

# **Long Term St. Thomas-Elgin Affordable & Social Housing Strategy**

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## 1.0 Introduction

In recent years affordable housing has become an important policy issue across Ontario and Canada for a wide number of reasons. This importance has been reflected in a number of ways including the federal government's 10 year, \$40 billion National Housing Strategy and a number of housing policies from the Ontario government including the Promoting Affordable Housing Act (2016), the Long-Term Affordable Housing Strategy and Fair Housing Plan. While the content of these policies varies, their intent is to help preserve the social housing stock that exists and to stimulate the creation of new affordable rental housing.

The importance of safe, adequate and affordable housing to a household and community cannot be overstated. Beyond the basic human need for shelter, proper housing has been shown to improve the physical and mental health of households, reduces stress and help improve the economic vibrancy of a community. The latter is reflected in the ability to free up income to spend on non-shelter related costs in the community and the ability to retain and attract residents and staff of local employers.

The intent of the St. Thomas – Elgin County Affordable Housing Strategy is to help support Strategic Direction 1 of the 2013 Housing and Homelessness Plan: Increase affordable housing supply to meet projected need. In addition, this strategy also looks at how the St. Thomas and area municipalities within Elgin County can preserve the existing supply of social and supportive housing.

To accomplish these objectives, this strategy will examine the following areas:

- Exploring and establishing how affordable housing can be defined;
- A housing needs and demand study to explore what kind of affordable housing is needed presently, in the future and in what locality within St. Thomas and Elgin County;
- How the City of St. Thomas could leverage its assets to build more affordable housing;
- Potential financial incentives from the City of St. Thomas and area municipalities in Elgin County to help support the construction of affordable housing;
- Updating the City's existing municipal housing facilities by-law to incorporate best practices;
- Providing recommendations on the implementation of second unit policies for the City and area municipalities' Official Plan and Zoning by-laws;
- Outlining the structure and content of a possible Lodging House licensing by-law;
- Outlining the structure and content of a possible Informal Residential Care Facility by-law; and
- Examining the implications of Ontario's Inclusionary Zoning policies within the St. Thomas and Elgin County context.

## 2.0 Defining Affordable Housing

### 2.1 Provincial Definition

The term “affordable housing” is a broad term that encompasses a number of different definitions within public policy and the general public. To provide guidance on how municipalities should define affordable housing within their respective planning policies, the *Provincial Policy Statement (2014)* provides the following language for affordable ownership and rental housing in Section 6.0:

- a) in the case of ownership housing, the least expensive of:
  - 1. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for *low and moderate income households*; or
  - 2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the *regional market area*;
- b) in the case of rental housing, the least expensive of:
  - 1. a unit for which the rent does not exceed 30 percent of gross annual household income for *low and moderate income households*; or
  - 2. a unit for which the rent is at or below the average market rent of a unit in the *regional market area*.

To determine average purchase prices, the Province compiles sales information from local real estate associations while market rents are determined by the CMHC during their annual fall Rental Market Surveys.

Section 6.0 of the PPS also provides a definition for low and moderate income households based on household income:

- a) in the case of ownership housing, households with incomes in the lowest 60 percent of the income distribution for the *regional market area*; or
- b) in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the *regional market area*.

### 2.2 Affordable Housing Definitions within St. Thomas Policies

At present, the PPS definition is used in a number of the City’s housing related policies including the Municipal Housing Facilities By-law (80-2005) and the Housing and Homelessness Plan. Of note is that while Official Plan Amendment 66 does not contain an actual definition of affordable housing, it instead relies on the definition contained within Lapointe Consulting’s 2008 Affordable Official Plan Housing Targets report for guidance. That report in-turn uses the definition of affordable housing that is contained within the PPS.

### 2.3 Affordable Housing Definitions within Elgin County Official Plan Policies

Within the county, the way in which affordable housing and low and moderate income households are defined varies. Table 2.1 shows that only three Official Plan's (Elgin County, Aylmer and Central Elgin) utilized the PPS' to provide a definition for both items. While Bayham and Southwold's Official Plans did utilize the PPS definition for affordable rental housing and eligible renter households, they appear to have only included a portion of the PPS' definition for affordable ownership housing. These omissions include defining the maximum income for low and moderate income ownership households and the percentage of household income that should be spent on owner shelter costs.

Lastly, the Official Plans in Dutton-Dunwich and West Elgin do not provide a definition for affordable ownership or rental housing as well as low and moderate income households.

**Table 2.1: Affordable Housing/Low and Moderate Income Households Definitions within Elgin County and Lower Tier Official Plans**

	<b>Affordable Housing</b>	<b>Low/Moderate Income Households</b>
<b>Elgin County (2013)</b>	- Uses PPS Definition	- Uses PPS Definition
<b>Aylmer (2006)</b>	- Uses PPS Definition	- Uses PPS Definition
<b>Bayham (2016 Consol.)</b>	- Based on PPS Definition	- Only Renter Households
<b>Central Elgin (2013)</b>	- Uses PPS Definition	- Uses PPS Definition
<b>Dutton-Dunwich (2013 Consol.)</b>	- No Definition Provided	- No Definition Provided
<b>Malahide (2012)</b>	- Based on PPS Definition	- Only Renter Households
<b>Southwold (2011)</b>	- Based on PPS Definition	- No Definition Provided
<b>West Elgin (2013)</b>	- No Definition Provided	- No Definition Provided

### 2.4 Context within St. Thomas and Elgin County

Using the PPS' definition for affordable rental housing, rents in St. Thomas and Elgin County can be no higher than those listed in Table 2.2 below. Of note is that due to the limited data available on three and four bedroom apartments, no average market rent figures were provided by either the CMHC in their fall 2017 Rental Market Report or the Ministry of Housing's 2018 allowable rent guidelines. As such, rents from three bedroom townhouses that were being rented have been used to demonstrate the affordability for this segment of the rental market.

**Table 2.2: Affordable Rents as per PPS Definition, 2018**

	Average Market Rent (AMR)	80% of AMR	Modified OW Shelter Allowance	Allowable Average Rent per Unit
Bachelor	\$484	\$387	\$403	\$403
One Bed.	\$687	\$550	\$533	\$550
Two Bed.	\$855	\$684	\$720	\$720
Three Bed.	\$1,494*	\$1,195*	\$781	\$781
Four Bed.	N/A	N/A	\$842	\$842

\* Rents are for three bedroom townhouses as data for three bedroom apartments was not available  
Source: CMHC (2017) London CMA Rental Market Report; Ministry of Housing, 2018

Aside from conforming with Provincial legislation, there are two key benefits to using the PPS's definition for affordable housing:

- b) it is a relatively flexible definition that can be used over a broad number of circumstances for new affordable housing developments and
- c) it can easily be applied to other municipal policies, such as the OP and Municipal Housing Facilities By-law, to ensure that they do not conflict with each other.

One of the primary drawbacks of using the PPS' definition is that it doesn't adequately describe the affordability challenges in the Service Manager Area<sup>1</sup>. For example, the most recent income data available from the province (2017) it appears that the affordable rents as defined by the PPS are not affordable to households with very low incomes. Table 2.3 (following page) shows that there are no unit sizes affordable at average market rents to households within the 10<sup>th</sup> and 20<sup>th</sup> percentile. Even when 80% AMR is applied, households within the 10<sup>th</sup> percentile are still unable to afford rents for bachelor units.

On the other hand, the PPS definition has the potential to over emphasize the affordability problems for households in the 40<sup>th</sup> percentile and higher due to the relatively modest monthly rents within St. Thomas. For example, in 2016 the difference between the affordable rents for a household in the 40<sup>th</sup> percentile and an Average Market Rent for a one bedroom unit was \$7 or 0.1%. This partially reflects the relatively modest average market rents in St. Thomas in comparison to larger urban centres such as London, Waterloo Region or the Greater Toronto Area.

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<sup>1</sup> Includes both St. Thomas and Elgin County.



**Table 2.3: Affordable Rents and Units by Income Percentile, 2017**

Income Percentile	Household Income	Affordable Rent	Affordable Units (AMR)	Rent as % of Income (AMR)	Affordable Units (80% AMR)	Rent as % of Income (80% AMR)
10th	\$12,200	\$300	None	46.1%	None	36.9%
20th	\$18,600	\$460	None	30.3%	Bachelor	24.2%
30th	\$23,100	\$580	Bachelor	24.4%	One Bed	28.3%
40th	\$27,800	\$700	One Bed	29.4%	Two Bed	23.5%
50th	\$33,900	\$850	One Bed	24.1%	Two Bed	24.6%
60th	\$41,700	\$1,040	Two Bed	25.0%	Two Bed	20.0%

Source: Ministry of Housing, 2017

## 2.5 Affordable Housing Definitions in Other Municipalities

A high level overview was conducted of publicly available planning and housing policies in nearby and similarly sized municipalities within Ontario. Table 2.4 shows that of the Official Plans examined for this study, all but Oxford County's Official Plan used the PPS' definition of affordable housing. Within Oxford County's OP, a slightly altered version of the PPS' definition is used:

Affordable housing means housing ***which would have a market price or rent that would be affordable to those households with incomes of 60 percent of median income***, or lower, as reported by Statistics Canada for Oxford County, whereby:

- Affordable rental housing is a dwelling unit where monthly rental costs (excluding utilities) do not exceed 30 percent of the tenant gross monthly household income; and
- Affordable ownership housing is a dwelling unit where monthly housing expenses (including mortgage principle, interest and property tax but excluding insurance or utilities expense) do not exceed 30 percent of gross monthly household income.

The key difference between Oxford County's OP and the PPS' definition of affordable housing, is that affordable rents in the former are tied directly to income percentiles whereas affordable rents in the latter are considered to be at or below the Average Market Rate for a specified area.

Within the Housing and Homelessness Plans examined, housing affordability was defined strictly by the percentage of household income used for shelter costs. In each of these plans, housing was said to be affordable if households paid no more than 30% of their monthly income on shelter costs. This definition is widely used through much of North America including the CMHC.

**Table 2.4: Definitions of Affordable Housing in Select Municipalities**

<b>Municipality</b>	<b>Official Plan</b>	<b>Housing and Homelessness Plan<sup>2</sup></b>
Cobourg	PPS Definition	Shelter costs as % of household income
Chatham Kent	PPS Definition	Not available
London	PPS Definition	No definition provided
Oxford County	Similar language/ indicators	Shelter costs as % of household income (Core Housing Need)
Norfolk County	PPS Definition	Shelter costs as % of household income
Sarnia	PPS Definition	Shelter costs as % of household income (Core Housing Need)
Region of Waterloo	PPS Definition	Shelter costs as % of household income

## **2.6 City of St. Thomas Recommendations**

### **2.6.1 Continue Using the PPS Definition**

It is recommended that the City continue to use the PPS' definition of affordable housing within its existing planning and housing policies. Although it has some shortcomings, it allows the City's policies to conform to provincial policies, captures the general intent of providing relatively affordable housing to the majority of the population and allows for municipal policies to be aligned or in conformance with each other relatively in a straight forward manner.

## **2.7 Elgin County Recommendations**

### **2.7.1 Continue Using the PPS Definition**

It is recommended that the County continue to use the PPS' definition of affordable housing with its existing planning policies. Although it has some shortcomings, it allows the County's policies to conform to provincial policies, captures the general intent of providing relatively affordable housing to the majority of the population and allows for the County's policies to be aligned with lower tier municipalities in a relatively simple manner.

### **2.7.2 Update Lower Tier Official Plans**

As shown earlier, some of the Official Plans from the County's Lower Tier municipalities have used alternate definitions for affordable housing and eligible households (rental and ownership) from the PPS or do not have definitions for these items at all. It is recommended that the lower tier OP's update their affordable housing and low and moderate income household definitions to conform to the PPS and the County's Official Plan.

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<sup>2</sup> Of note is that the Housing and Homelessness Plans in Sarnia and Cobourg were created by Lambton and Northumberland County, the Service Manager for these respective areas.

## 3.0 Housing Needs and Demand

### 3.1 Population Trends

#### 3.1.1 Recent Population Growth/Decline

Between 2011 and 2016 the population of the St. Thomas and Elgin County (SM area) increased by 1.7% or 1,517 individuals (303 per year) from 87,465 to 88,978. In comparison, this is lower than the provincial average of 4.6% and the London CMA's average of 4.8%. As shown on Table 1, the SM's growth between 2011 and 2016 was the smallest over the past 25 years.

**Table 3.1: Population Change in SM Area, 1991 - 2016**

Year	Population	% Change
1991	75,430	
1996	79,145	4.9%
2001	81,560	3.1%
2006	85,350	4.6%
2011	87,465	2.5%
2016	88,978	1.7%

Source: Statistics Canada, 2016, Catalogue no. 98-316-X2016001

The last census showed that population growth was not evenly distributed throughout the SM Area. Bayham, Aylmer and St. Thomas (Table 3.2) all grew faster than the SM Area as a whole while Malahide grew at a pace that was slightly slower. In comparison, Central Elgin, Southwold and West Elgin all experienced slight population losses between 2011 – 2016. Table 3.2 also shows that the largest population increase in absolute numbers occurred in St. Thomas with 1,004 (201 people per year) followed by Bayham (407 or 81 people per year), Aylmer (341 or 68 people per year) and Malahide (146 or 29 people per year).

**Table 3.2: Population Trends in Selected Municipalities, 2011 – 2016**

	2011	2016	Absolute Change	% Change
St. Thomas	37,905	38,909	1,004	2.6%
Aylmer	7,151	7,492	341	4.8%
Bayham	6,989	7,396	407	5.8%
Central Elgin	12,743	12,607	-136	-1.1%
Dutton/Dunwich	3,876	3,866	-10	-0.3%
Malahide	9,146	9,292	146	1.6%
Southwold	4,494	4,421	-73	-1.6%
West Elgin	5,157	4,995	-162	-3.1%
<b>Total</b>	<b>87,461</b>	<b>88,978</b>	<b>1,517</b>	<b>1.7%</b>

Source: Statistics Canada, 2016, Community Profiles

### 3.1.2 Age of Population

Like many other Service Managers with large rural areas, the St. Thomas – Elgin County Service Manager district is not only older than the provincial average, it is also aging at a faster rate. Table 3.3 shows that while the SM Area's median age of 42.5 years is slightly higher than the London (CMA and city) and provincial average, it is somewhat average compared to its neighbouring municipalities. This trend of an aging population reflects the lower share of individuals between the ages of 20 – 44 and the above average share of individuals aged 55 and older living in the SM Area compared to London (CMA and city) and the province.

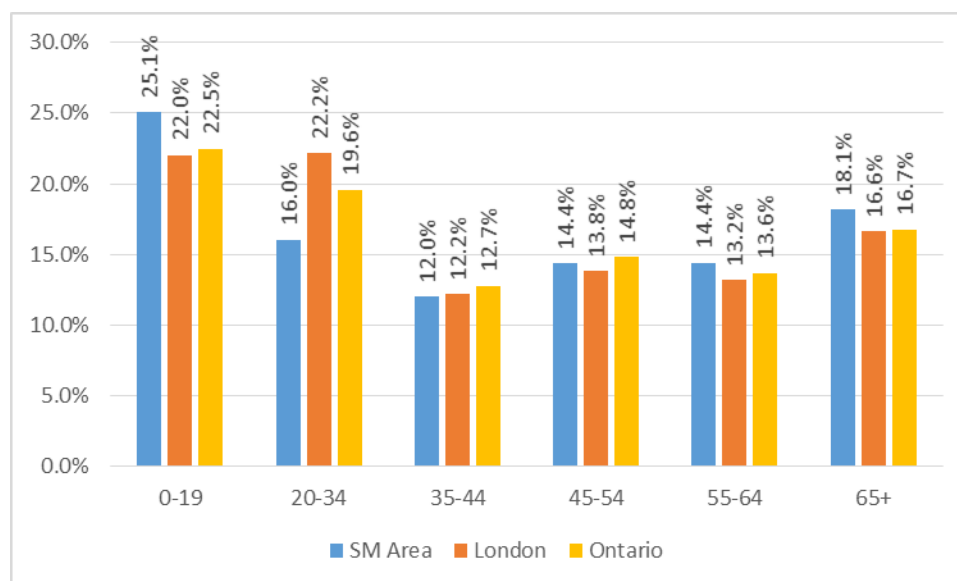
It is unlikely that this trend will abate in the near future. Table 3.4 (following page) shows an absolute decline in the number of individuals in each age category between 0 – 54 years between 2011 and 2016. In comparison, the number of individuals aged 55 years or more increased significantly during this period.

**Table 3.3: Median Age of SM Area and Selected Municipalities, 2011 - 2016**

	SM Area	St. Thomas	London (City)	London (CMA)	Chatham-Kent	Norfolk County	Oxford County	Province
<b>2006</b>	39.1	38.8	38.2	38.6	41.2	43.4	39.8	39.0
<b>2011</b>	40.9	40.7	39.3	40.0	43.9	46.1	41.2	40.6
<b>2016</b>	42.5	42.9	39.7	40.7	45.8	47.5	42.3	41.3
<b>Total Change</b>	<b>3.4</b>	<b>4.1</b>	<b>1.5</b>	<b>2.1</b>	<b>4.6</b>	<b>4.1</b>	<b>2.5</b>	<b>2.3</b>

Source: Statistics Canada (2006 - 2016), Various Community Profiles

**Figure 3.1: Share Age Distribution in SM Area and Selected Municipalities, 2011 - 2016**



Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

**Table 3.4: Age Distribution Trends in SM Area, 2011 – 2016**

	<b>2011</b>	<b>2016</b>	<b>Change</b>
0-19 Years	22,860	22,295	<b>-565</b>
20-34 Years	14,375	14,265	<b>-110</b>
35-44 Years	11,310	10,685	<b>-625</b>
45-54 Years	13,585	12,775	<b>-810</b>
55-64 Years	11,685	12,820	<b>1,135</b>
65+ Years	13,660	16,145	<b>2,485</b>
<b>Total</b>	<b>87,475</b>	<b>88,985</b>	<b>1,510</b>

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

Within the SM Area there is a considerable difference in how quickly communities are aging. Only three communities aged slower than the SM area average as shown in Table 3.5 and only one (Bayham) actually reduced their median age between 2006 and 2016. The remaining municipalities aged at a faster rate than the SM Area average.

**Table 3.5: Change in Median Age for SM Area Municipalities, 2006 - 2011**

	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>Change</b>
Bayham	34.7	35.0	34.3	<b>-0.4</b>
Aylmer	38.2	39.5	39.3	<b>1.1</b>
Malahide	34.1	34.1	35.6	<b>1.5</b>
<b>SM Area</b>	<b>39.1</b>	<b>40.9</b>	<b>42.5</b>	<b>3.4</b>
St. Thomas	38.8	40.7	42.9	<b>4.1</b>
Central Elgin	42.5	44.9	47.4	<b>4.9</b>
Southwold	39.9	43.7	44.7	<b>4.8</b>
Dutton/Dunwich	40.0	43.2	45.4	<b>5.4</b>
West Elgin	42.9	46.5	48.7	<b>5.8</b>

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

The change in each municipality's median age mirrors the change in their respective age distribution profiles (See Table 3.6 – following page):

- Bayham and Aylmer experienced an increase in individuals under the age of 35 years;
- Malahide's age profile changed less drastically than other municipalities with a lower decline of individuals under the age of 45 years and a lower increase in individuals aged 45 years and over compared to other municipalities;
- St. Thomas, Central Elgin, Southwold, Dutton/Dunwich and West Elgin all experienced greater than average increases in individuals aged 55 years or over and declines or slight increases to individuals aged 44 or younger.

