housing First Policy, or consider surplus lands for housing purposes prior to other uses. Staff will continue to share insight and foster relationships with all stakeholders. | <ul style="list-style-type: none"> All stakeholders |
| Financial Incentives | <ul style="list-style-type: none"> Affordable units are currently exempt from Development Charges, and often planning application fees. Without substantial financial contributions, the creation of new affordable units is not feasible. | <ul style="list-style-type: none"> Amend existing Community Improvement Plans (CIPs) and/or implement a settlement wide CIP to exempt affordable housing units from building permit fees and all planning fees (note: County planning fees are currently waived). Provide additional financial contributions in support of new affordable units. | <ul style="list-style-type: none"> Federal & Provincial Governments All municipalities |
| Purchasing Policy | <ul style="list-style-type: none"> All projects exceeding \$100,000 are required to follow the | <ul style="list-style-type: none"> Council may seek to consider a | <ul style="list-style-type: none"> County |

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| | electronic bidding process (unless authorized otherwise by Council). <ul style="list-style-type: none"> Eligible bidders are required to be registered with Bid and Tenders (many of our developers, and non-profit housing providers do not use this system). | resolution to exempt specific affordable housing projects from the purchasing by-law. | |
| Nimbyism | <ul style="list-style-type: none"> There is a negative stigma associated with affordable rental housing units and the perceived behaviors of the tenants. | <ul style="list-style-type: none"> Continued political support for such developments. Continue to pre-zone and pre-designate land. | <ul style="list-style-type: none"> All municipalities The community |
| Development Approvals/Standards | <ul style="list-style-type: none"> Alternative development standards would assist in making affordable housing builds more economical and achievable, including: <ul style="list-style-type: none"> Reduced parking requirements Reduced unit sizes Increased density Alternative servicing options Additional residential units | <ul style="list-style-type: none"> Continue to encourage support from all municipalities, including amendments to current policies and/or by-laws. Continue to pre-zone and pre-designate land. Advocate for inclusionary zoning to higher levels of governments. Continue to promote a streamlined approval process. | <ul style="list-style-type: none"> All municipalities |

Proposed Initiatives

Staff will continue consulting with area municipalities, and local developers, to address the current affordable housing crisis. In addition, over the next few months, staff will continue to undertake the following housing initiatives.

Affordable Home Ownership

The County Home Ownership Program currently provides eligible low to moderate-income households with a forgivable down payment assistance loan to assist with the purchase of a home. This program was last updated in March, 2019, and includes the following eligibility criteria:

- Maximum home purchase price: 10% below the average home price for the County (the most recent update includes a price of \$264,619, which is no longer feasible)
- Maximum gross household income: \$63,630 (median household income as per Statistics Canada);

- Maximum down payment assistance loan: 5% of the purchase price, to a maximum of \$10,000.
- The applicant must not own or have interest in another home; and,
- The proponents must qualify for a mortgage.

In light of the current average residential home price, the parameters of the County's current home ownership program are ineffective. Should the program be updated to reflect the current housing market, the maximum eligible home price would be \$585,000 (being 10% less than current average home price), which is not affordable for a household with a median income of \$63,630 or less. Furthermore, in order to fulfill the requirements of the program, the minimum 5% down payment assistance loan for the maximum eligible home price would be \$29,250.

Notwithstanding the above, the maximum household income threshold for the program can be increased to \$92,700, in accordance with Ministry funding guidelines. A household with this income would generally only be able to afford a home with a purchase price of approximately \$370,000 to \$420,000. While the supply of homes in this price range is minimal, as of October 28th, 2021, a total of 12 homes were listed under \$420,000 in Oxford County. That said, it should be noted that the majority of the homes in this price range sell above list price.

Based on current housing market, the program is no longer able to support those applicants that do not have an excellent credit score, sufficient income or have accrued significant debt. If the parameters of the program are increased, only those applicants with lower debt and higher incomes would generally be eligible for assistance.

In light of the above, staff are in the process of reviewing the existing Municipal Housing Facilities By-law to determine if more assistance can be provided to those households who cannot afford to purchase a home, as detailed in the following section of this report. With Council's direction, staff will bring forward the proposed amendments for consideration at a future meeting.

Furthermore, staff will continue to consider a rent-to-own program for the County's existing social housing tenants, which will provide an opportunity for some of the County's long-term tenants to enter into home ownership.

