

To: Warden and Members of County Council

From: Director of Community Planning

Official Plan Updates to Implement Provincial Direction on Additional Residential Units (ARUs) in Rural Areas

RECOMMENDATIONS

- 1. That County Council direct Planning staff to initiate an amendment to the County Official Plan to implement Provincial direction with respect to 'additional residential units (ARUs)' in the County's rural areas (i.e. the five Townships), in accordance with the requirements under the Planning Act and as generally outlined in Report No. CP 2022-16;
- 2. And further, that Report No. CP 2022-16 be circulated to the Area Municipalities for information;
- 3. And further, that Planning staff also initiate consultation with the five Townships on local zoning considerations for Additional Residential Units as part of the process.

REPORT HIGHLIGHTS

- The Planning Act and associated regulations require municipalities to establish Official Plan
 policies and Zoning provisions that authorize the establishment of an 'additional residential
 unit' (ARU) in single detached, semi-detached and row-house dwellings, and/or in a structure
 ancillary to such dwellings.
- This report provides an overview of the Provincial direction on ARUs and related land use
 planning and implementation considerations, and outlines the key changes to the Official Plan
 policies for the Rural Settlements and Areas of the County (i.e. the five Townships) that are
 currently being proposed by Planning staff to reflect this provincial direction.
- Once staff have received Council direction to initiate the Official Plan amendment process necessary to formally consider these proposed policy changes, formal consultation with each of the Township's on the proposed policy changes and associated draft zoning considerations will be initiated.



Implementation Points

Planning staff's understanding of the current Provincial direction on ARUs is that such units are largely expected to be permitted 'as of right' (i.e. subject to obtaining a building permit and complying with any applicable Zoning provisions) in single detached, semi-detached and townhouse dwellings in most fully serviced settlement areas, unless there is a clear planning basis for not doing so (e.g. presence of natural hazards or resources, servicing constraints, restricted access, insufficient lot size or other PPS policy based rationale). However, it is also understood that municipalities will be permitted to develop reasonable local standards and minimum requirements that will need to be met for such units to be established.

Municipal implementation of the current Provincial direction with respect to ARUs will involve updating the Official Plan to include specific policies to enable and guide the establishment of ARUs in the each of the Area Municipalities. Each of the Area Municipalities in the County would then be responsible for enacting applicable Zoning By-Law provisions, and any other tools and measures they may feel are necessary, to implement the Provincial direction and Official Plan policies for ARUs at the local level and to establish the more detailed local requirements for such units.

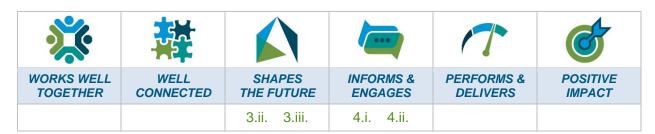
Financial Impact

No immediate financial implications beyond those in this year's approved budget.

Communications

Following receipt of County Council direction, Planning staff will formally initiate the required Official Plan amendment process, including consultation with Township staff and Councils and other stakeholders. The specific format and timing of public engagement on the proposed Official Plan amendment and any associated Area Municipal Zoning By-law amendments and related communications will be determined in consultation with the Townships. At minimum, all required notice requirements under the Planning Act will be met.

Strategic Plan (2020-2022)



DISCUSSION

Background

The Province has made amendments to various legislation and policies to place a stronger focus on increasing housing availability, choice and affordability as a matter of Provincial interest.

One of the key ways the Province has chosen to further this interest is by requiring municipalities to enact Official Plan policies and Zoning provisions to allow for the establishment of 'additional residential units (ARUs)' in lower density housing types and removing a number of perceived barriers to the establishment of such units, including exempting such units from development charges, streamlining building code requirements, limiting the ability to appeal implementing policies and zone provisions and dictating certain standards and requirements for such units.

This Provincial direction on ARUs was largely provided through Bill 108 - More Homes, More Choice Act, which was passed on June 6, 2019. Among other changes, the Bill amended the Planning Act to direct municipalities to enact Official Plan policies and Zoning provisions to allow for the establishment of an Additional Residential Unit (ARU) in a single detached, semi-detached or row house dwelling and/or within a building or structure ancillary to such dwellings.