**Table 3.6: Change in Age Distribution, SM Area Selected Municipalities, 2011 - 2016**

	St. Thomas	Aylmer	Bayham	Central Elgin	Dutton/Dunwich	Malahide	Southwold	West Elgin
<b>0-19 Years</b>	-260	80	220	-305	-100	-40	-100	-70
<b>20-34 Years</b>	-285	110	35	-15	70	-50	70	-15
<b>35-44 Years</b>	-150	-15	0	-210	-100	-25	-100	-75
<b>45-54 Years</b>	-215	-135	-35	-170	-25	25	-25	-160
<b>55-64 Years</b>	645	160	115	35	45	45	45	65
<b>65+ Years</b>	1,255	140	80	515	90	195	90	90
<b>Total</b>	<b>990</b>	<b>340</b>	<b>415</b>	<b>-150</b>	<b>-20</b>	<b>150</b>	<b>-20</b>	<b>-165</b>

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

## 3.2 Household Characteristics

### 3.2.1 Household Growth

Between 2011 and 2016 there was an increase of 1,500 households (300 per year) or 4.5% in the SM Area. While this is a slight increase from the 4.0% from the previous census period (2006 – 2011), it remains below the 25 year average of 5.9%. The most recent household growth figures are also lower than London and the province. In part, this reflects the lower population growth experienced in the SM Area as outlined in section 3.1.1.

**Table 3.7: Household Growth in SM Area and Selected Municipalities, 2016**

	SM Area	St. Thomas	London CMA	London City	Ontario
<b>2011</b>	33,495	15,690	195,055	153,630	4,887,510
<b>2016</b>	35,000	16,585	206,450	163,140	5,169,170
<b># Change</b>	1,505	895	11,395	9,510	281,660
<b>% Change</b>	4.5%	5.4%	5.5%	5.8%	5.4%

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

Within the SM Area, household growth (Table 3.8 – following page) was highest in St. Thomas at 5.4% (895 or 179 per year) followed by Aylmer at 5.1% (150 or 30 per year) and Dutton/Dunwich at 4.7% (70 or 14 per year). While the rate of household growth in Bayham and Malahide was higher than the SM Area as a whole, Central Elgin, Southwold and West Elgin had households growth rates lower than the SM Area. Overall, nearly 60% of household growth between 2011 and 2016 occurred in St. Thomas while Aylmer and Central Elgin each accounted for approximately 10% of the SM Area's overall household growth. The remaining 20% of household growth was split between Malahide (9%) Bayham (7%) and Dutton/Dunwich (4%). These figures closely mirror the population trends identified in Section 3.1.1.

Of particular note is that the growth of households is more than double than the SM Area's overall population growth (4.6% compared to 1.7%). This is due to the increasing

number of one and two person households and a decline in the number of three and four person households (Figure 3.2 – Page 3.6).

**Table 3.8: Household Growth within the SM Area, 2016**

	2011	2016	Absolute Change	% Change
<b>St. Thomas</b>	15,690	16,585	895	5.4%
<b>Aylmer</b>	2,815	2,965	150	5.1%
<b>Dutton/Dunwich</b>	1,410	1,480	70	4.7%
<b>Bayham</b>	2,285	2,390	105	4.4%
<b>Malahide</b>	2,810	2,940	130	4.4%
<b>SM Area</b>	<b>33,495</b>	<b>34,995</b>	<b>1500</b>	<b>4.3%</b>
<b>Central Elgin</b>	4,780	4,925	145	2.9%
<b>Southwold</b>	1,595	1,605	10	0.6%
<b>West Elgin</b>	2,110	2,100	-10	-0.5%

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

Since 1991, St. Thomas' share of the SM Area's households has gradually increased from 43.3% to 47.4%. Over the past 25 years there has been little change in the overall share of households for each of the County's seven municipalities. The largest change in household share was in West Elgin where their proportion of households declined by 1.3%. All other municipalities experienced less than a 1.0% change in their share of households between 1991 and 2016.

**Table 3.9: Share of Households in the SM Area, 1991 – 2016**

	1991	1996	2001	2006	2011	2016	Change in Share
<b>St. Thomas</b>	11,535	12,690	13,315	14,735	15,690	16,585	4.1%
	43.3%	44.4%	44.1%	45.8%	46.8%	47.4%	
<b>Bayham</b>	1,830	2,055	2,110	2,195	2,285	2,390	-0.1%
	6.9%	7.2%	7.0%	6.8%	6.8%	6.8%	
<b>Aylmer</b>	2,315	2,570	2,650	2,695	2,815	2,965	-0.2%
	8.7%	9.0%	8.8%	8.4%	8.4%	8.5%	
<b>Dutton/ Dunwich</b>	1195	1275	1365	1390	1410	1480	-0.3%
	4.5%	4.5%	4.5%	4.3%	4.2%	4.2%	
<b>Central Elgin</b>	3,940	3,955	4,475	4,775	4,780	4,925	-0.7%
	14.8%	13.8%	14.8%	14.8%	14.3%	14.1%	
<b>Southwold</b>	1435	1405	1535	1605	1595	1605	-0.8%
	5.4%	4.9%	5.1%	5.0%	4.8%	4.6%	
<b>Malahide</b>	2455	2610	2665	2730	2810	2940	-0.8%
	9.2%	9.1%	8.8%	8.5%	8.4%	8.4%	
<b>West Elgin</b>	1,945	2,045	2,060	2,075	2,110	2,100	-1.3%
	7.3%	7.1%	6.8%	6.4%	6.3%	6.0%	
<b>SM Area</b>	26,650	28,605	30,175	32,200	33,495	34,995	
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: Statistics Canada (1996 - 2016), Catalogue no. 98-316-X2016001



### 3.2.2 Household Size

Between 2011 and 2016, household sizes in the SM Area decreased slightly from 2.56 persons to 2.5 persons (Table 3.10). While the average household size in the city of London slightly decreased during this period, it remained unchanged in the London CMA and the province. Overall, the SM Area's average household size is slightly larger than London's (city and CMA) and slightly smaller than the province. The declining size of households is a result of lower birth/fertility rates, women having children at a later stage in their life and higher life expectancies.

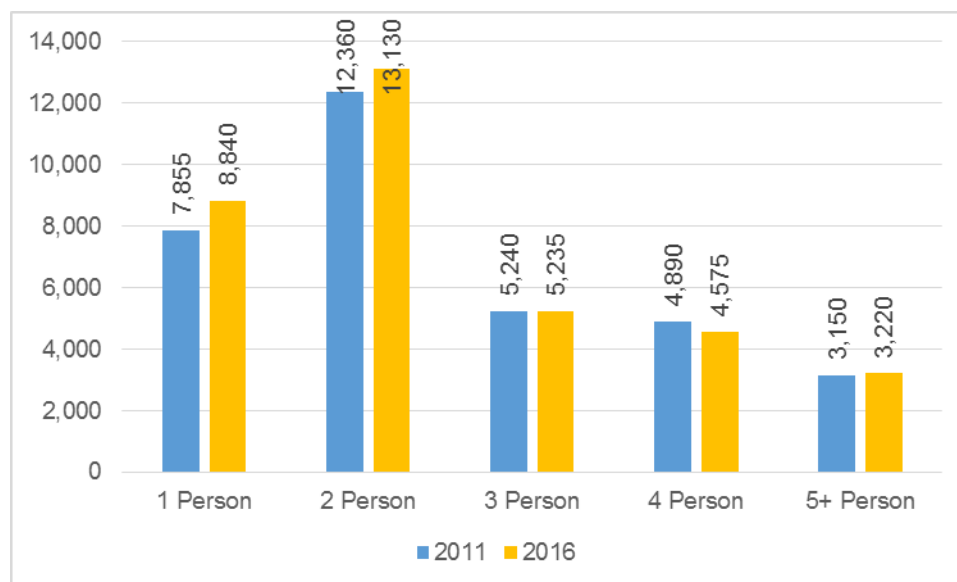
**Table 3.10: Average Household Size in SM Area, London and Ontario, 2011 - 2016**

	SM Area	St. Thomas	London (City)	London (CMA)	Ontario
<b>2006</b>	2.60	2.40	2.40	2.40	2.60
<b>2011</b>	2.56	2.36	2.30	2.40	2.60
<b>2016</b>	2.50	2.30	2.30	2.40	2.60
<b>Change</b>	<b>-0.10</b>	<b>-0.10</b>	<b>-0.10</b>	<b>0.00</b>	<b>0.00</b>

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

The declining size of households reflects the growing number and proportion of single and two person households in the SM Area (Figure 3.2). Between 2011 and 2016, the number of one and two person households increased while three and four person households decreased. Although the number 5 or more person households expanded, it was significantly less than the growth of one and two person households. As a result, the proportion of one and two person households rose to 25.3% and 37.5% while the proportion of the remaining household sizes declined (Figure 3.3).

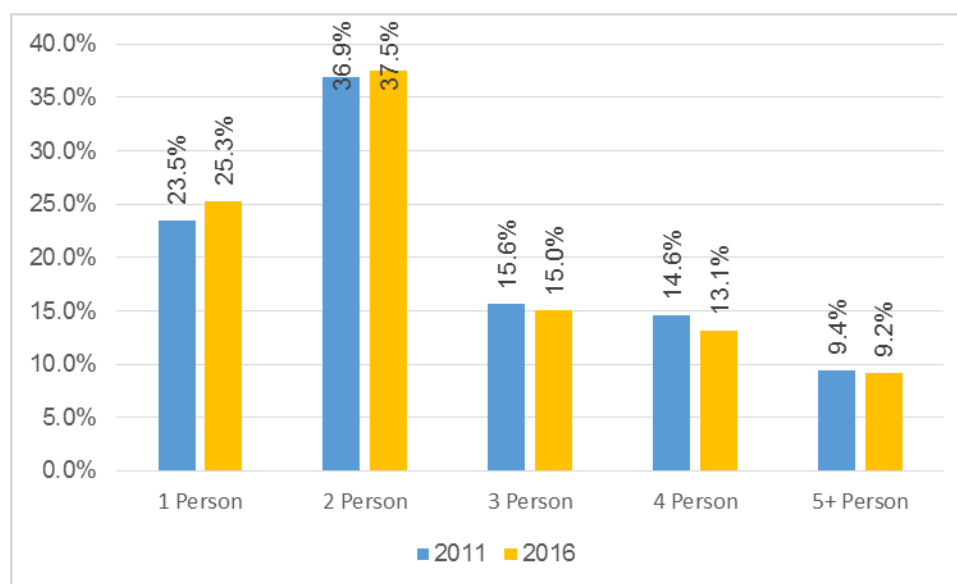
**Figure 3.2: Number of Different Household Sizes in SM Area, 2011 - 2016**



Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001



**Figure 3.3: Proportion of Different Household Sizes in SM Area, 2011 - 2016**



Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

Within the SM Area, the average household size ranges from a high of 3.1 persons in Bayham and Malahide to a low of 2.3 persons in St. Thomas and West Elgin. Between 2011 and 2016, Bayham was the only municipality to see an increase in their average household size from 3.0 to 3.1 persons. All other municipalities either experienced no change or a slight decrease in their average household sizes.

**Table 3.11: Average Household Size Within SM Area, 2011 - 2016**

	2011	2016	Change
<b>Dutton/Dunwich</b>	2.7	2.5	-0.2
<b>West Elgin</b>	2.4	2.3	-0.1
<b>Malahide</b>	3.2	3.1	-0.1
<b>St. Thomas</b>	2.4	2.3	-0.1
<b>SM Area</b>	<b>2.6</b>	<b>2.5</b>	<b>-0.1</b>
<b>Southwold</b>	2.8	2.7	0.0
<b>Central Elgin</b>	2.6	2.6	0.0
<b>Aylmer</b>	2.5	2.5	0.0
<b>Bayham</b>	3.0	3.1	0.1

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

The variations in average household size within the SM Area primarily reflects the distribution of 1 person, 4 persons and 5 or more person household sizes (Table 3.12):

- St. Thomas, Aylmer and West Elgin have a higher than average proportion of 1 person households in their community. Single persons are more likely to be either under the age of 30 or they are older adults/seniors and may move to communities that have healthcare and other amenities/services and access to housing that is more suitable to their needs;

- There is an above average proportion of 4 person households in Southwold (it is also the highest proportion of all 8 municipalities);
- Bayham and Malahide have a much higher proportion of 5 or more person households (18.9% and 19.9%) compared to other municipalities. In comparison, St. Thomas, Central Elgin, Dutton/Dunwich and West Elgin have a below average proportion of this household size (6.2% - 8.4%).

The most common household size in all municipalities are two person households ranging from 33.5% in Aylmer to 42.9% in Central Elgin.

**Table 3.12: Distribution of Different Household Sizes in SM Area, 2016**

	1 Person		2 Persons		3 Persons		4 Persons		5+ Persons	
	#	%	#	%	#	%	#	%	#	%
<b>St. Thomas</b>	5,020	30.3%	6,055	36.5%	2,495	15.0%	1,985	12.0%	1,025	6.2%
<b>Aylmer</b>	840	28.4%	990	33.5%	445	15.1%	365	12.4%	315	10.7%
<b>Bayham</b>	435	18.1%	865	36.0%	325	13.5%	325	13.5%	455	18.9%
<b>Central Elgin</b>	910	18.5%	2,115	42.9%	735	14.9%	775	15.7%	390	7.9%
<b>Dutton/Dunwich</b>	340	23.0%	560	37.8%	250	16.9%	205	13.9%	125	8.4%
<b>Malahide</b>	465	15.8%	1,050	35.7%	440	15.0%	400	13.6%	585	19.9%
<b>Southwold</b>	260	16.2%	640	39.9%	255	15.9%	290	18.1%	160	10.0%
<b>West Elgin</b>	575	27.3%	855	40.5%	295	14.0%	235	11.1%	150	7.1%
<b>SM Area</b>	<b>8,845</b>	<b>22.2%</b>	<b>13,130</b>	<b>37.9%</b>	<b>5,240</b>	<b>15.0%</b>	<b>4,580</b>	<b>13.8%</b>	<b>3,205</b>	<b>11.1%</b>

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

### 3.2.3 Household Types

Mirroring the trends identified in Chart 3.2, the number of household types with one and two persons (couples without children, lone-parent and non-census) increased in the SM Area between 2011 and 2016. In contrast, household types that were generally associated with three or more persons (couples with children, other census households) experienced absolute declines. When compared to the province (Chart X), the SM Area:

- Had a faster increase in the number of lone-parent and non-census (primarily one-person) households;
- Slower increase in the number of couples without children; and
- A decline in the number of couple with children and other census households compared with absolute increases for both household types at the provincial level.

These changes are primarily the result of an aging population as well as an influx of older adult and senior households into the area looking for affordable ownership housing<sup>1</sup>.

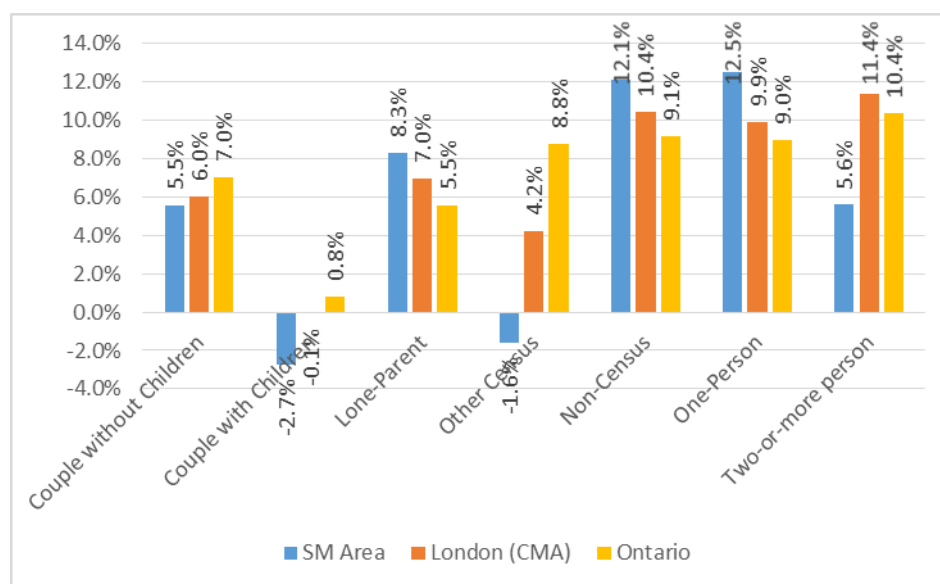
<sup>1</sup> The latter was highlighted in conversations with area home builders.

**Table 3.13: Changes in SM Area Household Sizes, 2011 - 2016**

	SM Area		
	2011	2016	Change
Couple without Children	10,025	10,580	555
Couple with Children	10,385	10,100	-285
Lone-Parent	2,830	3,065	235
Other Census	1,590	1,565	-25
Non-Census	8,645	9,690	1,045
One-Person	7,855	8,840	985
Two-or-more person	805	850	45
<b>Total</b>	<b>33,475</b>	<b>35,000</b>	<b>1,525</b>

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

**Figure 3.3: Changes in Household Types, SM Area, London CMA and Ontario, 2016**



Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

St. Thomas has a markedly different composition of household types compared to the municipalities in Elgin County. Most notably, this difference is expressed in:

- an above average proportion of one-person households (30.3% compared to the SM Area average of 22.2%);
- a slightly than higher average of lone-parent households (10.9% vs. 7.4%);
- slightly than lower average of couples with children (24.1% vs. 28.8%); and
- slightly lower proportion of couples without children (27.4% vs. 30.3%).

Within Elgin County, Aylmer has the closest household type profile to St. Thomas' with above average proportions of one-person and lone-parent households and below average proportions of couples without children. In general, the County's municipalities

tend to have an above average proportion of couples with and without children and a below average proportion lone-parent and one-person households.