Municipal Facilities Housing By-law

The County's Municipal Housing Facilities By-law was approved by Council in 2006, and later amended in 2016 to address the reinstated home ownership program. In light of the current housing market, the following amendments should be considered to ensure greater consistency with the current housing market and allow for further assistance through the home ownership program:

| Provision | Current Requirements | Proposed Amendment |
|--------------------------------------|--|---|
| Affordable Home Ownership Definition | <ul style="list-style-type: none">- The maximum purchase price must be at least 10% below the average purchase price of a resale home in the County (\$585,000).- The total household income of the applicant(s) must not | <ul style="list-style-type: none">- Increase the average home price to \$420,000 to be consistent with the affordability of the proposed new household income.- Increase the total household income to \$92,700, being the |

| | | |
|--|---|---|
| | exceed the median household income, as per Statistics Canada (\$63,630). | maximum that is permitted by the Ministry. |
| Affordable Home Ownership Down Payment | - The maximum down payment assistance loan that can be provided to an applicant is 5% of the home price, to a maximum of \$10,000 | - Increase the maximum assistance loan to \$20,000, to reflect 5% of the increased purchase price (\$420,000) |

The Ministry's maximum household income for the program is reflective of an income that is higher than 60% of the households in the County. As such, those households who are eligible for the program, with an income below \$92,700, generally have an income that is less than the majority of the population. Should Council seek to provide further assistance to first time home buyers in a higher income bracket, an alternative funding mechanism will be required.

Additional Residential Units

Bill 108, *More Homes, More Choices Act*, came into effect in September 2019, and provides Provincial direction to increase the affordability of housing in Ontario. As a result of Bill 108, the Planning Act was also amended to include regulations that require municipalities to establish Official Plan policies and Zoning to permit additional residential units (ARUs) within single-detached, semi-detached and townhouse dwelling units. In light of this, Planning staff are currently in the process of undertaking and/or initiating amendments to the Official Plan policies and relevant provisions of Municipal Zoning By-laws to implement the current Provincial direction with respect to such units.

In support of the anticipated policy updates, Human Services staff are in the process of developing a Secondary Unit Funding Program, for the purpose of providing a forgivable loan to homeowners who propose to construct a legal ARU and offer it at an affordable rent. Further details regarding this program will be brought forward for Council consideration following the noted Official Plan policy updates.

Alternative Housing

In light of the noted gap in the housing continuum, there is a need to consider more affordable housing options for those households that do not qualify for an affordable rental unit. In this respect, staff are in the process of reviewing housing options that are considered more affordable than the current average residential home in the County. Such alternatives include ARUs, as noted above, and/or small, private, self-contained and fully-serviced dwelling units, at a single or multiple level.

Housing Strategy

The County's 10 Year Shelter Plan identifies the need to increase the supply of affordable rental housing and optimize the existing housing stock.

Although the County is the Service Manager for housing in the County, accelerating the development of affordable housing requires support and commitment from the community. Staff

continue to work collaboratively with area municipalities, housing and service providers, and the development community, to identify sites and resources that will maximize the number of new affordable units, however one of the largest barriers continues to be the availability of land.

In light of the current housing market and increased land values, there are less opportunities for land acquisition, which presents a concern when funding becomes available from Federal and Provincial Governments. In light of this, staff have identified a need for a comprehensive review of all available surplus and under-utilized lands in the County, as well as a detailed review of the potential redevelopment opportunities on existing social housing properties that are owned by both the County and our non-profit housing providers.

The main purpose of developing this strategy is to generate a formal inventory of properties to support future requests for proposals (RFPs), thereby maximizing the number of new affordable units and allocated funding. This would also provide staff with a better understanding of the stakeholders that are potentially willing to engage in new affordable housing development, with an aim to identifying a list of priority projects that will be 'shovel-ready' for a future project. Overall, this strategy will provide a more streamlined and consistent approach to increase the supply of affordable housing, and ensure projects are 'lined-up' for any funding announcements from higher levels of government. In particular, the following scope will be considered:

- Identification of potential infill and/or redevelopment/intensification opportunities on existing County housing sites (21 properties) and non-profit housing provider sites (18 properties), taking into account all planning, servicing and environmental related matters.
- Review existing private affordable housing sites (28 properties), and identify potential opportunities for private developers to create future supply.
- Review all County surplus lands to identify opportunities for affordable housing development.
- Consultation with local municipalities for the purpose of identifying underutilized and surplus lands that may be appropriate for affordable housing.
- Identify a number of 'priority projects' based on the information received.
- Review County owned properties to determine if any parcels can be leveraged to support the development of housing.

The proposed strategy will require consultation with all of our housing partners and each area municipality and will be in line with directives of the 10-Year Shelter Plan, providing a more comprehensive and consistent plan for the development of affordable housing into the future. Funds to support this strategy will be considered in the 2022 budget, with completion anticipated in Spring 2022.

In the interim, staff will consult with local municipalities for the purpose of identifying underutilized and surplus lands that may be considered for further review in the strategy.

Conclusions

In support of the growing need for affordable housing, staff will continue to monitor the existing housing market, associated challenges and potential program initiatives, and bring forward any associated information to Council for consideration, when applicable.

The County's 10-Year Shelter Plan will also be reviewed in early 2023, with consideration for updated information from Statistics Canada and the current housing market. This update may result in further enhancements to our existing affordable housing programs.

SIGNATURES

Report Author:

Original signed by

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Approved for submission:

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