Accompanying Planning Act regulations (O. Reg. 299/19) came into effect on September 3, 2019. The regulations provide requirements and standards with respect to ARUs, including the number and type of parking spaces required, and removing the ability to regulate the date of construction and who may occupy the principal and/or additional unit. The Provincial Policy Statement (PPS) was also amended in early 2020 to include specific policy references to 'additional residential units'.

With all the necessary Provincial legislation and policy direction for ARUs now in effect, Planning staff are proposing to undertake the necessary updates to the Official Plan policies and Area Municipal zoning provisions to implement the Provincial direction for such units. The focus of this report is on the required updates to the Official Plan policies for the implementation of ARUs in the five Township's, as they all share the same Official Plan policy framework. However, it is noted that the review of the Official Plan policies and Zoning provisions for ARUs for each of Woodstock, Tillsonburg and Ingersoll has also been initiated, but as separate processes.

Comments

The following commentary provides an overview of the current legislative and policy framework that applies to Additional Residential Units (ARUs), as well as related land use planning and implementation considerations.

PLANNING ACT

The Planning Act provisions require that Official Plans shall contain policies that authorize the use of additional residential units by authorizing:

- The use of two residential units in a detached house, semi-detached house or rowhouse; and.
- The use of a residential unit in a building or structure ancillary to a detached house, semi-detached house or rowhouse.

The Act also requires that each local municipality ensure that their zoning bylaws give effect to the policies described above. The Planning Act does not specifically define 'additional residential units'. Further, the Planning Act restricts appeals of ARU official plan policies and zoning by-law

provisions so that only the Minister of Municipal Affairs and Housing has the right to appeal municipal decisions on such matters to the Ontario Land Tribunal (OLT).

The accompanying Planning Act regulations (O. Reg. 299/19) set out specific requirements and standards with respect to additional residential units, as follows:

- Each additional residential unit shall have one parking space that is provided and maintained for the sole use of the occupant of the additional residential unit and it may be a tandem space;
- An additional residential unit may be occupied by any person regardless of whether the
 person who occupies the additional residential unit is related to the person who occupies
 the primary residential unit and whether the person who occupies either the primary or
 additional residential unit is the owner of the lot; and
- Where the use of additional residential units is authorized, an additional residential unit is permitted, regardless of the date of construction of the primary residential unit.

2020 PROVINCIAL POLICY STATEMENT

The Provincial Policy Statement (PPS) provides policy direction on matters of provincial interest related to land use planning and development. Under Section 3 of the Planning Act, where a municipality is exercising its authority affecting a planning matter, such decisions "shall be consistent with" all policy statements issued under the Act.

The 2020 amendments to the Provincial Policy Statement (PPS) introduced a number of new and updated policies intended to increase the supply and mix of housing, including:

- Requiring that a range of housing options and densities be planned for in order to meet projected housing demand;
- Added references to the terms 'affordable' and 'market-based' in the policies pertaining to the determination of housing need;
- Requiring that planning decisions be aligned with local housing and homelessness plans;
 and
- Adding specific references to the term 'additional residential units' in the housing policies.

The term 'additional residential units' is specifically referenced in two sections of the PPS (Sections 1.1 and 1.4). However, the latter policies are the most relevant in terms of providing direction on Provincial expectations:

Section 1.4 - Housing - Planning authorities shall provide for 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 permitting and facilitating all types of residential intensification, including additional residential units, and redevelopment in accordance with policy 1.1.3.3.

The Provincial Policy Statement, similar to the Planning Act, does not offer a definition of Additional Residential Unit, but rather includes the term within the definitions of 'Housing Options' and 'Residential Intensification' as follows.

Housing Options - means a range of housing types such as, but not limited to single detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, <u>additional residential units</u>, tiny homes, multi-residential buildings. The term can also refer to a variety of housing arrangements and forms such as, but not limited to life lease housing, co-ownership housing, co-operative housing, community land trusts, land lease community homes, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

Residential Intensification - includes the conversion or expansion of existing residential buildings to create new residential units or accommodation, including accessory apartments, <u>additional residential units</u>, rooming houses, and other housing options.