**Table 3.14: Household Types in SM Area Municipalities, 2016**

	Couple Without Children		Couple With Children		Lone-Parent		Other Census		Non-Census One-Person		Non-Census Two or More Person	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>St. Thomas</b>	4,550	27.4%	3,995	24.1%	1,815	10.9%	705	4.2%	5,025	30.3%	500	3.0%
<b>Aylmer</b>	780	26.4%	845	28.5%	290	9.8%	130	4.4%	840	28.4%	75	2.5%
<b>Bayham</b>	735	30.8%	935	39.1%	130	5.4%	105	4.4%	430	18.0%	55	2.3%
<b>Central Elgin</b>	1,875	38.0%	1,535	31.1%	295	6.0%	235	4.8%	910	18.5%	80	1.6%
<b>Dutton/Dunwich</b>	475	32.1%	465	31.4%	115	7.8%	70	4.7%	340	23.0%	15	1.0%
<b>Malahide</b>	920	31.3%	1,230	41.8%	150	5.1%	130	4.4%	465	15.8%	45	1.5%
<b>Southwold</b>	545	33.9%	585	36.3%	100	6.2%	90	5.6%	260	16.1%	30	1.9%
<b>West Elgin</b>	715	34.1%	505	24.1%	170	8.1%	95	4.5%	575	27.4%	35	1.7%
<b>Total/Average</b>	<b>10,595</b>	<b>30.3%</b>	<b>10,095</b>	<b>28.8%</b>	<b>3,065</b>	<b>7.4%</b>	<b>1,560</b>	<b>4.6%</b>	<b>8,845</b>	<b>22.2%</b>	<b>835</b>	<b>1.9%</b>

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

### 3.3 Household Income Trends

#### 3.3.1 Median Household and Individual Incomes

In 2015, the SM Area's median pre-tax household income was \$59,283 which is 2.9% higher than the London CMA's figure of \$57,576 but 10% lower than the provincial figure of \$65,285 (Table 3.15). Aylmer, West Elgin and St. Thomas had the lowest median household incomes in the Service Manager area while Central Elgin had the highest.

Median individual incomes generally follow the same pattern as household incomes but with some exceptions. The SM Area's 2015 median income for individuals is approximately 2.6% lower than the Ontario and London CMA figures. Central Elgin and Southwold have the highest median incomes for individuals while Aylmer and Bayham have the lowest.

**Table 3.15: Median Household and Individual Incomes in 2015**

	Household Income	Individual Income
Ontario	\$65,285	\$30,641
London CMA	\$57,576	\$30,614
<b>SM Area</b>	<b>\$59,283</b>	<b>\$29,961</b>
Aylmer	\$52,236	\$25,792
West Elgin	\$53,280	\$25,792
St. Thomas	\$53,638	\$27,063
Bayham	\$58,690	\$28,897
Dutton/Dunwich	\$64,435	\$32,960
Malahide	\$67,571	\$28,634
Southwold	\$73,568	\$34,287
Central Elgin	\$76,569	\$35,925

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

Between 2010 and 2015, household incomes increased by 9.0% in the SM Area which was lower than the London CMA (9.9%) and province (11.2%). Within the SM Area, the fastest increase in median household incomes were in Malahide (23.3%), Central Elgin (19.2%) and West Elgin (16.8%). The slowest increase in median incomes were found in Southwold (3.2%), St. Thomas (4.4%) and Dutton/Dunwich (4.8%). The rate of inflation was 8.7%<sup>2</sup> during this time frame.

**Table 3.16: Change in Median Household Incomes, 2010 - 2015**

	2010	2015	# Change	% Change
Ontario	\$58,717	\$65,285	\$6,568	11.2%
London CMA	\$52,382	\$57,576	\$5,194	9.9%
<b>SM Area</b>	<b>\$54,411</b>	<b>\$59,283</b>	<b>\$4,872</b>	<b>9.0%</b>
Southwold	\$71,254	\$73,568	\$2,314	3.2%
St. Thomas	\$51,395	\$53,638	\$2,243	4.4%
Dutton/Dunwich	\$61,502	\$64,435	\$2,933	4.8%
Bayham	\$54,635	\$58,960	\$4,325	7.9%
Aylmer	\$47,604	\$52,236	\$4,632	9.7%
West Elgin	\$45,635	\$53,280	\$7,645	16.8%
Central Elgin	\$64,239	\$76,569	\$12,330	19.2%
Malahide	\$54,823	\$67,571	\$12,748	23.3%

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

Overall, the median income of individuals in the SM Area rose faster than household incomes (14.1% vs. 9.0%) between 2010 and 2015. During this time, the median income of individuals in the SM Area also increased faster than the province (9.0%) and London CMA (11.3%). Within St. Thomas and Elgin County, median household incomes rose fastest in West Elgin (22.2%), Malahide (21.2%) and Central Elgin (20.8%). In contrast, the smallest increases in individual incomes were found in Southwold (6.5%), Dutton/Dunwich (7.9%) and Aylmer (11.6%).

**Table 3.17: Change in Median Individual Incomes, 2010 - 2015**

	2010	2015	# Change	% Change
Ontario	\$28,118	\$30,641	\$2,523	9.0%
London CMA	\$27,514	\$30,614	\$3,100	11.3%
<b>SM Area</b>	<b>\$26,255</b>	<b>\$29,961</b>	<b>\$3,706</b>	<b>14.1%</b>
Southwold	\$32,204	\$34,287	\$2,083	6.5%
Dutton/Dunwich	\$30,556	\$32,960	\$2,404	7.9%
St. Thomas	\$26,743	\$29,637	\$2,894	10.8%
Aylmer	\$23,119	\$25,792	\$2,673	11.6%
Bayham	\$23,152	\$25,897	\$2,745	11.9%
Central Elgin	\$29,754	\$35,952	\$6,198	20.8%
Malahide	\$23,630	\$28,634	\$5,004	21.2%
West Elgin	\$22,148	\$27,063	\$4,915	22.2%

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

<sup>2</sup> Based on Statistics Canada Consumer Price Index, historical summary (1998 to 2017).

### 3.3.2 Source of Income

Statistics Canada measures three primary sources of incomes for individuals:

- Employment (income that is derived from wages, salaries and commissions);
- Market (includes income from employment<sup>3</sup> as well as investments, private retirement funds and other market incomes); and
- Government transfers (includes Old Age Security, Canada Pension Plan, Employment Insurance, child benefits, social assistance, workers compensation etc.)

In 2011 and 2016, both St. Thomas and the SM Area as a whole had a lower proportion of its residents deriving income primarily from employment and government transfers and an increase in income from investment related activities. Overall these trends are similar to those experienced in the London CMA and province albeit at a slightly lower rate of change.

**Table 3.18: Change in Primary Source of Income for Individuals in Selected Areas, 2011 - 2016**

	Employment			Market			Investment		
	2011	2016	Change	2011	2016	Change	2011	2016	Change
<b>Ontario</b>	74.8%	72.9%	-1.9%	87.7%	88.9%	1.2%	12.3%	11.1%	-1.2%
<b>London CMA</b>	72.6%	70.0%	-2.6%	82.3%	87.2%	4.9%	14.0%	12.8%	-1.2%
<b>SM Area</b>	69.5%	68.9%	-0.6%	82.3%	84.2%	1.9%	17.7%	15.8%	-1.9%
<b>St. Thomas</b>	68.9%	67.6%	-1.3%	81.6%	82.5%	0.9%	18.4%	17.6%	-0.8%

Source: Statistics Canada (2011, 2016), Catalogue no. 98-316-X2016001

Within the SM Area, three municipalities (St. Thomas, Aylmer, West Elgin and have a below average proportion of individuals with incomes derived from employment and market sources (Table 3.19 – following page). These municipalities (as well as Bayham) also have a higher than average proportion of households deriving their incomes from government transfers. In contrast, the remaining municipalities had an average or above average proportion of individuals obtaining income through employment or market sources.

<sup>3</sup> The Census includes income derived from all employment activities within market income sources.

**Table 3.19: Change in Primary Source of Income for Individuals in the SM Area, 2016**

	Employment		Market		Government Transfers	
	#	%	#	%	#	%
SM Area	61,193	68.9%	74,660	84.2%	14,359	15.3%
St. Thomas	26,302	67.6%	32,100	82.5%	6,848	17.6%
Aylmer	5,020	67.0%	6,016	80.3%	1,461	19.5%
Bayham	5,096	68.9%	6,020	81.4%	1,376	18.6%
Central Elgin	8,838	70.1%	11,170	88.6%	1,437	11.4%
Dutton/Dunwich	2,780	71.9%	3,344	86.5%	526	13.6%
Malahide	6,672	71.8%	8,038	86.5%	1,264	13.6%
Southwold	3,249	73.5%	3,921	88.7%	504	11.4%
West Elgin	3,237	64.8%	4,051	81.1%	944	18.9%

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

### 3.3.3 Distribution of Income

Compared to the London CMA and Ontario, the SM Area and in particular St. Thomas, has a lower proportion of households with incomes under \$10,000 and incomes above \$100,000. As a result, the SM Area and St. Thomas tend to have a slightly higher proportion of households earning between \$20,000 and 90,000 than the London CMA and province.

**Table 3.20: Distribution of Income in Selected Areas, 2016**

	<\$10,000	\$10,000-19,999	\$20,000-29,999	\$30,000-39,999	\$40,000-49,999	\$50,000-59,999	\$60,000-69,999	\$70,000-79,999	\$80,000-89,999	\$90,000-99,999	\$100,000+
Ontario	3.0%	6.2%	7.5%	7.9%	7.9%	7.5%	7.0%	6.5%	6.0%	5.5%	34.9%
London CMA	3.8%	7.3%	8.9%	9.1%	9.1%	8.3%	7.4%	6.6%	5.9%	5.3%	28.4%
SM Area	2.3%	6.4%	9.1%	10.2%	9.4%	8.8%	8.1%	7.7%	6.5%	5.8%	27.2%
St. Thomas	2.4%	8.4%	10.1%	9.1%	9.9%	9.1%	8.4%	7.2%	6.2%	5.5%	22.5%

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

Within the SM Area, the majority of low to moderate income households in the SM Area are located in St. Thomas and Aylmer. This is particular true for households whose incomes are less than \$20,000 with 62% and 74% of these households in both of these municipalities. Households with higher incomes tend to be located in Central Elgin and Malahide.



**Table 3.21: Distribution of Income in the SM Area, 2016**

	<\$10,000	\$10,000-19,999	\$20,000-29,999	\$30,000-39,999	\$40,000-49,999	\$50,000-59,999	\$60,000-69,999	\$70,000-79,999	\$80,000-89,999	\$90,000-99,999	\$100,000+
SM Area	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
St. Thomas	51.3%	62.3%	54.5%	53.1%	50.4%	49.0%	49.2%	44.4%	45.3%	44.8%	39.2%
Aylmer	10.1%	11.6%	12.0%	9.4%	8.9%	8.4%	8.7%	9.3%	7.7%	6.7%	6.3%
Bayham	7.6%	5.4%	6.6%	7.2%	6.9%	7.4%	7.1%	8.6%	7.9%	6.2%	6.0%
Central Elgin	8.2%	5.6%	8.4%	9.0%	11.1%	11.7%	12.2%	13.2%	15.1%	14.4%	22.4%
Dutton/Dunwich	2.5%	2.7%	3.6%	3.9%	4.3%	4.5%	4.1%	3.2%	3.9%	5.2%	5.1%
Malahide	8.2%	4.7%	5.2%	7.1%	8.1%	8.1%	8.8%	9.7%	9.2%	10.6%	9.9%
Southwold	3.8%	2.9%	2.3%	2.8%	3.8%	4.7%	4.1%	5.2%	5.0%	5.9%	6.6%
West Elgin	8.2%	6.5%	7.3%	7.5%	6.4%	6.1%	5.8%	6.3%	5.7%	5.7%	4.6%

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

### 3.3.4 Income by Household Type

As shown on Table 3.22, non-census and lone-parent households have the lowest incomes in both the SM Area and St. Thomas. In large part, this reflects that these household types only have one earner whereas couples with and without children typically have two individuals receiving income. In addition, the majority of non-census households are typically above the age of 60+ meaning that a large number rely on private investments or government transfers in the form pensions as their primary source of income.

Of note is that the median incomes for non-census and lone parent households in St. Thomas and the SM Area is also lower than similar household types in the London CMA and province as a whole.

**Table 3.22: Income by Household Type in Selected Areas, 2016**

	Couples With Child	Couple Without Child	Lone Parent	Non-Census	Other Census
Ontario	\$71,672	\$97,748	\$49,100	\$35,501	\$100,059
London CMA	\$69,837	\$93,632	\$45,031	\$32,822	\$87,205
SM Area	\$87,118	\$64,637	\$44,672	\$30,614	\$89,173
St. Thomas	\$62,976	\$85,389	\$41,984	\$29,888	\$83,840

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

Within the SM Area, the median incomes for each household type vary. For example, median incomes for non-census and lone-parent households (the household types with the lowest median incomes) range from \$25,568 (Aylmer) and \$41,984 (St. Thomas) to \$40,384 (Southwold) and \$56,512 (Central Elgin) (See Table 3.23 – following page). Similar variations throughout the SM Area also exist for the three remaining household types. The range in median incomes likely reflects a number of factors including access to employment opportunities, housing stock<sup>4</sup> as well as the number of households who

<sup>4</sup> Areas with higher than average numbers of rental units could push median incomes lower as renter households tend to have lower incomes.



have recently moved to the area to take advantage of comparably affordable housing options.

**Table 3.23: Income by Household Type in the SM Area, 2016**

	Couples With Child	Couple Without Child	Lone Parent	Non-Census	Other Census
SM Area	\$87,118	\$64,637	\$44,672	\$30,614	\$89,173
St. Thomas	\$62,976	\$85,389	\$41,984	\$29,888	\$83,840
Aylmer	\$57,941	\$75,418	\$42,880	\$25,568	\$76,288
Bayham	\$57,771	\$73,259	\$46,720	\$27,584	\$87,680
Central Elgin	\$73,891	\$104,290	\$56,512	\$38,592	\$109,824
Dutton/Dunwich	\$64,725	\$92,774	\$51,200	\$35,456	\$101,379
Malahide	\$67,584	\$83,115	\$48,725	\$34,944	\$88,832
Southwold	\$69,632	\$100,608	\$53,632	\$40,384	\$102,144
West Elgin	\$58,197	\$80,640	\$50,432	\$26,411	\$85,760

Source: Statistics Canada (2016), Catalogue no. 98-316-X2016001

### 3.3.5 Prevalence of Low Income

One way to measure the demand for affordable housing is the number of individuals below Statistics Canada's after tax low income cut-off (LICO-AT). This indicator refers to individuals that devote a larger than average share (typically 20%) of their after-tax income on the necessities of food, shelter and clothing. It should be noted that as LICO-AT is dependent on the cost of living, the actual low income cut-offs vary by region.

The proportion of persons below the LICO-AT in the SM Area is lower than St. Thomas, London CMA and province as a whole. Between 2005 and 2010, all four selected areas as shown on Table 3.22 had a decrease in the proportion of persons below the LICO-AT. Although the proportion of low income persons may have decreased in all four areas, the absolute number increased in St. Thomas (110 persons) and in the London CMA (2,625 persons).

**Table 3.24: Persons below the LICO-AT in Selected Areas, 2010 - 2015**

	2005		2010		%	#
	%	#	%	#	Change	Change
Elgin	6.2%	1,560	5.7%	1,330	-0.5%	-230
St. Thomas	8.5%	3,000	8.1%	3,110	-0.4%	110
London CMA	10.3%	46,235	10.0%	48,860	-0.3%	2,625
Ontario	11.1%	1,324,480	9.8%	1,298,585	-1.3%	-25,895

Source: Statistics Canada (2006, 2016), Catalogue no. 97-563-XCB2006037 and no. 98-316-X2016001

When examined by age, individuals above the age of 65 years have the lowest incidence of being below the low income cut-off while those below the age of 65 have similar proportions. Between 2005 and 2010, the proportion of persons experiencing low income below the age of 17 and above the age of 65 decreased in all four areas examined in Table 3.25.

**Table 3.25: Persons by age group below the LICO-AT in Selected Areas, 2010 - 2015**

	0 - 17 Years			18 - 64 Years			65+ Years		
	2005	2010	Change	2005	2010	Change	2005	2010	Change
<b>Elgin</b>	7.4%	6.6%	-0.8%	6.4%	6.6%	0.2%	3.0%	1.6%	-1.4%
<b>St. Thomas</b>	10.3%	9.5%	-0.8%	8.8%	9.7%	0.9%	4.0%	1.6%	-2.4%
<b>London CMA</b>	12.4%	11.4%	-1.0%	10.9%	11.6%	0.7%	3.5%	2.3%	-1.2%
<b>Ontario</b>	13.7%	9.5%	-4.2%	11.2%	9.7%	-1.5%	5.9%	1.6%	-4.3%

Source: Statistics Canada (2006, 2016), Catalogue no. 97-563-XCB2006037 and no. 98-316-X2016001

Within the SM Area, the majority of individuals with low income are living in St. Thomas (3,110 or 62.1%) followed by Aylmer (475 or 9.5%) and Malahide (405 or 8%). The lowest incidence of low income is found in Dutton/Dunwich and Southwold with 100 and 120 individuals respectively.

**Table 3.26: Low income in the SM Area, 2015**

	0-17 Years	18-64 Years	65+ Years	Total
<b>SM Area</b>	1,330	3,430	250	5,010
<b>St. Thomas</b>	775	2,225	110	3,110
<b>Aylmer</b>	120	320	35	475
<b>Bayham</b>	95	175	10	280
<b>Central Elgin</b>	65	215	25	305
<b>Dutton/Dunwich</b>	20	65	15	100
<b>Malahide</b>	185	185	35	405
<b>Southwold</b>	30	80	10	120
<b>West Elgin</b>	50	170	10	230

Source: Statistics Canada (2006, 2016), Catalogue no. 98-316-X2016001

## 3.4 Housing Market Trends

### 3.4.1 Housing Supply Trends

Continuing historical trends, the majority of new dwellings built in the SM Area between 2006 and 2016 was in the form of single detached dwellings (2,425 or 86%) while apartments under 5 storeys in height was the second most constructed form (225 or 8%). During this time the number of row houses (e.g. townhouses), apartment duplexes and other dwellings decreased.

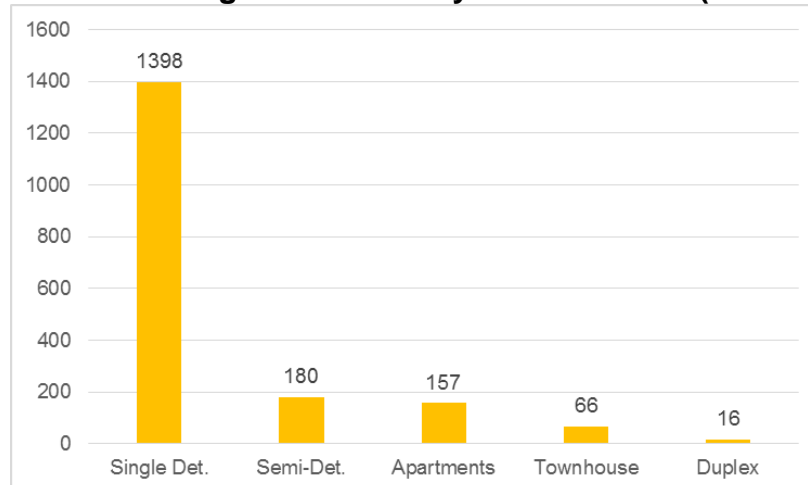
**Table 3.27: Change in SM Area Dwelling Types, 2011 – 2016**

	2006		2016		Change (06-16)	
	#	%	#	%	#	%
<b>Single Detached</b>	24,700	76.7%	27,125	77.5%	2,425	9.8%
<b>Semi-Detached</b>	1,225	3.8%	1,415	4.0%	190	15.5%
<b>Row House</b>	1,000	3.1%	970	2.8%	-30	-3.0%
<b>Apartment, Duplex</b>	780	2.4%	730	2.1%	-50	-6.4%
<b>Apartment &lt; 5 Storeys</b>	3,310	10.3%	3,535	10.1%	225	6.8%
<b>Apartment &gt; 5 Storeys</b>	715	2.2%	775	2.2%	60	8.4%
<b>Other Dwellings</b>	465	1.4%	445	1.3%	-20	-4.3%
<b>Total</b>	32,195	100.0%	34,995	100.0%	2,800	8.7%

Source: Statistics Canada (2006, 2016), Community Profile

Between 2007 and 2017, the majority of building permits in St. Thomas were for single detached dwellings (1,398 or 77%) between 2007 and 2017. In comparison, semi-detached and apartment units comprised 10% (180) and 9% (157) of all units built during this time. Of note is that the majority of apartment units created over the past decade have received capital funding from federal/provincial affordable housing programs. In addition, the construction of townhouses only began in 2015 due in large part to the increasing price of single detached homes<sup>5</sup>.

**Figure 3.4: Building Permit Activity in St. Thomas (2007 – 2017)**



Source: City of St. Thomas Building Department (2017)

<sup>5</sup> Based on feedback from home builders interviewed for this study

It should be noted that there are a number of apartment buildings currently being proposed or under construction that are not receiving capital funding from federal/provincial affordable housing programs. In Aylmer, JLC Homes is proposing to construct a five storey, 49 unit apartment building with 47 one-bedroom units and 2 two-bedroom units at 11 Jane Street. Rents for the new units are \$1,100 for one-bedroom units and \$1,400 for two-bedroom units<sup>6</sup>. Within St. Thomas, Loewith-Greenburg Communities is proposing to construct a 400 unit apartment development on the former Alma College site. The rationale for constructing these buildings is based on the limited supply and growing demand for rental units in both of these communities.

In the spring of 2018, staff from TWC talked with local home builders about the trends they see within the SM Area. Overall, many noted that they were extremely busy due to the demand from empty nesters in the area looking to downsize from their existing dwelling, older adults and retirees moving to the area from other areas of the province (particularly the Greater Toronto Area) and households from London seeking to take advantage of comparably affordable ownership housing. While single detached dwellings continue to be the primary form of new ownership dwellings, builders are constructing a greater number of multi-unit housing types such as semi-detached and townhouses. The shift to more multi-unit buildings reflects the difficulty in building new single detached houses under \$300,000 which is a price point that many first time home buyers are seeking.

Within the SM Area, St. Thomas and Aylmer are considerably different than the rest of their peers in Elgin County. In both of these municipalities, the proportion of single detached dwellings is lower than their SM Area peers while the proportion of apartments under five storeys is higher. St. Thomas is also the only municipality in the SM Area to have apartments greater than 5 storeys in height. In comparison, single detached dwellings comprise no less than 80% of the remaining municipalities' housing stock.

**Table 3.28: Composition of Housing Stock by SM Area Municipality, 2016**

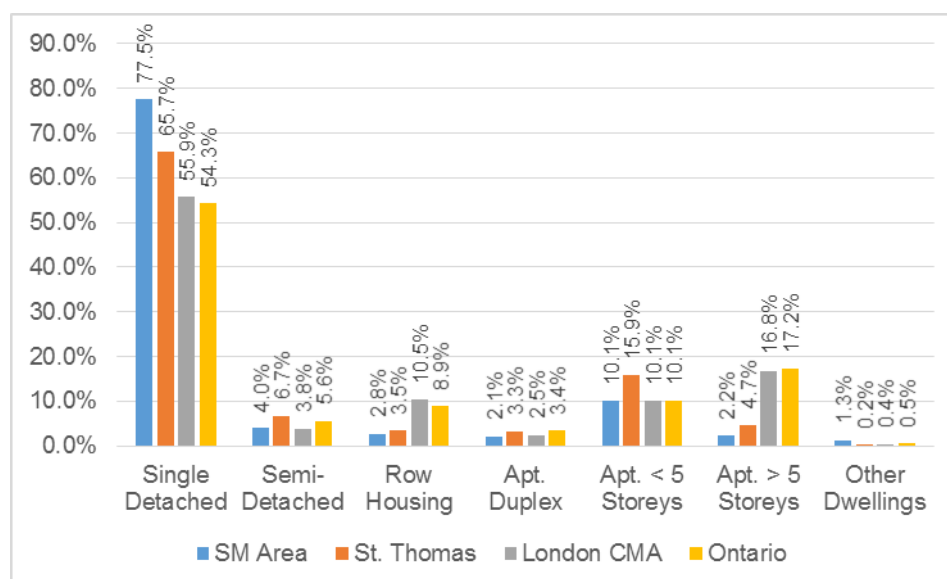
	Single Detached	Semi-Detached	Row Housing	Apt. Duplex	Apt. < 5 Storeys	Apt. > 5 Storeys	Other Dwellings
<b>SM Area</b>	77.5%	4.0%	2.8%	2.1%	10.1%	2.2%	1.3%
<b>St. Thomas</b>	65.8%	6.6%	3.4%	3.5%	15.9%	4.6%	0.1%
<b>Aylmer</b>	67.2%	5.4%	6.6%	3.2%	16.4%	0.0%	1.2%
<b>Bayham</b>	86.1%	1.1%	1.9%	0.4%	1.7%	0.0%	8.8%
<b>Central Elgin</b>	93.2%	0.8%	2.2%	0.6%	2.4%	0.0%	0.7%
<b>Dutton/Dunwich</b>	92.9%	1.3%	1.0%	0.7%	4.0%	0.0%	0.0%
<b>Malahide</b>	92.8%	1.4%	0.3%	0.0%	0.7%	0.0%	4.8%
<b>Southwold</b>	98.1%	0.6%	0.0%	0.0%	0.6%	0.0%	0.6%
<b>West Elgin</b>	89.4%	0.9%	0.5%	1.2%	7.5%	0.0%	0.5%

Source: Statistics Canada (2016), Catalogue no. 98-400-X2016222

<sup>6</sup> In comparison, average market rents for St. Thomas – Elgin County are \$687 for one-bedroom units and \$855 for two-bedroom units.

Figure 3.5 shows that the dwelling stock in the SM Area and St. Thomas have a considerably different make-up than the London CMA and the province. In general, the SM Area and St. Thomas have a higher proportion of single detached dwellings and a lower proportion of other forms of ground based housing than the London CMA and province. Of note is that the proportion of apartments under 5 storeys is equal to or greater than the figures in Ontario and the London CMA. Overall, this pattern is similar to many smaller urban and rural areas where the demand for rental housing is considerably lower and rental units tend to be in the form of lower density housing such as single detached dwellings.

**Figure 3.5: Proportion of Dwelling Types in Selected Municipalities, 2016**



Source: Statistics Canada (2016), Catalogue no. 98-400-X2016222

### 3.4.2 Composition of Owner and Rental Dwelling Stocks

Similar to many other smaller urban centres and rural areas, ground-related housing and in particular single detached dwellings comprises the majority of owner housing (Table 3.29 – following page). The lowest proportion of owned single detached dwellings is found in Aylmer and St. Thomas at 89.2% and 89.3% while Dutton/Dunwich has the greatest proportion at 99.2%. While higher density forms of ground oriented housing are being built in recent years due to increasing home prices, they still represent a small proportion of the units being constructed annually.

**Table 3.29: Number and Proportion of Owner Housing by Dwelling Type in SM Area, 2016**

	Single Detached		Semi-Detached		Row Housing		Apt > 5 Storeys		Apt < 5 Storeys		Apt. Duplex		Other	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
St. Thomas	9,990	89.3%	775	6.9%	80	0.7%	0	0.0%	135	1.2%	210	1.9%	0	0.0%
Aylmer	1,770	89.2%	70	3.5%	40	2.0%	0	0.0%	75	3.8%	20	1.0%	10	0.5%
Bayham	1,800	89.1%	10	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	210	10.4%
Central Elgin	4,250	96.9%	25	0.6%	75	1.7%	0	0.0%	15	0.3%	10	0.2%	10	0.2%
Dutton/Dunwich	1,240	99.2%	10	0.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Malahide	2,305	95.1%	20	0.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	100	4.1%
Southwold	1,410	98.6%	10	0.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10	0.7%
West Elgin	1,700	98.8%	10	0.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10	0.6%
Total	24,465	92.7%	930	3.5%	195	0.7%	0	0.0%	225	0.9%	240	0.9%	350	1.3%

As shown on Table 3.30, the SM Area's rental stock is comprised primarily of ground related housing and is considerably different than the province. Whereas the SM Area has a greater proportion of single detached dwellings (31.0% vs. 13.2%) and apartments under 5 storeys (38.6% vs. 26.8%), it has a significantly lower proportion of apartments over 5 storeys in height (9.0% vs. 40.6%) compared to the province. These differences are quite typical of small urban centres and rural areas due to the relatively small rental market compared to larger urban areas. Notwithstanding these differences, the proportion of semi-detached, row housing and apartment duplexes in the SM Area and province's rental stock was relatively similar.

Within the SM Area, there is a considerable difference in the rental stock available to households. Table 3.30 shows that apartments are the most numerous dwelling type for rent in St. Thomas (60.9%) and Aylmer (42.1%). In comparison, single detached dwellings are the most dominant form of rental housing in remaining municipalities ranging from a low of 50.6% in West Elgin to 94.6% in Southwold.

**Table 3.30: Rental Stock in the SM Area, 2016**

	Single Detached		Semi-Detached		Row Housing		Apt > 5 Storeys		Apt < 5 Storeys		Apt. Duplex		Other	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
St. Thomas	910	16.9%	325	6.0%	490	9.1%	770	14.3%	2,505	46.6%	365	6.8%	10	0.2%
Aylmer	220	22.6%	90	9.2%	155	15.9%	0	0.0%	410	42.1%	75	7.7%	25	2.6%
Bayham	250	69.4%	15	4.2%	45	12.5%	0	0.0%	40	11.1%	10	2.8%	0	0.0%
Central Elgin	345	63.3%	15	2.8%	35	6.4%	0	0.0%	105	19.3%	20	3.7%	25	4.6%
Dutton/Dunwich	140	59.6%	10	4.3%	15	6.4%	0	0.0%	60	25.5%	10	4.3%	0	0.0%
Malahide	420	82.4%	20	3.9%	10	2.0%	0	0.0%	20	3.9%	0	0.0%	40	7.8%
Southwold	175	94.6%	0	0.0%	0	0.0%	0	0.0%	10	5.4%	0	0.0%	0	0.0%
West Elgin	195	50.6%	10	2.6%	10	2.6%	0	0.0%	160	41.6%	10	2.6%	0	0.0%
Total	2,655	31.0%	485	5.7%	760	8.9%	770	9.0%	3,310	38.6%	490	5.7%	100	1.2%
Ontario	205,600	13.2%	57,685	3.7%	153,050	9.8%	633,905	40.6%	418,515	26.8%	83,615	5.4%	7,055	0.5%

### 3.4.3 Recent Changes to Owner and Rental Housing Stocks

Between 2006 and 2016, more than 2,035 units of owner housing were built or repurposed from rental housing in the SM Area. The majority of new owner units were in the form of single detached dwellings. Some caution should be used when viewing this census data as the 2016 figures have been flagged by Statistics Canada as being of

poor quality. For example, although building permit data from St. Thomas and home builders noted that they are now constructing more row housing, the number of owner row housing units declined by 60 units while the number of rented row housing units rose by 5.

**Table 3.30: Change in Ownership Housing Stock within the SM Area, 2006 - 2016**

	2006		2016		Change	
	#	%	#	%	#	%
<b>Single Detached</b>	22,465	91.8%	24,460	92.3%	1,995	0.5%
<b>Semi Detached</b>	910	3.7%	915	3.5%	5	-0.3%
<b>Row House</b>	250	1.0%	190	0.7%	-60	-0.3%
<b>Apt &gt; 5 Storeys</b>	0	0.0%	0	0.0%	0	0.0%
<b>Apt &lt; 5 Storeys</b>	230	0.9%	350	1.3%	120	0.4%
<b>Apt. in a Duplex/Flat</b>	295	1.2%	250	0.9%	-45	-0.3%
<b>Other</b>	325	1.3%	345	1.3%	20	0.0%
<b>Total</b>	24,475	100.0%	26,510	100.0%	2,035	0.0%

Source: Statistics Canada (2006, 2016) Catalogue no. 97-554-XCB2006028 and 98-400-X2016231

Overall, the largest number of new ownership units were found in St. Thomas with 1,155 or 64.5% of all units in the SM Area while Bayham has the second highest figure (240 units or 13.4% of all units). Overall, the number of owned single detached dwellings increased in all SM Area municipalities except for Southwold while there were no trends for the remainder of dwelling types.

**Table 3.31: Change in Ownership Housing Stock by Dwelling Type, 2006 - 2016**

	Single Detached	Semi-Detached	Row House	Apt. > 5 Storeys	Apt. < 5 Storeys	Apt. Duplex	Other	Total	
<b>St. Thomas</b>	1,255	25	0	0	-95	5	-35	<b>1,155</b>	<b>64.5%</b>
<b>Aylmer</b>	25	-5	20	0	20	-5	0	<b>55</b>	<b>3.1%</b>
<b>Bayham</b>	155	-20	-10	0	-10	-10	135	<b>240</b>	<b>13.4%</b>
<b>Central Elgin</b>	245	-20	-45	0	-15	-10	-30	<b>125</b>	<b>7.0%</b>
<b>Dutton/Dunwich</b>	80	5	0	0	0	-10	0	<b>75</b>	<b>4.2%</b>
<b>Malahide</b>	190	5	0	0	-10	-10	-15	<b>160</b>	<b>8.9%</b>
<b>Southwold</b>	-5	-5	0	0	0	-10	0	<b>-20</b>	<b>-1.1%</b>
<b>West Elgin</b>	45	-5	-20	0	-10	15	-25	<b>0</b>	<b>0.0%</b>
<b>Total</b>	<b>1,990</b>	<b>-20</b>	<b>-55</b>	<b>0</b>	<b>-120</b>	<b>-35</b>	<b>30</b>	<b>1,790</b>	<b>100.0%</b>

Source: Statistics Canada (2006, 2016) Catalogue no. 97-554-XCB2006028 and 98-400-X2016231

Since 2006, there have been 980 dwelling units that were either built for or repurposed to provide rental housing. Over the past decade, the majority of new rental units (565 or 58%) were in ground related buildings and in particular, single detached dwellings (43%). The remaining 415 units built during this period were in the form of apartments (Table 3.32 – following page).



**Table 3.32: Change in the SM Area's Rental Stock, 2006 - 2016**

	2006		2016		Change (06-11)	
	#	%	#	%	#	%
<b>Single Detached</b>	2,230	29.4%	2,655	31.0%	425	1.6%
<b>Semi-Detached</b>	430	5.7%	485	5.7%	55	0.0%
<b>Row House</b>	755	9.9%	760	8.9%	5	-1.1%
<b>Apts &gt; 5 Storeys</b>	705	9.3%	770	9.0%	65	-0.3%
<b>Apts &lt; 5 Storeys</b>	2,960	39.0%	3,310	38.6%	350	-0.4%
<b>Apartment Duplex</b>	485	6.4%	490	5.7%	5	-0.7%
<b>Other Dwellings</b>	25	0.3%	100	1.2%	75	0.8%
<b>Total</b>	7,590	100.0%	8,570	100.0%	980	0.0%

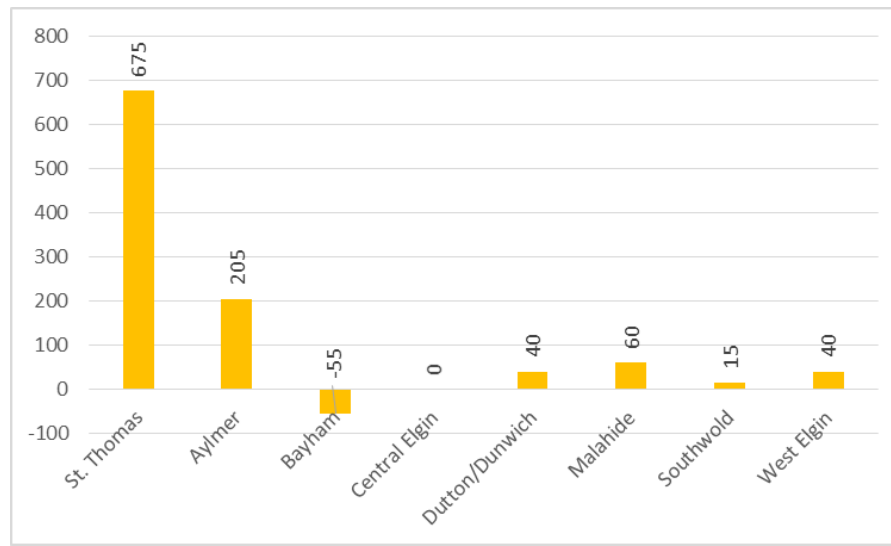
Source: Statistics Canada (2006, 2016) Catalogue no. 97-554-XCB2006028 and 98-400-X2016231

The distribution of these new rental units within the SM Area varied considerably:

- The majority of new rental units were found in St. Thomas (675 or 68.9%) followed by Aylmer (205 or 20.9%) and Malahide (60 or 6.1%);
- Bayham was the only municipality to have a net loss of rental units (-55 units) between 2006 and 2011;
- The largest increase in rental single detached dwellings was in St. Thomas (87.1%) followed by Aylmer (18.8%) while Dutton/Dunwich, Southwold and Malahide had increases of less than 8%. The number of single detached dwellings for rent decreased in Bayham by -10.6%, in Central Elgin by -7.1% and in West Elgin by -3.9%;
- New apartments in buildings over 5 storeys were constructed only in St. Thomas;
- The majority of new apartments in buildings under 5 storeys for rent were built in St. Thomas (220 or 62.9%) followed by Aylmer (65 or 18.6%) and West Elgin (45 or 12.9%). While Dutton/Dunwich and Malahide had a small increase in these dwelling types (25 and 10 units respectively), there was no change in Bayham and slight decreases in Central Elgin and West Elgin.