The above noted PPS policies generally require that municipalities provide for an appropriate range and mix of housing options and densities to meet projected need in appropriate locations (e.g. fully serviced settlement areas), by permitting and facilitating all types of residential intensification, including additional residential units. However, this direction also needs to be balanced with various other PPS policies pertaining to such matters as the protection of prime agricultural areas and other natural resources, land use compatibility, consideration of natural and man-made hazards, ensuring development is appropriately serviced, and directing growth and development to settlement areas.

OFFICIAL PLAN

The existing Official Plan policies do not specifically address the current Provincial direction with respect to Additional Residential Units (ARUs). However, the Plan does contain policies that support various forms of residential intensification in rural settlements, including converted dwellings and backyard infill, and, to some extent, outside of settlements through the conversion of an existing dwelling into two dwelling units.

The existing Official Plan policies that are applicable to intensification in the form of the establishment of an additional dwelling unit in a principal dwelling and/or in a structure ancillary to such dwelling are summarized below.

Additional Units in Rural Settlements

Section 6.1 – Rural Settlement Strategy, contains policies that promote a range and mix of housing and appropriate infill development and intensification of land and buildings in rural settlements consistent with the level of municipal services available and taking into consideration various other matters, such as environmental features and constraints and compatibility with existing or planned development.

More specifically, the policies of Section 6.2.2.2 – Converted Dwellings, permit Township Council to zone areas or properties to permit single detached dwellings within Rural Cluster and Village designations to be converted into two residential units in accordance with the following criteria:

- Existing municipal services or private services will be adequate to accommodate the proposed conversion;
- Lot sizes are sufficient to accommodate the required off-street parking without detracting from the visual character of the area; and,
- Existing dwellings are generally of a size sufficient to accommodate the creation of an additional dwelling unit.

Within Low Density Residential areas of Serviced Villages, Area Council may zone areas to permit detached, semi-detached, duplex and townhouse dwellings to be converted into two residential units. These policies also state that Area Council may zone areas to permit the conversion of dwellings for more than two dwelling units in accordance with the following criteria:

- that the area is characterized by a mixture of dwelling types;
- lot sizes are generally sufficient to accommodate the required parking without detracting from the visual character of the area; and
- the existing dwellings are generally of sufficient size to accommodate the creation of additional dwelling units.

The Zoning By-law may limit the number of units that may be contained in a converted dwelling and specify minimum lot and/or dwelling size requirements for conversion. Further, the Zoning By-law may also limit the extent of structural changes or additions that may be permitted in order to maintain the external character of the dwelling. In addition, the policies state that converted dwellings with more than two dwelling units may be subject to site plan control.

With respect to policies pertaining to the establishment of a dwelling unit in an accessory residential structure, Section 6.2.2.1 – Infill Housing contains policies with respect to backyard infilling that apply to residential areas in all rural settlements. These policies allow for various forms of residential development in a rear yard, such as the construction of a residential structure behind a building facing a street, the conversion of secondary structures for residential purposes and establishment of a granny flat or garden suite. However, in Villages and Rural Clusters, residential development involving more than two units is not permitted due to reliance on private or partial water and wastewater services.

Various development criteria are provided for evaluating such infill proposals, including siting of buildings and parking areas, parking and access, adequacy of services and application of site plan control.

Additional Units in Other Rural Areas

Section 4.2.2.1 – Rural Area applies to the lands in the County that are located outside of a designated settlement. This section contains policies that permit converted dwellings, to a maximum of two units per dwelling, on a farm unit or non-farm lot in the Agricultural Reserve, Open Space and Future Urban Growth designations. The policies indicate that Area Council may zone an area or property to permit the conversion of dwellings for two dwelling units, subject to

addressing criteria pertaining to such matters as adequacy of servicing, Minimum Distance Separation Formula, parking, lot and dwelling size and impact on environmental resources.

These policies also state that the Zoning By-Law may specify minimum lot or dwelling size requirements for conversion. To maintain the external character of the dwelling, the Zoning By-Law may also limit the extent of structural additions or changes that would be permitted. The current Official Plan policies also allow for the establishment of a garden suite as a temporary use on a farm or non-farm lot containing a dwelling, in accordance with the policies contained in Section 10.3.9., which set out various development criteria relating to who may occupy the garden suite, servicing, location, buffering, MDS, minimum lot area etc.