**Figure 3.6: Location of New Rental Units in SM Area, 2006 - 2016**

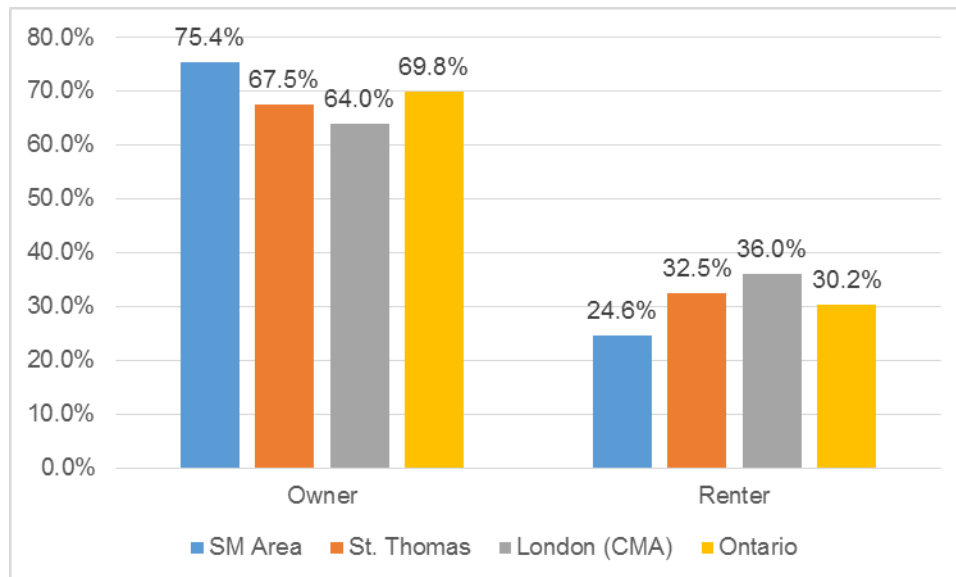


Source: Statistics Canada (2006, 2016) Catalogue no. 97-554-XCB2006028 and 98-400-X2016231

#### 3.4.4 Ownership and Rental Rates

The proportion of households in the SM Area who own their dwelling is higher than St. Thomas, London CMA and Ontario while the proportion of households who rent is lower in the SM Area compared to these other areas. In comparison, while St. Thomas has a lower proportion of owners than the province, it has a slightly higher ownership rate than that of the London CMA. In part, these figures reflect the greater affordability of home ownership prices in the SM Area, overall preferences for ground oriented housing and comparatively lower demand for rental units.

**Figure 3.7: Proportion of Owners and Renters in Selected Municipalities, 2016**



Source: Statistics Canada (2016) Catalogues 98-400-X2016230 and 98-400-X2016231

Mirroring national and provincial trends, the proportion of SM Area households who own their dwelling dropped from 77.7% to 75.5% between 2011 and 2016. During this same period, the proportion of renters increased from 22.3% to 24.5%. Table 3.34 shows that the proportion of owners dropped in each area municipality except for West Elgin where the proportion increased by 0.6% or 25 households. The change in the overall proportion of owner and renter households reflects the overall growth of both tenure types which included 390 new owner households and 1,110 new renter households. Overall, the largest absolute increases in renter households occurred in St. Thomas, Dutton/Dunwich and Aylmer while West Elgin was the only area to have a decrease or no change in the number of renter households.

**Table 3.33: Absolute Change in the number of Owner and Renters in the SM Area, 2011 - 2016**

	Owner		Renter		Absolute Change	
	2011	2016	2011	2016	Owner	Renter
SM Area	26,030	26,420	7,460	8,570	390	1,110
St. Thomas	10,940	11,190	4,750	5,375	250	625
Aylmer	1,945	1,985	870	975	40	105
Bayham	1,965	2,020	320	360	55	40
Central Elgin	4,300	4,385	480	545	85	65
Dutton/Dunwich	1,295	1,250	120	235	-45	115
Malahide	2,390	2,425	415	510	35	95
Southwold	1,480	1,430	115	185	-50	70
West Elgin	1,710	1,735	395	385	25	-10

Source: Statistics Canada (2011, 2016) Catalogue no. 99-014-X2011031 and 98-400-X2016231

**Table 3.34: Change in the proportion of Owner and Renters in the SM Area, 2011 - 2016**

	Owner		Renter		Absolute Change	
	2011	2016	2011	2016	Owner	Renter
SM Area	77.7%	75.5%	22.3%	24.5%	-2.2%	2.2%
St. Thomas	69.7%	67.6%	30.3%	32.4%	-2.2%	2.2%
Aylmer	69.1%	67.1%	30.9%	32.9%	-2.0%	2.0%
Bayham	86.0%	84.9%	14.0%	15.1%	-1.1%	1.1%
Central Elgin	90.0%	88.9%	10.0%	11.1%	-1.0%	1.0%
Dutton/Dunwich	91.5%	84.2%	8.5%	15.8%	-7.3%	7.3%
Malahide	85.2%	82.6%	14.8%	17.4%	-2.6%	2.6%
Southwold	92.8%	88.5%	7.2%	11.5%	-4.2%	4.2%
West Elgin	81.2%	81.8%	18.8%	18.2%	0.6%	-0.6%

Source: Statistics Canada (2011, 2016) Catalogue no. 99-014-X2011031 and 98-400-X2016231

Only two municipalities have a higher proportion of households who rent than the SM Area's average of 22.3%: St. Thomas at 30.3% and Aylmer with 30.9%. In the remaining municipalities, the proportion of renters is below the SM Area average ranging from a low of 7.2% in Southwold to 18.8% in West Elgin. In contrast, Aylmer

and St. Thomas have a below average proportion of households who own their dwelling (67.6% and 69.7% respectively) whereas the other municipalities in the SM Area have a proportion of owner households that does not fall below 81.8%.

**Table 3.35: Change in the rental stock for selected areas, 2006 - 2016**

	Single Detached		Semi-Detached		Row Housing		Apt. > 5 Storeys		Apt. < 5 Storeys		Apt. Duplex		Other	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>St. Thomas</b>	370	87.1%	45	81.8%	0	0.0%	65	100.0%	220	62.9%	-25	-500.0%	0	0.0%
<b>Aylmer</b>	80	18.8%	-20	-36.4%	10	200.0%	0	0.0%	65	18.6%	45	900.0%	25	33.3%
<b>Bayham</b>	-45	-10.6%	5	9.1%	-15	-300.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Central Elgin</b>	-30	-7.1%	-5	-9.1%	25	500.0%	0	0.0%	-5	-1.4%	-10	-200.0%	25	33.3%
<b>Dutton/Dunwich</b>	30	7.1%	0	0.0%	-25	-500.0%	0	0.0%	25	7.1%	10	200.0%	0	0.0%
<b>Malahide</b>	10	2.4%	20	36.4%	10	200.0%	0	0.0%	10	2.9%	-15	-300.0%	25	33.3%
<b>Southwold</b>	25	5.9%	0	0.0%	0	0.0%	0	0.0%	-10	-2.9%	0	0.0%	0	0.0%
<b>West Elgin</b>	-15	-3.5%	10	18.2%	0	0.0%	0	0.0%	45	12.9%	0	0.0%	0	0.0%
<b>Net Gain/Loss</b>	425	100.0%	55	100.0%	5	100.0%	65	100.0%	350	100.0%	5	100.0%	75	100.0%

Source: Statistics Canada (2006, 2016) Catalogue no. 97-554-XCB2006028 and 98-400-X2016231

### 3.4.5 Demographic Profile of Renter Households

Since 2006, the age profile of renter households within the SM Area has generally increased. As shown on Table 3.36, the majority of new renter households are between the ages of 45 and 74 while there was a slight decrease in the number of households below the age of 44 and above the age of 75. In part, this reflects the aging population of the SM Area in which many baby boomers are opting to sell their house and downsize to a rental dwelling to avoid the requirements of owning a dwelling.

**Table 3.36: Change in the age of Renter Households in the SM Area, 2006 - 2016**

	2006	2016	# Change	% Change
<b>Under 25 years</b>	705	610	-95	-13.5%
<b>25 to 34 years</b>	1,480	1,575	95	6.4%
<b>35 to 44 years</b>	1,515	1,390	-125	-8.3%
<b>45 to 54 years</b>	1,290	1,505	215	16.7%
<b>55 to 64 years</b>	915	1,425	510	55.7%
<b>65 to 74 years</b>	705	1,165	460	65.2%
<b>75+ Years</b>	980	930	-50	-5.1%
<b>Total</b>	<b>7,590</b>	<b>8,600</b>	<b>1,010</b>	

Source: Statistics Canada (2006, 2016), Catalogue no. 97-554-XCB2006034 and 98-400-X2016227

The demographic profile of renter households is slightly changing within the SM Area. Non-Census<sup>7</sup> households had the largest absolute increase with 550 followed by couples with children with 265 households. Despite an aging population and the increasing number of older adult and senior households in the SM Area, the number of couples with children (24.1%) and other census households (18.0%) grew faster than households associated with the latter demographic groups (e.g. non-census, couples

<sup>7</sup> The majority of non-census households consist of one person.

without children). As a result, the overall proportion of households with children renting their dwelling increased while childless households generally decreased.

**Table 3.37: Change in the Number and Proportion of Renter Household Types in the SM Area, 2011 - 2016**

	2011		2016		Change	
	#	%	#	%	#	%
<b>Couples Without Children</b>	1,250	16.9%	1,360	15.8%	110	8.8%
<b>Couples With Children</b>	1,100	14.8%	1,365	15.9%	265	24.1%
<b>Lone-Parent</b>	1,150	15.5%	1,345	15.7%	195	17.0%
<b>Non-Census</b>	3,610	48.7%	4,160	48.4%	550	15.2%
<b>Other Census</b>	305	4.1%	360	4.2%	55	18.0%
<b>Total</b>	7,415	100.0%	8,590	100.0%	1,175	15.8%

Source: Statistics Canada (2011, 2016), Catalogue no. 97-554-XCB2006034 and 98-400-X2016227

### 3.4 Housing Affordability

#### 3.4.1 Ownership Market Trends

In recent years there has been a considerable erosion in the affordability of ownership homes within St. Thomas and the London – St. Thomas Association of Realtors (LSTAR) jurisdiction<sup>8</sup>. Table 3.38 shows that since 2012, home purchase prices have increased considerably in these areas including more than 40% in the city of London, almost 38% in the LSTAR area and more than 35% in St. Thomas. During this period, the rate of inflation was 7.0% while median household incomes in St. Thomas increased by 9.0%.

**Table 3.38: Change in Ownership Prices in Selected Geographies, 2012 - 2017**

	London	% Change	St. Thomas	% Change	LSTAR Area	% Change	Inflation
2012	\$240,370		\$191,607		\$238,822		
2013	\$246,919	2.7%	\$201,586	5.2%	\$245,737	2.9%	0.9%
2014	\$256,154	3.7%	\$199,885	-0.8%	\$254,141	3.4%	2.0%
2015	\$265,831	3.8%	\$216,800	8.5%	\$264,435	4.1%	1.1%
2016	\$283,778	6.8%	\$233,476	7.7%	\$279,057	5.5%	1.4%
2017	\$338,068	19.1%	\$260,037	11.4%	\$328,759	17.8%	1.6%
<b>Total Change</b>	<b>\$97,698</b>	<b>40.6%</b>	<b>\$68,430</b>	<b>35.7%</b>	<b>\$89,937</b>	<b>37.7%</b>	<b>7.0%</b>

Source: LSTAR (2017), Statistical Report for September 2017; Statistics Canada (2018) Can Sim Table: 326-0021

Part of the increase in home prices can be attributed to the rising cost of recently constructed houses. While the average price in Table 3.39 varies depending on the number of homes constructed, it has generally trended upward in recent years due to new building code requirements, increased construction costs due to inflation and other

<sup>8</sup> This area includes London, St. Thomas, Elgin County and Middlesex County.

factors (e.g. development costs, price of land), and higher demand for new homes due in part to historically low interest rates during the past five years.

**Table 3.39: New House Prices in St. Thomas, 2014 - 2017**

	< \$300,000	\$300,000-349,000	\$350,000-399,999	\$400,000-499,999	\$500,000+	Total	Average Price
<b>2014</b>	65	31	12	0	0	108	\$293,159
<b>2015</b>	79	28	12	0	1	120	\$301,402
<b>2016</b>	91	23	18	7	12	151	\$284,979
<b>2017</b>	35	35	6	1	0	77	\$336,125

*Source: CMHC (2018, 2015) Housing Now Tables – London CMA*

A recent focus group with the St. Thomas Elgin Home Builders Association revealed that there are few single detached homes being constructed for under \$300,000. Dwellings under this price point are therefore typically in the form of semi-detached or townhouses due to their smaller size and more efficient use of land. Based on the province's most recent affordability criteria for St. Thomas, new homes are likely to be unaffordable for households below the 60<sup>th</sup> income percentile (Table 3.40).

**Table 3.40: Household Incomes and Affordable Housing Prices in the SM Area (2017)**

	Household Income	Home Price
<b>20th</b>	\$31,500	\$114,500
<b>30th</b>	\$43,000	\$158,500
<b>40th</b>	\$54,900	\$202,000
<b>50th</b>	\$68,100	\$251,000
<b>60th</b>	\$81,200	\$299,000

*Source: Ministry of Housing (2017)*

Despite the decrease in overall affordability, many home builders in the SM Area noted that they were extremely busy and were having difficulty keeping pace with demand. When asked, many estimated that 60% of purchasers were from London or lived in the SM Area while the remaining 40% were from the Greater Toronto Area (GTA) and other areas of Ontario. Many of the recent home buyers chose to live in the SM Area due to its affordable housing prices compared with London or the GTA, were seeking to retire in a rural or small city environment or downsizing to smaller dwellings.

Based on recent MLS listings, less than a third of the resale homes currently for sale are affordable to households below the 60<sup>th</sup> percentile. Of the 167 listings in March 2018, 71 dwellings (42%) were affordable to moderate income households. The remaining resale homes had a purchase price that was affordable to households with incomes in the 70<sup>th</sup> percentile or higher.

**Table 3.41: Price of Resale Houses in the SM Area, March 2018**

House Price	St. Thomas	Aylmer	Bayham	Central Elgin	Dutton/Dunwich	Malahide	South-wold	West Elgin	Total
< \$114,500	0	0	0	0	0	2	0	0	2
\$114,501 158,499	3	1	2	0	1	0	1	1	9
\$158,500 201,999	5	2	0	1	2	3	1	4	18
\$202,000 250,999	4	2	0	2	3	1	1	2	15
\$251,000 298,999	7	2	4	1	6	0	0	7	27
> \$299,000	21	5	9	47	10	22	1	52	167

Source: MLS (2018)

The lack of affordability in the resale home market reflects the growing demand for ownership housing in St. Thomas and Elgin County by purchasers from outside the Service Manager area. While the last census period showed that the number of households owning their dwelling increased by only 390, there appears to be considerable interest from home purchasers who have been priced out of London, investors from the Greater Toronto Area looking to purchase dwellings as rental properties and older adults seeking to retire in a rural or small city environment with comparatively affordable home prices.

### 3.4.2 Rental Market Trends

CMHC rental market housing data is not available for all of the SM Area with data only available for the city of St. Thomas. It should be noted that the CMHC only surveys privately owned structures with at least three rental units and which have been on the market for at least three months. As a result, rental units located in ground oriented dwellings (e.g. detached, semi-detached, etc.) are not included.

Over the past five years, the vacancy rate has decreased from a peak of 3.9% in 2014 to just under 1.4% in 2017. Due to the small number of bachelor and rental units with three or more bedrooms in St. Thomas, the CMHC is not able to provide an accurate vacancy rate figure for these units.

**Table 3.42: Vacancy Rate in St. Thomas, 2013 - 2017**

	Bach	1 Bed	2 Bed	3+ Bed	Total
2013	**	4.2%	2.6%	0.0%	3.1%
2014	**	4.7%	3.3%	**	3.9%
2015	**	2.0%	2.0%	**	2.3%
2016	**	1.6%	1.7%	**	1.7%
2017	**	0.9%	1.7%	0.0%	1.4%

Source: CMHC (2014 – 2017) London CMA Rental Market Report

The decreasing vacancy rate is due to the growing number of households looking to rent a dwelling<sup>9</sup> and the limited supply of rental units. This trend of decreasing vacancy rates is by no means limited to St. Thomas as many other communities in Ontario have also experienced similar trends. In general, a vacancy rate of 3.0% is considered to indicate a balanced market in which there is enough supply for tenants, but also sufficient demand for landlords to ensure that units do not remain vacant for long.

Since 2013, average rents for one and two bedroom rental units have increased by \$54 (8.5%) and \$86 (11.2%). According to Statistics Canada<sup>10</sup>, the rate of inflation during this period was 7.0% while median household incomes in the SM Area rose by approximately 9%. Table 3.43 (following page) shows that while the average rents for bachelor units declined over this period, some caution should be applied when interpreting this figure due to the low number of units that can be surveyed by the CMHC for their annual studies. While no data exists in the most recent CMHC rental market report for apartment units with 3 or more bedrooms, similarly sized units in townhouses within the London CMA had an average rent of \$1,169, an 21.3% increase from 2013 (\$964). Despite these recent increases, rental housing is comparatively more affordable than equivalent units in London (see Table 3.43).

**Table 3.43: Average Market Apartment Rents in St. Thomas, 2013 - 2017**

	<b>Bach</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3+ Bed*</b>	<b>Total</b>
<b>2013</b>	\$491	\$633	\$769	\$964	\$721
<b>2014</b>	\$448	\$636	\$781	\$975	\$727
<b>2015</b>	\$489	\$656	\$794	\$1,037	\$732
<b>2016</b>	\$469	\$680	\$871	\$1,045	\$740
<b>2017</b>	\$469	\$687	\$855	\$1,169	\$794
<b>Total Change</b>	<b>-\$22</b>	<b>\$54</b>	<b>\$86</b>	<b>\$205</b>	<b>\$73</b>
<b>% Change</b>	<b>-4.5%</b>	<b>8.5%</b>	<b>11.2%</b>	<b>21.3%</b>	<b>10.1%</b>

\* Rents are for townhouses at the London CMA level

Source: CMHC (2014 – 2017) London CMA Rental Market Report

**Table 3.44: Average Market Rents in St. Thomas and London, 2017**

	<b>St. Thomas</b>	<b>London</b>
<b>Bachelor</b>	\$ 469	\$ 667
<b>1 Bedroom</b>	\$ 687	\$ 848
<b>2 Bedroom</b>	\$ 855	\$ 1,057
<b>3+ Bedrooms</b>	**	\$ 1,203

Source: CMHC (2017) London CMA Rental Market Report

While St. Thomas may be more affordable than other municipalities, the current rent levels are not affordable for households deriving their incomes on Ontario Works (OW),

<sup>9</sup> Due to aging households looking to downsize, declining affordability of ownership housing etc.

<sup>10</sup> CANSIM, table 326-0021



Ontario Disability Support Plan (ODSP) or government pensions. For OW and seniors<sup>11</sup> pension recipients, only couples would be able to find housing that is both affordable to them and suitable for their household size. Similarly, only single and couple households with ODSP payments would be able to find housing that meets both criteria. Compounding this issue is the relatively low supply of rental housing in St. Thomas which not only makes finding units with these rent levels extremely difficult, but can also help accelerate increases to monthly rents.

It should be noted that affordable housing is also needed to ensure that individuals working at minimum wage or entry level positions are able to remain in St. Thomas. Based on the province's definition of affordable housing, households in the 30<sup>th</sup> and 40<sup>th</sup> percentile<sup>12</sup> could afford bachelor units at the AMR while those in the 50<sup>th</sup> percentile or greater could afford one bedroom units at the AMR. When 80% average market rents are applied (e.g. which are used in affordable developments with federal/provincial funding):

- Bachelor units are affordable to households in the 20<sup>th</sup> percentile;
- One-bedroom units are affordable to households in the 30<sup>th</sup> and 40<sup>th</sup> percentile; and
- Two-bedroom units are affordable to households in the 50<sup>th</sup> and higher percentiles.

**Table 3.45: Affordable Rents for Households Reliant on Government Transfers, 2017**

	Ontario Works		ODSP		Govt. Pensions	
	Shelter Allowance	Affordable Units (AMR)	Shelter Allowance	Affordable Units (AMR)	OAS/ GIS	Affordable Units (AMR)
<b>Single</b>	\$384	None	\$489	Bachelor	\$438*	None
<b>Couple</b>	\$632	Bachelor	\$769	1 Bedroom	\$686*	Bachelor
<b>Lone-Parent (1 Child)</b>	\$632	None	\$769	None	N/A	N/A
<b>Lone-Parent (2 Children)</b>	\$686	None	\$833	None	N/A	N/A
<b>Couple (1 Child)</b>	\$686	None	\$833	None	N/A	N/A
<b>Couple (2 Children)</b>	\$744	None	\$904	None	N/A	N/A

\* Reflects 30% of total income received from OAS/GIS payments.

Source: CMHC (2017) London CMA Rental Market Report, Ministry of Community and Social Services (2017)

<sup>11</sup> Refers to households relying solely on government pensions such as Old Age Security and Guaranteed Income Security.

<sup>12</sup> Many minimum wage and entry level jobs provide annual incomes with less than \$30,000 based on a 35 hour work week and not working on statutory holidays.



**Table 3.46: Affordable Rents and Units by Income Percentile, 2017**

Income Percentile	Household Income	Affordable Rent	Affordable Units (AMR)	Rent as % of Income (AMR)	Affordable Units (80% AMR)	Rent as % of Income (80% AMR)
10th	\$12,200	\$300	None	46.1%	None	36.9%
20th	\$18,600	\$460	None	30.3%	Bachelor	24.2%
30th	\$23,100	\$580	Bachelor	24.4%	One Bed	28.3%
40th	\$27,800	\$700	One Bed	29.4%	Two Bed	23.5%
50th	\$33,900	\$850	One Bed	24.1%	Two Bed	24.6%
60th	\$41,700	\$1,040	Two Bed	25.0%	Two Bed	20.0%

Source: Ministry of Housing, 2018

### 3.5 Social and Affordable Housing

#### 3.5.1 Supply of Social Housing

From the 1950s to the early 1990s, the federal and provincial governments operated a number of initiatives and programs which resulted in the creation of housing that was affordable to low and moderate income. The housing built during this period of the 20<sup>th</sup> century is referred to as social housing. Aside from age of construction, a key difference between social and affordable housing is that the former receives Rent-Geared-to-Income subsidies from the Province to ensure that low income tenants do not pay more than 30% of their monthly income on housing costs. Affordable housing, which will be discussed in the following chapter, does not generally receive RGI subsidies for tenants. It should be noted however that Service Managers have sometimes been able to stack rent supplements or housing allowances onto the new affordable housing program units in order to improve their affordability for very low income households.

**Table 3.47: Location of Social Housing Stock in the SM Area, 2017**

Location	Number	Ratio
St. Thomas	723	67.8%
Aylmer	205	19.2%
West Elgin	59	5.5%
Bayham	55	5.2%
Dutton/Dunwich	25	2.3%
<b>Total</b>	<b>1,067</b>	<b>100.0%</b>

At present, there are 1,067 units of social housing within St. Thomas and Elgin County with the two-thirds (723 or 67%) located in the St. Thomas itself. The remaining third of social housing units are distributed throughout Elgin County (Table 3.47). The largest provider of social housing is the City of St. Thomas which owns 512 units within St. Thomas, Aylmer and West Elgin. The second and third largest social housing providers are Eastwood Homes (located in St. Thomas) and Menno Homes (located in Aylmer) which own and operate 126 and 75 units respectively. The remaining providers generally own and operate one property ranging in size from 10 to 67 units.

It should be noted that the overall affordability of social housing units may decrease in the future due to the expiration of operating agreements on some of these properties. This is particularly the case for social housing providers that were constructed under federal programs. Upon the expiration of these agreements, they will no longer be receiving operating subsidies from the federal government. The overall financial health of these housing providers and their ability to provide RGI units depends on a number of factors including the provider's mixture of RGI and low end of market units and the physical condition of the property.

In April of 2018 the federal government announced an extension of federal operating subsidies until March 2020 for federal non-profit and co-op housing providers whose operating agreements expired since April 1, 2016 or are scheduled to expire up until February 2020. This provides a short term relief from this problem but there still needs to be a longer term solution to prevent the loss rent geared to income subsidies for some units in federal nonprofit housing developments. The Federal government also announced that it was going to be looking for a second stage of assistance for federal housing providers with agreements expiring and subsidies ending.

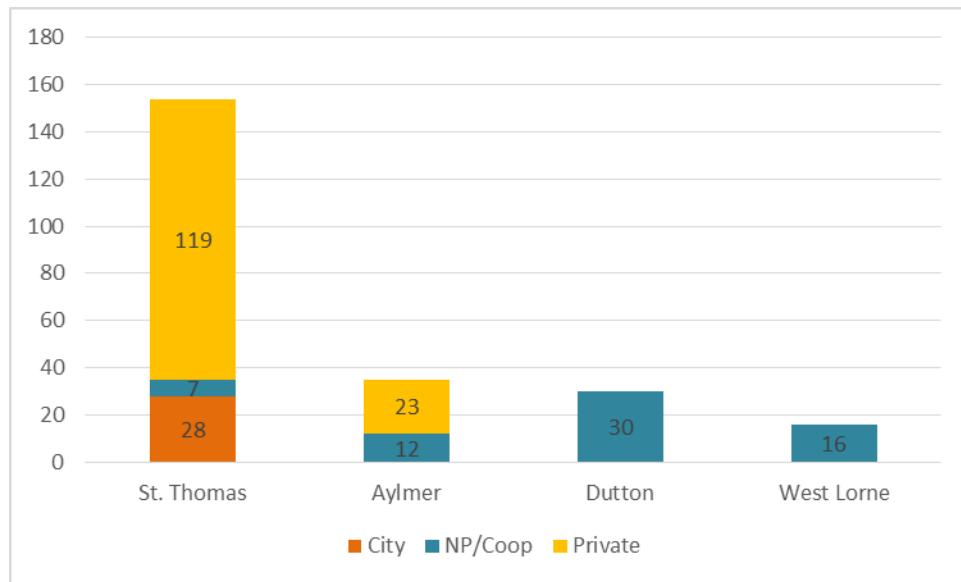
For social housing developed under the former provincial or federal provincial programs of the late 1980s and early 1990s the scheduled ending of mortgages in the next 5 -10 years also poses a potential threat to the financial viability of some of those housing providers. St. Thomas, in its role as Housing Service Manager, should continue to undertake the analysis of these future program funding impacts on housing providers and work with senior levels of governments and the non-profit and co-op housing providers to ensure no negative impact on the affordability of this existing housing stock.

### *3.5.2 Supply of Affordable Housing*

Since 2008, 235 units (26 units per year) of affordable housing have been created through a number of federal/provincial capital funding programs (Figure 3.8 – following page). Of these, 154 or 66% were built in St. Thomas while the remainder were built in Aylmer, Dutton and West Lorne. More than 60% (142 units) of the affordable units were constructed by private developers while non-profits constructed 65 units. At present, the City of St. Thomas is in the early stages of constructing 28 units as part of its community hub building at 230 Talbot Street.

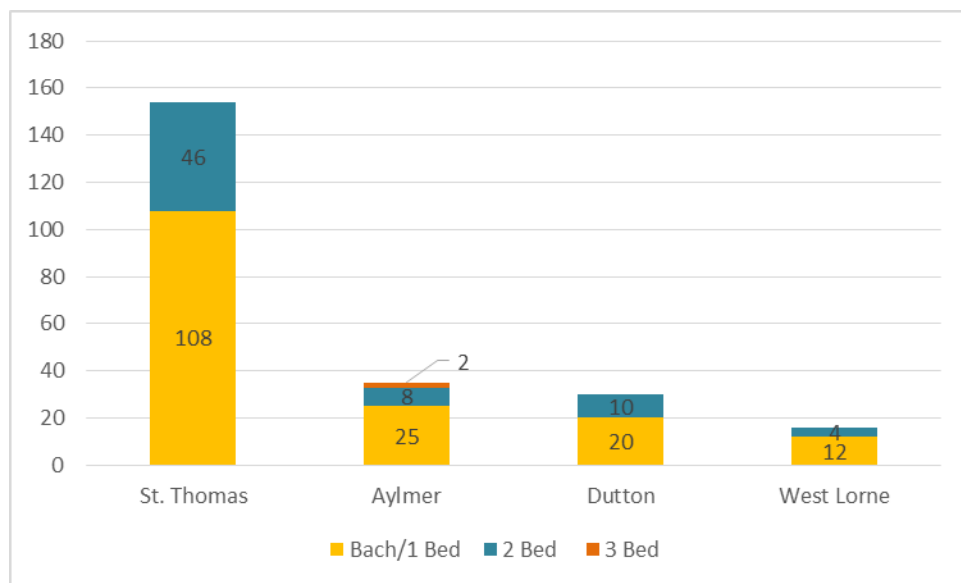
More than 70% (165 units) of the affordable housing units built since 2008 were one bedroom in size while two bedroom units comprised almost 29% (68 units) of the new stock. Only two three bedroom units were created during this time. In each community, the number of affordable one bedroom units built was greater than all other affordable unit sizes combined.

**Figure 3.8: Number and Distribution of Affordable Housing Units Built Since 2008**



Source: City of St. Thomas (2017)

**Figure 3.9: Number of Affordable Units Built by Size and Location Since 2008**



Source: City of St. Thomas (2017)

It should be noted that approximately 21 of the 223 units built since 2007 have been for non-senior households. While this certainly reflects the demographic trends occurring in the SM Area, proponents also noted that the preference for seniors' housing also reflected that this segment of the population generally required less attention from a tenant management perspective than younger or family households. Nevertheless, there is still a large number a considerable need to provide affordable housing for non-senior single and couple households.

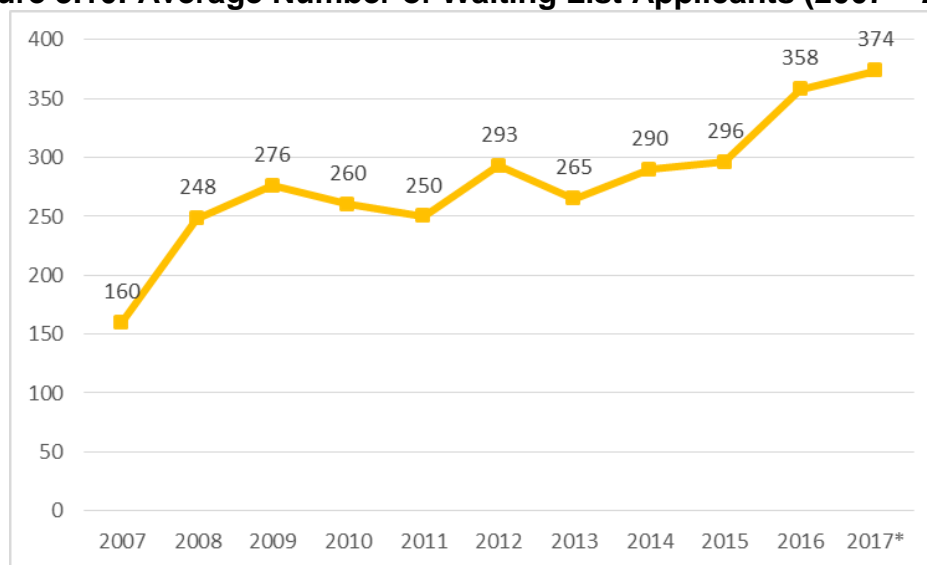
### 3.5.3 Centralized Waiting List

Since 2007 the number of applicants on the City's centralized waiting list has more than doubled from an average of 160 to 351 in 2017<sup>13</sup>. Over the past ten years the waiting list has shown the following trends:

- The average number of SPP applicants remained under 20 applicants with the exception of 2013 (when there were 34);
- Seniors made up an increasing number of applicants over the age of 65 on the waiting list: In 2017 an average of 50 senior households were waiting for social housing compared to 19 in 2007;
- There has been increasing demand for all unit sizes except for dwellings with five or more bedrooms. Demand for bachelor and one bedroom units rose considerably faster than units with two or more bedrooms;
- An increasing number and share of applicants are from smaller households. Applications for bachelor and 1 bedroom units increased from 47% to 64% between 2007 and 2017. The remaining 46% of applications in 2017 were for units with 2 or more bedrooms;
- In 2015, the time spent waiting to access a social housing unit ranged from 1.4 years for childless couples and non-senior singles to 2.1 years for family households. Senior households waited an average of 1.85 years.

In general, these trends reflect the evolving socio-economic and demographic trends within the SM Area such as declining household sizes, the loss of well-paying manufacturing employment, an increasing number of minimum and modest paying service sector employment and an aging population.

**Figure 3.10: Average Number of Waiting List Applicants (2007 – 2017)**

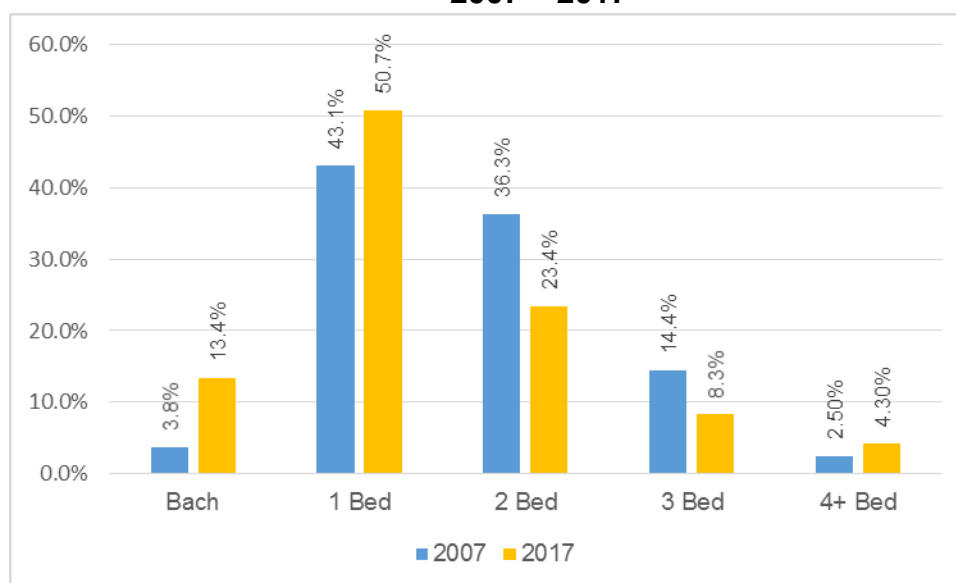


Source: City of St. Thomas Social Housing Division

<sup>13</sup> 2017 figures are to November.

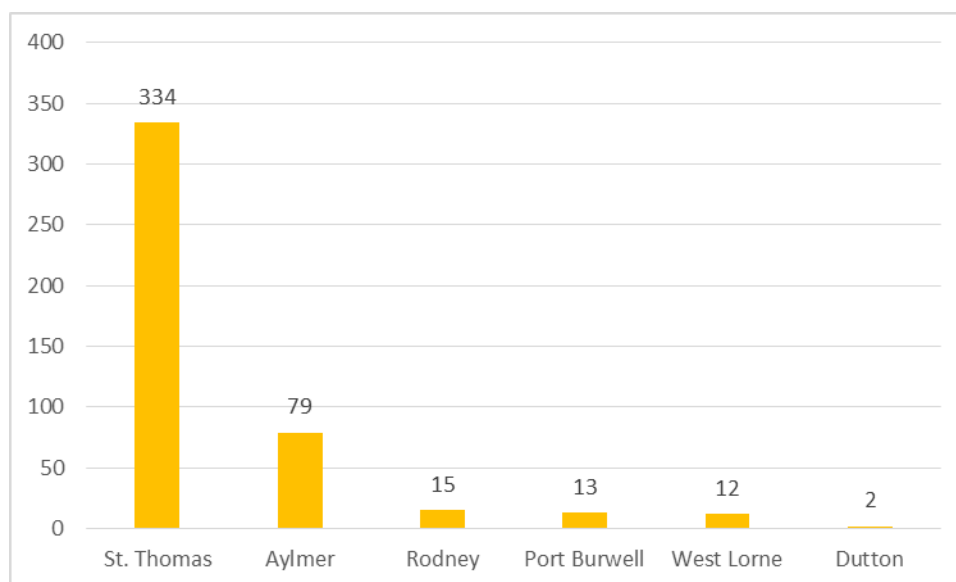
Geographically, 80% of applications for social housing are for units in St. Thomas while almost 14% are for units in Aylmer. The remaining 6% are distributed among units in Port Burwell, Rodney, West Lorne and Dutton. The high concentration of waiting list applications in St. Thomas not only reflects its higher supply of social housing compared to other communities but its access to healthcare, retail and other community services.

**Figure 3.11: Change in Social Housing Demand by Unit Size in SM Area, 2007 – 2017**



Source: City of St. Thomas Social Housing Division

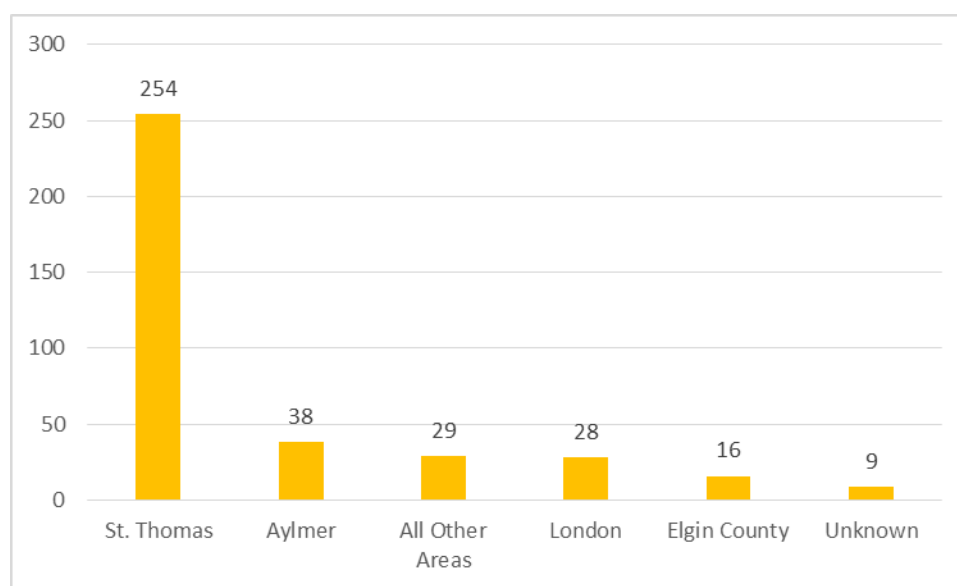
**Figure 3.12: Waiting List Applications per Community (2017)**



Source: City of St. Thomas Social Housing Division

The high number of applications for social housing units in St. Thomas also reflects the number of applicants currently live in the community. Figure X shows almost 68% (254 of 374) of all applicants are living in St. Thomas while Aylmer, the community with the second highest number of applicants, has 38. Within the Service Manager Area, 16 applicants are living in other parts of Elgin County such as Belmont, Dutton, Port Stanley and rural areas. The remaining 66 (18%) applicants were either living outside of the Service Manager area (e.g. London, Greater Toronto Area, SW Ontario) or did not provide their current location.