It is noted that the current Official Plan, and the amendments being proposed through the agricultural policy review, also contain policies that allow for the establishment of an additional accessory dwelling on farm for the purposes of accommodating full-time farm help required for the farm operation. As the planning basis, policies and development criteria for the establishment of such a dwelling on a farm (i.e. need must be demonstrated, not required to be clearly ancillary and subordinate to the principal dwelling etc.) is much different than those for an ARU, those policies will remain distinct and separate from any ARU policies that may be proposed for agricultural lots.

In summary, the existing Official Plan policies already allow Township Councils to zone properties or areas to allow for the establishment of an additional unit in a principal dwelling (i.e. converted dwelling policies) and/or an accessory residential structure (i.e. backyard infill policies) in a fully serviced Village and, to a lesser extent, in other settlement and rural areas, subject to meeting various development criteria. These existing policies are already largely consistent with the current Provincial direction on ARUs and provide the general framework for the incorporation of specific ARU policies into the Official Plan. However, these policies will still require review and amendment to ensure they clearly reflect the current Provincial direction on ARUs, address all other applicable land use considerations, and support effective local implementation.

At minimum, updates will be required to ensure the policies specifically reference the term 'Additional Residential Units' and it is clear that they are intended to implement the Provincial direction with respect to such units (i.e. so the proposed amendments are protected from appeal). The policies would also need to direct that the Area Municipalities shall establish Zoning to authorize the use of ARUs (vs. the current term 'may') to be consistent with the current Provincial direction. The policies would also benefit from a number of other minor revisions to better clarify intent and guide local implementation in various contexts (i.e. fully serviced settlement, un-serviced settlements and rural areas).

TOWNSHIP ZONING BY-LAWS

Much of the Provincial and Official Plan policy direction with respect to ARUs will be implemented through the provisions of the Area Municipal Zoning By-laws. As such, each Township Zoning By-law will also require review and update to ensure the permitted uses and provisions address the current Provincial direction and updated Official Plan policies, as well as any other local requirements and objectives for such units.

Generally, the existing Township Zoning By-laws already permit a second dwelling unit to be established on a property without going through a zone change process in the 'Residential Type 2

(R2) Zone' and 'Residential Type 3 Zone (R3)' subject to complying with applicable zoning provisions. These zones generally apply to residential lots in Serviced Villages that already contain, or are planned for, multiple dwelling units.

The majority of the other zones in the Townships that allow a single detached dwelling as a permitted use (e.g. other residential zones, agricultural zones, agri-business zone, village zone, etc.) also list a 'converted dwelling' and 'a garden suite' as a permitted use, subject to a site specific zone change application and compliance with the provisions for such units set out in the General Provisions of the By-law.

The current requirement for a site specific zone change for converted dwellings and garden suites allows for review and confirmation of adequate on-site sewage disposal and/or water services and compliance with other applicable development criteria (i.e. minimum lot and dwelling size, location on the lot, MDS etc.), prior to allowing for such units to be established on a lot. None of the Township By-laws currently contain any provisions that would address the establishment of a permanent dwelling unit in a structure ancillary to a residential use.

If a more 'as of right' zoning approach for the establishment of 'additional residential units', is to be considered, as generally encouraged by the Province, the County and Townships would need to ensure that any applicable Official Plan development criteria (i.e. adequacy of servicing, access, layout, compatibility etc.) for such units could be adequately addressed through zoning provisions and the building permit review process. These matters will be reviewed and considered in further detail as part of the consultation process with the Townships and other stakeholders.

Planning Analysis

Under the Planning Act, the Official Plan must contain policies that authorize the use of an 'additional residential unit' in a detached, semi-detached or rowhouse dwelling and/or in a building or structure ancillary to such dwelling types. In Oxford, this will involve updating the Official Plan to include specific policies to enable and guide the establishment of ARUs in each of the Area Municipalities, consistent with the applicable Planning Act and PPS direction. Each of the Area Municipalities in the County would then be responsible for enacting applicable Zoning By-Law provisions, and any other tools and measures they may feel are necessary, to implement the Provincial direction and Official Plan policies for ARUs at the local level and to establish the more detailed local requirements for such units.