**Figure 3.13: Current Location of Waiting List Applicants, 2017**



*Source: City of St. Thomas Social Housing Division*

### **3.5.4 Non-Centralized Waiting Lists**

Affordable units constructed with federal/provincial capital funding or existing social housing units whose operating agreements have expired are not included in the centralized waiting list. Instead, these units have waiting lists that are maintained by their respective owners. To provide more detail on the housing needs within the SM Area, the private waiting lists for these units were examined by interviewing each building's respective owner. Overall, the interviews showed that:

- Only two buildings had less than 20 households on their respective waiting lists;
- The two buildings with less than 20 households on their waiting lists do not have elevators. As they are dedicated for senior households, they have limited appeal to this demographic due to their limited accessibility;
- Demand for affordable units is highest in St. Thomas and Aylmer; and
- The waiting time for these units is generally no less than 1.5 years.

**Table 3.48: Waiting Lists in Affordable and Existing Social Housing Sites, 2017**

Location	Owner	Demographic	# Units	# Applic.	Applic/Unit
Aylmer	Aylmer Area Christian Comm. Ass.	Seniors (60+)	29	96	3.3
Aylmer	Cherry St.	All ages	10	28	2.8
Aylmer	W. Ostojic & Sons	Seniors (60+)	23	36	1.6
Central Elgin	Kettle Creek NP	Seniors (60+)	30	27	0.9
Dutton/ Dunwich	Caledonia Two	Seniors (60+)	30	35	1.2
St. Thomas	Novi Construction	Seniors (55+)	63	100	1.6
St. Thomas	W. Ostojic & Sons (49 Myrtle/50 Locust)	Seniors (60+)	20	62	3.1
St. Thomas	W. Ostojic & Sons (78 Steele)	Seniors (60+)	12	6	0.5
St. Thomas	W. Ostojic & Sons (5 Park)	Seniors (60+)	6	3	0.5

### 3.5.5 Core Housing Need

Core Housing Need is an indicator used by Statistics Canada and the CMHC to measure the suitability of a household's current housing based on three factors:

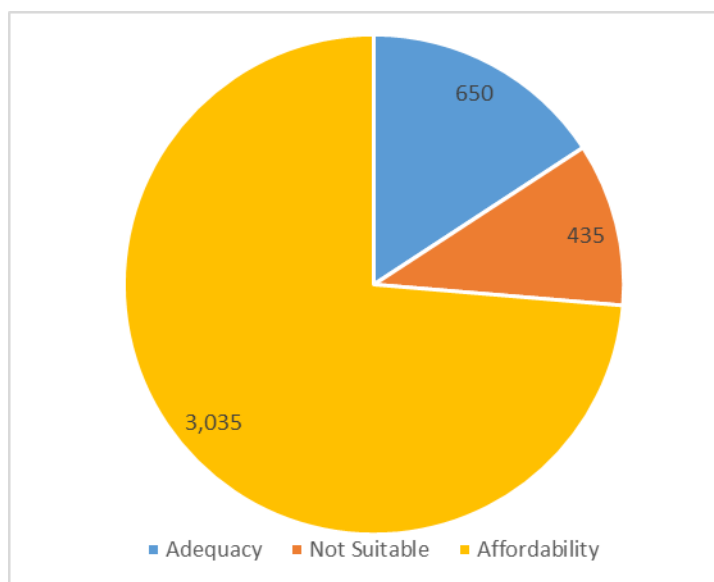
- **dwelling condition** (refers to the physical condition of the dwelling and whether it is in need of repairs);
- **housing suitability** (refers to whether a dwelling has enough bedrooms for the size and composition of a household); and
- **affordability** (refers to the amount of a households monthly income that is spent on housing. Households spending 30% or more of their monthly income on housing costs are said to have an affordability problem).

In 2016, there were 7,145 households living in non-subsidized rental dwellings<sup>14</sup> in the SM Area. Of these 3,965 or 51% experienced one or more of the indicators that comprise Core Housing Need. This is slightly lower than the incidence of Core Housing Need in the London CMA (55%) and the province (57%). This may be due to the lower ownership costs and monthly rents found within the SM Area compared to London and larger urban areas such as the Greater Toronto and Hamilton Area, Kitchener/Waterloo and London.

The most common core housing need within the SM Area was housing affordability with 42% (3,035) of the non-subsidized rental households experiencing this problem. There are considerably fewer households experiencing the two other forms of Core Housing Need with 9% (650) households' dwellings requiring repairs and 6% (435) households' dwellings being too small for their size. These trends are consistent with those found in other municipalities and the province as a whole.

<sup>14</sup> As this report is examining where new affordable housing needs should be constructed, it has excluded the examination of renters living in subsidized housing.

**Figure 3.14: Core Housing Needs in SM Area, 2016**



Source: Statistics Canada (2016), Catalogue no. 98-400-X2016231

Due to changes in the Census Methodology, data on Core Housing Need is not available for the SM Area from the 2011 Census. However one measure of Core Housing Need, housing affordability, was available in both the 2011 and 2016 Census. Between the two Census', the incidence of housing affordability problems for renter households (including subsidized and non-subsidized) slightly declined from 41.9% in 2011 to 41.6% in 2016. As a result, the number of renter households paying 30% or more of their incomes on housing costs was virtually unchanged (3,550 in 2011 compared to 3,540 in 2016).

Of the 3,540 households with an affordability problem, the majority (2,305 or 65%) have an annual income of less than \$29,999. Table 3.49 shows the following trends of housing affordability by household income:

- Moderate and severe affordability problems for lower income households are primarily concentrated in rental housing with monthly rents between \$500 - \$1,000;
- Severe affordability problems overwhelmingly affect lower income households; and
- Affordability problems for households within incomes above \$30,000 exist only in units where rents are above \$750 a month.



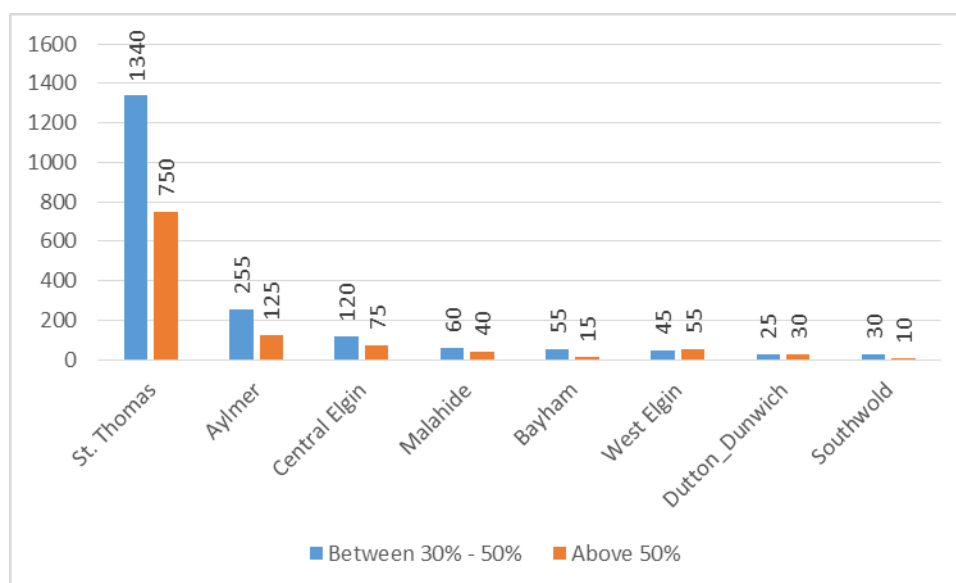
**Table 3.49: Affordability Problems by Household Income and Monthly Rent Levels in Service Manager Area, 2016**

Monthly Rent	Annual Income			
	Under \$29,999		Above \$30,000	
	30-50%	>50%	30-50%	>50%
Less than \$500	50	25	0	0
\$500 - \$749	705	340	0	0
\$750 - \$999	475	360	205	0
Above \$1,000	55	295	445	0
<b>Total</b>	<b>1,285</b>	<b>1,020</b>	<b>650</b>	<b>70</b>

Source: Statistics Canada (2016) Custom Tabulation

Approximately 60% (2,090) of all renter households with affordability problems are located in St. Thomas with the remainder distributed throughout the rest of the SM Area. Within the remainder of the SM Area, the largest concentrations of housing affordability problems for renter households is in Aylmer (380), Central Elgin (195) and Malahide and West Elgin (100 each). Bayham, Dutton-Dunwich and Southwold had 70 or fewer renter households with affordability problems. This distribution likely reflects the size of each community's respective rental stock and population as larger communities have larger and more robust rental markets compared to smaller and more rural areas.

**Figure 3.15: Location of Moderate and Severe Affordability Problems in SM Area, 2016**

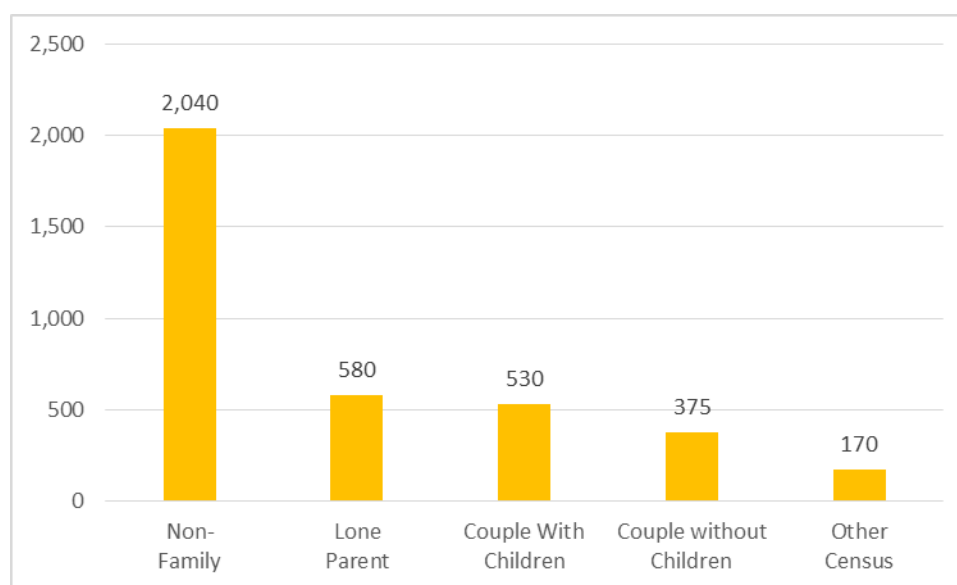


Source: Statistics Canada (2016) Custom Tabulation

When viewed by household type, a number of clear trends emerge in the SM Area:

- Non-census households (primarily one person) appear to have the greatest incidence of core housing need with 2,045 households (59.7% of 3,415 households);
- Couple without children and other census households have the lowest incidences of core housing need with 375 (30.5% of 1,230 households) and 170 or (54.8% of 310 households);
- Affordability is the most prominent core housing need in all household types except for Couples with Children and Other Households where unsuitable housing comprise 34% and 52% of housing problems in both household types (Figure 3.16).

**Figure 3.16: Total Occurrence of Core Housing Need by Household Type in SM Area, 2016**



Source: Statistics Canada (2011, 2016), Catalogue no. 98-400-X2016231

When viewed by age, seniors (those above 65+ years) comprise a quarter of the households experiencing Core Housing Need in the SM Area (Table 3.50 – following page). The remaining age groups all represent approximately 15% of Core Housing Needs in the SM Area except for those under the age of 24 years which only represents 10.3% of all households.

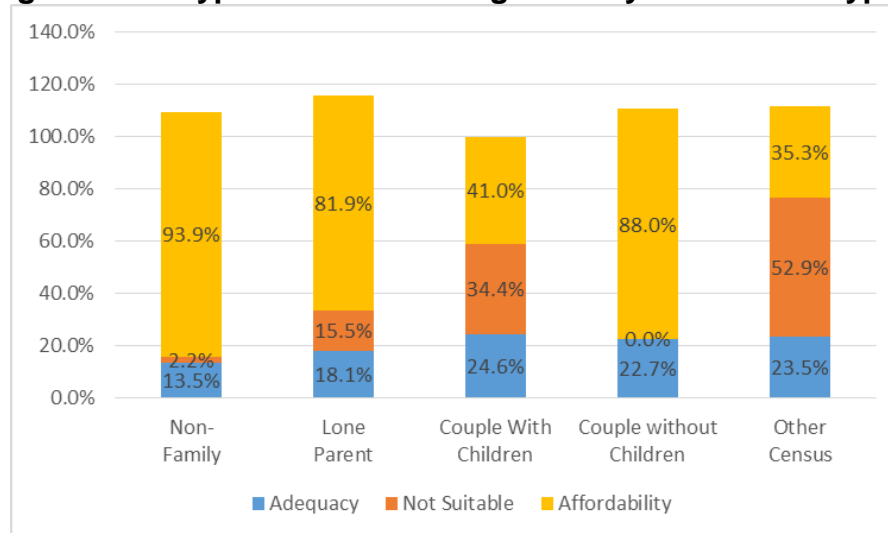
**Table 3.50: Core Housing Need by Household Age (Renters) in the SM Area, 2016**

	Adequacy	Not Suitable	Affordability	One or More	Proportion
<b>15-24 Years</b>	65	55	315	380	10.3%
<b>25-34 Years</b>	110	115	490	620	16.8%
<b>35-44 Years</b>	125	150	400	595	16.2%
<b>45-54 Years</b>	145	60	410	550	14.9%
<b>55-64 Years</b>	120	50	525	620	16.8%
<b>65+ Years</b>	90	0	895	915	24.9%
<b>Total</b>	655	430	3,035	3,680	100.0%

Source: Statistics Canada (2016), Catalogue no. 98-400-X2016231

From the perspective of age there is a considerable difference when certain household types experience Core Housing Need (Figure 3.18 – following page). In general, the majority of Couples with Children and Lone-Parent Households tend to experience Core Housing Need between the ages of 25 – 44. This is in contrast to Couples without Children and Non-Census households who tend to experience Core Housing Need when they are above the age of 54. These trends are not surprising in that family formation (e.g. the birth of children) tends to happen before the age of 39<sup>15</sup>. As children leave to form their own household, the parents transition to Couples without Children or Non-Census families.

**Figure 3.17: Type of Core Housing Need by Household Type<sup>16</sup>**

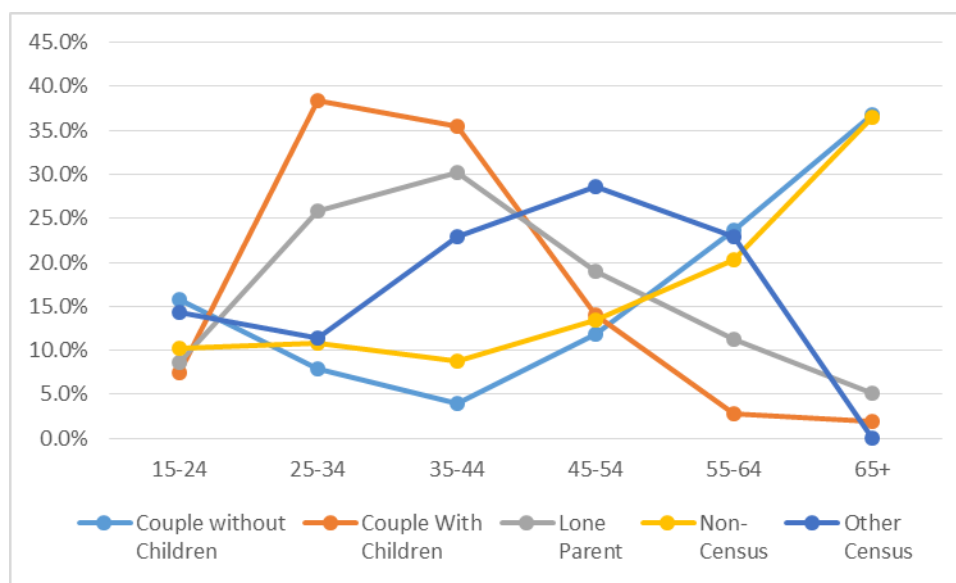


Source: Statistics Canada (2016), Catalogue no. 98-400-X2016231

<sup>15</sup> <http://www.pewresearch.org/fact-tank/2013/07/10/in-canada-most-babies-now-born-to-women-30-and-older/>

<sup>16</sup> Please note that as households may experience one or more core housing need, percentages may not add up to 100%.

**Figure 3.18: Age of Households Experiencing Core Housing Need in SM Area, 2016**



Source: Statistics Canada (2016), Catalogue no. 98-400-X2016231

### 3.5.6 Housing Affordability Summary

In general, a number of indicators are showing that there is a high need for affordable and market rate rental housing in St. Thomas and Elgin County. These include:

- The growing number of applicants on the Centralized Waiting List (from 160 in 2007 to 351 in 2017);
- A waiting time ranging from 1.4 years for childless couples and non-seniors singles, 1.85 for senior households and 2.1 years for family households;
- A waiting list of no less than 1.5 years for affordable buildings not on the Centralized Waiting List;
- Approximately 3,500 renter households (not living in subsidized housing) have a housing affordability problem; and
- Nearly 3,700 renter households (not living in subsidized housing) have one or more Core Housing Needs.

The need for affordable and market rental housing is being driven by a variety of factors including the rapid increase in the price of new and re-sale ownership housing within the SM Area, the low number of new rental units built and a considerable increase in the number of renter households.

There are a number of trends for the households affected by Core Housing Need:

- There is a growing demand for bachelor and one-bedroom units according to the Centralized Waiting List;

- The majority of households with affordability problems are comprised of one and two person households<sup>17</sup> (2,415 or 70%);
- Seniors comprise approximately 25% of the households experiencing Core Housing Need with the remainder of age groups generally comprising close to 15%;
- The number of seniors experiencing Core Housing Need is expected to gradually increase as the number of persons aged 65+ also increases in the SM Area;
- Housing affordability is the more numerous form of Core Housing Need (3,035 households) followed by adequacy (650) and unsuitability (435)
- Housing affordability affects households earning below \$30,000 per year the greatest; and
- Moderate and severe affordability problems for lower income households are primarily concentrated in housing with rents between \$500 and \$1,000.