Planning staff's current understanding of the Provincial direction on ARUs is that such units are largely expected to be permitted 'as of right' in single detached, semi-detached and townhouse dwellings in most fully serviced settlement areas, unless there is a clear planning basis for not doing so. Permitting units 'as of right' generally means that no planning application process would be required (i.e. only compliance with applicable zoning and building permit requirements). However, it is also understood that municipalities are permitted to develop reasonable local standards and minimum requirements that will need to be met for such units to be established, particularly in cases where they are to be located in a building or structure ancillary to the primary dwelling. Further, the Province has indicated that local measures to limit potential negative impact from the establishment of such units in prime agricultural areas, particularly on farms, are generally supported.

Planning staff have reviewed various other municipal approaches with respect to the establishment of ARUs and it appears most have taken a relatively high level, permissive approach, particularly for ARUs located within the principal dwelling in fully serviced settlements. Municipal approaches to allowing for ARUs in an ancillary residential structure and/or in privately/partially serviced settlements and rural areas vary considerably, from 'as of right' type approaches to not being permitted. All municipalities reviewed have established specific standards for the development of ARUs, but the level of detail varies. The range of approaches to the establishment of ARUs on farms and existing non-agricultural lots located outside of settlements ranges and includes prohibition.

Proposed Amendments to Official Plan Policies

As a starting point for formal consultation with the Townships on the proposed policy approach for the implementation of ARUs in the County's rural settlements and areas, Planning staff are proposing to prepare a 'consultation draft' of amendments to Sections 1.6 (Definitions), 4.2.1 (Rural Area) and 6.2 (Residential Uses in Rural Settlements) of the Official Plan.

The general intent of the proposed policy approach for the establishment of ARUs in the rural municipalities is to ensure consistency with the current Provincial direction on ARUs, while also establishing appropriate review criteria to inform and support the development of appropriate zoning provisions for each Township. The proposed approach would also allow for each Township to utilize other local implementation measures, such as licensing, property standards, and site plan control, where they deem it appropriate.

In general, the expectation is that the specific details as to where these units will be permitted and what local development standards will apply will be largely determined at the Area Municipal level based the Official Plan policy criteria, local land use context and adequacy of private services.

The overall policy approach currently being proposed by Planning staff is generally as follows:

- Establish a definition for 'additional residential units' and specifically reference that term in the updated policies, including replacement of all instances of the term 'converted dwellings' throughout the Plan;
- Require that each Township establish appropriate zoning provisions to allow for ARUs in single detached, semi-detached and townhouse dwellings) and/or in an ancillary structure, where they are satisfied various development review criteria can be met;
- Maximum number of ARUs permitted per lot:
 - two per lot (i.e. one in the principal dwelling and/or one in an ancillary structure) in a Serviced Village, subject to confirmation of adequate servicing capacity.
 - one per lot in the principal dwelling <u>or</u> in an ancillary structure in other settlements (i.e. Rural Clusters and Villages without full services).
 - Potentially up to two per lot (i.e. one in the principal dwelling and/or in an ancillary structure) on an agricultural or rural residential lot that contains an existing dwelling, subject to adequacy of private services and meeting other criteria.

Criteria for all ARUs:

- the ARU(s) must be clearly secondary and subordinate to the principal dwelling on the lot and limited in size. A maximum gross floor area of 50% of the gross floor area of the principal dwelling on the lot, with a maximum gross floor area cap (e.g. 1,000 ft²) is proposed to be included in the policies. Townships could choose to establish more restrictive limits in Zoning;
- new units would not generally be permitted on a lot that already contains other accessory units/uses, such as a boarding/lodging house, garden suite, converted dwelling unit, bed and breakfast, or additional accessory farm dwellings;
- existing or proposed municipal or private water supply and wastewater disposal services are adequate to accommodate the establishment of ARUs;
- dwellings and lots are large enough to accommodate the ARU and provide for adequate parking, landscaping and outdoor amenity areas;
- o any new buildings, additions and/or exterior alterations/features will maintain the general architectural character of the principal dwelling and surrounding area;
- o principal dwelling must have direct, individual vehicular access to a public street and new driveways will be generally not be permitted;
- o there is unobstructed pedestrian access from the street and parking area to the unit;
- existing trees and vegetation on the lot will be conserved as much as possible;
- o stormwater run-off will be adequately controlled;
- any increased demand for on-street parking on nearby streets can be adequately addressed; and,
- o potential impacts on environmental and/or heritage resources and any environmental constraints or land use compatibility issues can be satisfactorily addressed.
- Additional criteria for ARUs in an ancillary structure:
 - the ancillary structure must be located in the rear or interior side yard and use the same driveway and parking area;
 - the siting, design and orientation of the ancillary structure, parking area and outdoor amenity areas will allow optimal privacy and minimize visual and shadowing impacts on abutting residential properties and be compatible with the character of the principle dwelling and the surrounding residential neighbourhood; and,
 - for ARUs on a farm, the ancillary structure must be located within the existing farm building cluster, in close proximity to the existing principal dwelling (e.g. establishing a maximum distance), share a driveway and services to the extent possible, and not remove agricultural land from production.
- Proposals outside of settlement areas must meet, or not further reduce, Minimum Distance Separation (MDS I) requirements;
- Site plan control may be applied to ARUs, particularly for ARUs located within an accessory structure;
- Zoning provisions for ARUs are to be implemented through a comprehensive Township
 initiated amendment to the Zoning by-law, except where otherwise specifically noted in
 the policies (i.e. where a zone change process is required to confirm adequacy of
 servicing or address other review criteria). Other privately initiated amendments to the
 Zoning by-law to permit an ARU will not generally be permitted; and
- An ARU cannot be severed from the lot containing the principal dwelling.

In addition to the development of draft Official Plan policies based on these general policy directions, Planning staff will be developing draft zoning provisions to ensure the Township and the public/stakeholders have a 'complete picture' of the proposed implementation approach during the consultation process on the proposed policy amendments and to serve as a starting point for their consideration of the necessary updates to the Township Zoning By-Laws.

In general, staff anticipate that certain areas, such as residential areas in fully serviced villages with adequate servicing capacity, would be pre-zoned to allow ARUs 'as of right' subject to specific zoning provisions/criteria. In other cases, such as for units in an ancillary structure and/or on a lot located in an un-serviced settlement, or a settlement where servicing capacity is a concern, a site specific zoning amendment process will likely still be required to ensure the proposal is feasible and will comply with the Official Plan policies.

For the establishment of ARUs on lots located outside of a settlement area (i.e. in the prime agricultural area) there are a number of additional Provincial and Official Plan policy requirements that will need to be taken into consideration. In particular, the need to ensure that the establishment of such units will not hinder or negatively impact agricultural operations; that prime agricultural areas are protected for long term agriculture; and that Minimum Distance Separation Formulae can be met.

Conclusions

The intent of this report is to provide County Council with an overview of the Official Plan policy approach currently being proposed by Planning staff to implement the Provincial direction on additional residential units (ARUs) for the County's rural settlements/areas (i.e. the five Townships) and to obtain Council direction to initiate the required Official Plan amendment process and associated consultation required to formally consider and implement these policies.

As a starting point for consultation with the Townships on the proposed changes, Planning staff will be preparing a consultation draft of the proposed policies, based on the policy directions as generally outlined in this report. Further, to ensure the Townships and other stakeholders have a 'complete picture' of where such units may potentially be established and what local development requirements will need to be addressed when providing their feedback, Planning staff are also proposing to develop draft 'template' zoning provisions for ARUs to accompany the proposed policy amendments. These draft zoning provisions will also serve as a starting point for consultation on the necessary amendments to Township Zoning By-Laws.

Once Council direction has been received, Planning staff will begin to reach out to each of the five Townships to coordinate and schedule consultations with staff and Council on the proposed policy amendments and associated Zoning considerations. Once consultation with all five Townships on the proposed Official Plan policy amendments has been completed and any local feedback and input considered, a statutory public meeting will scheduled with County Council to consider a 'final draft' of the proposed amendments and any final public input. County Council would then be in a position to adopt the proposed amendments at that meeting, if they are satisfied that no further review or revision is required to address any of the final comments received.

Once County Council has approved the necessary Official Plan amendments to implement the ARU policies for the Rural Settlements and Areas, each of the Townships would then be in a position to proceed with final consideration and approval of any amendments to their Zoning By-Laws and/or other local tools deemed to be necessary to establish appropriate local direction and requirements for the establishment of ARUs.

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