From a geographic perspective, the majority of households with affordability problems are located in St. Thomas (2,375 or 64%) and Aylmer (455 or 12%). The remaining number of households with Core Housing Needs are found in the following municipalities:

- Malahide (255 or 6.9%);
- Central Elgin (230 or 6.2%);
- Bayham (135 or 3.7%);
- West Elgin (130 or 3.5%);
- Dutton/Dunwich (75 or 2.0%); and
- Southwold (55 or 1.5%);

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<sup>17</sup> Includes non-family and couple without children households

### 3.6 Future Need for Affordable Housing

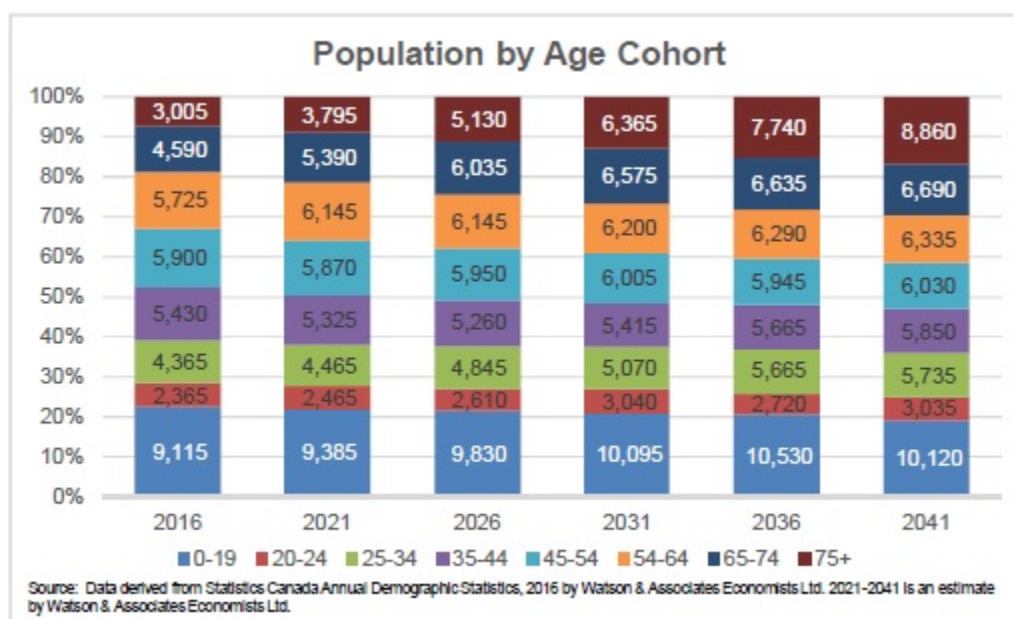
According to Watson and Associates, St. Thomas' population is expected to increase by 11,700 or 30% (1.2% annually or 6% every five years) from 38,909 in 2016 to 50,632 in 2041. During this period, the majority of this increase is expected to occur from net migration from other areas for employment or to take advantage of the city's comparatively affordable ownership housing. Although the number of individuals within each age cohort will increase, only the proportion of persons above the ages of 65 are anticipated to increase. In contrast, the proportion of the remaining age cohorts is expected to remain unchanged or slightly decrease.

**Table 3.50: Proportion of Population by Age Cohort**

	0-19	20-24	25-34	35-44	45-54	54-64	65-74	75+
<b>2016</b>	23%	6%	11%	13%	15%	14%	11%	7%
<b>2021</b>	22%	6%	10%	12%	14%	14%	13%	9%
<b>2026</b>	21%	6%	11%	11%	13%	13%	13%	11%
<b>2031</b>	21%	6%	10%	11%	12%	13%	13%	13%
<b>2036</b>	21%	5%	11%	11%	12%	12%	13%	15%
<b>2041</b>	19%	6%	11%	11%	11%	12%	13%	17%
<b>Total</b>	<b>-4%</b>	<b>0%</b>	<b>0%</b>	<b>-2%</b>	<b>-4%</b>	<b>-2%</b>	<b>2%</b>	<b>10%</b>

Source: Watson and Associates (2018)

**Figure 3.19: Population by Age Cohort in St. Thomas, 2016 – 2041**



Source: Watson and Associates (2018)

To determine the need for affordable housing within St. Thomas, an affordable housing target was created based on the population projections from Watson and Associates and recent census data. The target focuses on creating affordable housing for households making below \$30,000 due to their difficulty in securing affordable, safe and appropriate housing within St. Thomas.

By 2041, an additional 1,017 households will be paying in excess of 30% of their monthly income on shelter costs. From the perspective of age, the largest increase will be among those households with persons aged 75 and over with 682 (67%) followed by those between the ages of 65 and 74 (107 or 11%).

**Table 3.51: Increase in Affordability Problems by Age Cohort in St. Thomas, 2016 - 2041**

Age of Household Maintainer	# Change in Affordability Problems	% Change in Affordability Problems
0-24	33	3.2%
25-34	107	10.5%
35-44	18	1.8%
45-54	6	0.6%
55-64	38	3.7%
65-74	133	13.1%
75+	682	67.1%
<b>Total</b>	<b>1,017</b>	<b>100.0%</b>

*Source: Watson and Associates (2018), Statistics Canada (2016), Catalogue no. 98-400-X2016231*

Between 2016 and 2041, affordability problems will continue to persist primarily for households within the three lowest income brackets. Of the 1,017 additional households with affordability problems:

- 344 households (with incomes below \$30,000) are expected to 50% or more on shelter costs;
- 463 households (with incomes below \$30,000) are expected to pay between 30% – 50% of their shelter costs;
- 10 households (with incomes above \$30,000) are expected to pay 30% or more on shelter costs.

To help meet the growing need for affordable housing four affordable housing target scenarios have been created:

- Scenario 1: Construct 344 affordable rental units (15 per year) to stop the increase in the number of households with incomes of less than \$30,000 from paying 50% or more of their monthly income on shelter costs;

- Scenario 2: Construct 463 affordable rental units (20 per year) to stop the increase in the number of households with incomes of less than \$30,000 from paying 30% to 50% of their monthly income on shelter costs;
- Scenario 3: Construct 807 affordable rental units (35 per year) to stop the increase in the number of households with incomes of less than \$30,000 from paying 30% or more of their monthly income on shelter costs; and
- Scenario 4: Construct 1,017 affordable rental units (35 per year) to stop the increase in the number of households paying 30% or more of their monthly income on shelter costs.

**Table 3.52: Summary of Affordable Housing Target Scenarios for St. Thomas, 2018 - 2041**

	Target Household Income	% of Shelter Costs	Total Number of Units Built	Units Built Annually
Scenario 1	< \$30,000	> 50%	344	15
Scenario 2	< \$30,000	30% - 50%	463	20
Scenario 3	< \$30,000	> 30%	807	35
Scenario 4	All incomes	> 30%	1017	44

In comparison to these scenarios, between 2006 and 2018, 154 units or 12 units per year, of affordable housing were constructed or planned for construction in St. Thomas. It should be noted that all of these developments were possible because of capital funding provided by the federal and provincial governments.

These target was created using a number of assumptions including that the proportion and number of households under \$30,000<sup>18</sup> remains static over the next 25 years and that the majority of new residents do not require affordable housing.

Based on the findings of this report a number of suggestions on future housing needs can be made:

- **Non-Seniors Housing:** While demographic trends show that there is and will be a growing need for affordable seniors housing there are a considerable number of non-seniors households who also require affordable housing. In future capital funding RFP's, priority should be given to developments that provide affordable housing to non-seniors households;
- **Accessibility:** Based on the discussions with housing providers and the growing need for seniors housing, the majority of new affordable housing developments should be fully accessible (e.g. include elevators);
- **Supportive Housing:** Although the number of persons who require supportive housing has generally decreased since the closure of the St. Thomas Psychiatric Hospital, there is still a significant need for this kind of housing in the community.

<sup>18</sup> Or with an equivalent household income



This theme was particularly relevant in the discussions with rooming house tenants who noted that one of the biggest ways to improve their quality of life was supportive services. Future capital funding RFP's should seek to promote this type of housing within St. Thomas; and

- **Market Rate Housing:** The housing needs analysis has demonstrated that there is also a need for market rate rental housing within St. Thomas and Elgin County. The City of St. Thomas, in its role as Service Manager should support and advocate for area municipalities to provide some form of financial incentives and flexible planning regimes to help build this type of housing where viable proposals exist.

Although the need for affordable rental housing exists in all areas of the SM Area, the extent of this need varies considerably. To ensure that future capital funding is allocated to these areas in a calculated fashion, it could be based on the total Core Housing Needs within each municipality. For example, as 64% of households with Core Housing Need within the SM Area live in St. Thomas, 65% of future allocations could remain within the city. Similarly, as Aylmer and Malahide have 12% and 7% of the total Core Housing Need in the SM Area, they could be given approximately 10% of future funds.

While pragmatic, this strategy does have a shortfall in that the Core Housing Needs in some areas are below 5% such as West Elgin, Southwold and Dutton/Dunwich. Given the modest amounts of capital funding the SM Area receives, the contributions in these areas may not be sufficient to support new affordable rental developments. As such, these figures should be guidelines that can vary from year to year and dependent on the proponents and proposals that are submitted for capital funding allocations.

A brief review of other Service Managers in a two-tier structure revealed that funding allocations are largely based on the overall need for housing in each lower tier or area municipality and the readiness or quality of a proposed development. Some variations include Simcoe County which dedicates 50% of its capital funding allocation to its municipal housing corporation with the remaining 50% for non-profit and private sector groups

While the City of St. Thomas will play a significant role in creating the new affordable housing as a direct housing provider such as through the new Talbot street property, there are non-profit housing providers and private sector organizations which have both land and equity who will also want to develop new affordable housing and the City of St. Thomas should remain flexible in allocating its housing funding to a variety of organizations which can create the type of affordable housing needed in the community.

## 3.7 City of St. Thomas Recommendations

### 3.7.1 *Adopt Housing Target*

It is recommended that the City adopt Scenario 3 as its affordable rental housing target between now and 2041. Increasing the number of affordable rental units to be built each year reflects the possibility of larger amounts of capital funding provided by the federal and provincial government and the growing need for housing that is affordable to low income households. As was demonstrated earlier in this chapter, it is increasingly difficult for low and even moderate income households to find affordable rental housing due to the low supply of new rental units, a growing population and the low number of new rental units constructed in St. Thomas.

It is also recommended that all affordable apartment dwelling units built during this time be accessible to persons with physical disabilities. This recommendation reflects the growing number of older adult and senior households who will need housing and the desire to allow residents to live within their community and independently for as long as possible.

### 3.7.2 *Distributing Future Capital Funding Allocation*

While the majority of affordable housing need is within St. Thomas (65%), there is still a modest number of households paying more than 30% of their monthly income on shelter costs in Elgin County. Based on the distribution of affordability problems, it is recommended that 65% of future capital funding allocations be distributed to providers in St. Thomas with the remaining 35% provided to developments in Elgin County. It is important to note that the proposed ratio of funding allocations may change from year to year depending on the number of viable development proposals within St. Thomas and Elgin County.

### 3.7.3 *Preserve the SM Area's Existing Social Housing Stock*

In recent years there has been growing concern on how the expiration of operating agreements or encumbrances will affect the social housing sector's financial and physical health and their ability to maintain the same number of Rent Geared to Income units. It is recommended that the City, in its role as Service Manager, work with existing social housing providers to analyze the financial and operational impact of expiring operating agreements and encumbrances. These activities should take place 2 - 5 years from the end of such agreements to provide sufficient time to properly plan and executive changes if needed.

## 4.0 Leveraging City Assets

Over the past decade a growing number of social housing providers (municipally owned, private non-profit and co-op) have undertaken comprehensive asset management studies on how to best manage their real estate portfolio. In general, these studies examine four main aspects or stages<sup>1</sup> of a provider's portfolio including:

- **Real Estate Portfolio Planning:** provides a review and summary of all assets and their ability to meet community housing needs and the long-term financial sustainability of the portfolio (e.g. opportunities for leveraging, end of operating agreements etc.);
- **Asset Management Planning:** Analyzing the financial health and potential stresses of a portfolio in greater detail using Building Condition Audits and estimated costs for each asset within the portfolio over a medium term period;
- **Multi-Year Capital Program:** Outlines capital initiatives over a 4 – 10 year period that have to be undertaken based on information gathered from portfolio and asset management planning exercises; and
- **Capital Financing Plans:** identify sources of capital to implement the multi-year capital program.

An increasing number of social housing providers have been undertaking asset management studies to better position themselves as they confront an aging housing stock, the end of operating agreements, adapting to changing resident and community demographics and leveraging the modest capital funding provided by the federal and provincial governments for new affordable housing. Such activities are likely to be required by the Province as it implements its Social Housing Modernization strategy in the coming years.

This section will help fulfill some of the activities undertaken during portfolio planning stage. As such, it will provide a brief overview of the City owned housing stock, identify which City owned housing properties and dwelling types are most suitable for leveraging and identify potential City owned sites that could facilitate new affordable housing developments. In addition, a high level environmental scan of other housing providers was undertaken to understand their rationale for determining how many units were or will be leveraged and how their proceeds were used to improve the existing stock or building new affordable housing. Based on the analysis of the City owned housing portfolio and the environmental scan, recommendations will be made on how St. Thomas can best leverage its existing assets to reduce operating costs and build more affordable housing where it is needed. As “leveraging” has a number of different definitions, for this study it refers to using the value of the City's existing land or releasing equity through the sale of existing dwellings and/or land.

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<sup>1</sup> Ministry of Housing (2014), *Revitalizing and Refinancing Social Housing*

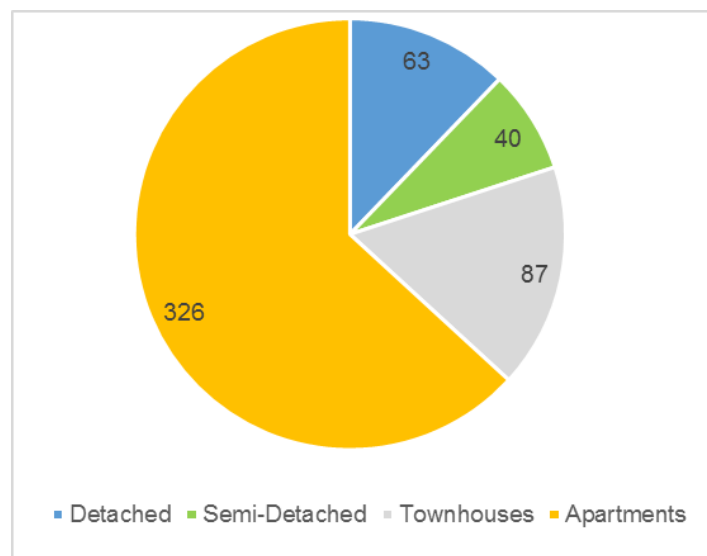
## 4.1 Existing and Proposed City Owned Housing Assets

### 4.1.1 Existing City Owned Housing Assets

At present, the City of St. Thomas owns 516<sup>2</sup> units of social housing in Aylmer, Rodney, St. Thomas and West Lorne. Of these, 401 (78%) are in St. Thomas while the remaining 22% are located in Aylmer (80 units or 15%), West Lorne (25 units or 5%) and Rodney (10 units or 2%). Figure 4.1 shows that the majority of this housing stock, 326 units (62%), is in the form of low and mid-rise apartment buildings while 204 units (38%) are in ground oriented dwellings such as detached, semi-detached and townhouses. The distribution of these dwelling types also varies as:

- Apartment units are located in all four municipalities;
- Single and semi-detached units are found only in St. Thomas; and
- Townhouse units are only in Aylmer and St. Thomas.

**Figure 4.1: Composition of City Owned Housing Stock, February 2018**



Source: City of St. Thomas

**Table 4.1: Distribution of City Owned Housing by Number and Dwelling Type, 2018**

	St. Thomas	Aylmer	Rodney	West Lorne	Total
Detached	63	0	0	0	63
Semi-Detached	40	0	0	0	40
Townhouse	72	15	0	0	87
Apartments	226	65	10	25	326
Total	401	80	10	25	516

<sup>2</sup> This figure does not include the 14 single detached units that were declared surplus by City Council to provide capital funding for the affordable housing component of the Community Services Hub at 230 Talbot Street.

From a leveraging perspective, the most valuable properties are the single and semi-detached dwellings. This is due to a number of reasons including:

- **Attractiveness to purchasers.** As shown in the Section 3.4.1., the majority of existing and new ownership dwellings in St. Thomas are in the form of single detached dwellings. In contrast, there is comparatively lower market demand for purchasing dwellings in higher density forms such as townhouse developments and apartment buildings. As a result, the sale price per unit generated would be much lower compared to lower density forms of housing;
- **Simplified Selling Process:** Whereas single and semi-detached can be sold directly to a purchaser, the sale of multi-unit properties would most likely require a Request for Proposals process to gauge the interest and capacity of private and/or non-profit sector proponents and the feasibility of their business plan;
- **High operating costs.** Single and semi-detached dwellings have higher operating costs due their relative age and because they lack the economies of scale (e.g. property management costs, capital repairs etc.) that multi-residential dwellings are typically characterized by; and
- **Preparation costs.** In general, the cost of preparing a multi-unit building for sale is in many cases, considerably higher compared to those for a single or semi-detached unit.

This situation is not exclusive to St. Thomas. Based on an Environmental Scan of 13 Municipal Housing Corporation's (MHCs) in the Greater Golden Horseshoe<sup>3</sup>, only one multi-residential building was transferred to another non-profit or private market organization<sup>4</sup>. The reluctance to sell or transfer a multi-unit building was based on the rationale provided above.

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<sup>3</sup> As defined by the Province's Growth Plan for the Greater Golden Horseshoe.

<sup>4</sup> Halton Community Housing Corporation leased the Oakville Seniors Citizens Residents as the latter was already providing tenant and maintenance services to the property. The leasing agreement was designed to simply the legal and operating relationship between both organizations.

It should be noted that not all of the semi-detached units owned by the City are suitable for sale. The 18 semi-detached units at 105 – 139 First Avenue in St. Thomas fall under this category due to the unique design of the limited parking on the property and the unusual placement of the dwelling units. As a result, legally severing each unit and providing sufficient parking to make units attractive to purchasers would be difficult and cost intensive.

For the purposes of this examination, the following housing assets are considered to be ideal candidates for selling:

- Single detached units on Dunkirk Drive (St. Thomas);
- Single detached units on Simcoe Street (St. Thomas);
- Single detached units on Fairview Avenue (St. Thomas);
- Semi-detached units on Elm Street (St. Thomas); and
- Semi-detached units on Airey Avenue (St. Thomas).

It should be noted that any process in selling single or semi-detached homes should be undertaken in a gradual process. Ideally, the units would be sold upon tenant turnover within the unit or to existing tenants are able to purchase their homes.

**Figure 4.2: 105-139 First Ave.**



### ***3.1.2 Proposed City Owned Housing Developments***

At present, the City is currently in the process of designing a new three storey community hub at 230 Talbot Street in downtown St. Thomas. While the first floor will be occupied by the City's Social Services Department and other community agencies, the second and third floor will have 14 one bedroom apartments on each floor for a total of 28 units. Capital funding for these 28 units is being provided through a number of sources including a portion of the City's IAH funding and the sale of 14 single detached dwellings that the City owns in St. Thomas. Once sold, the City would own 63 single detached dwellings that it could leverage for other affordable housing projects.



**Figure 4.3: Extent of 230 Talbot St. Property**



**Figure 4.4: Rendering of Proposed Community Hub**

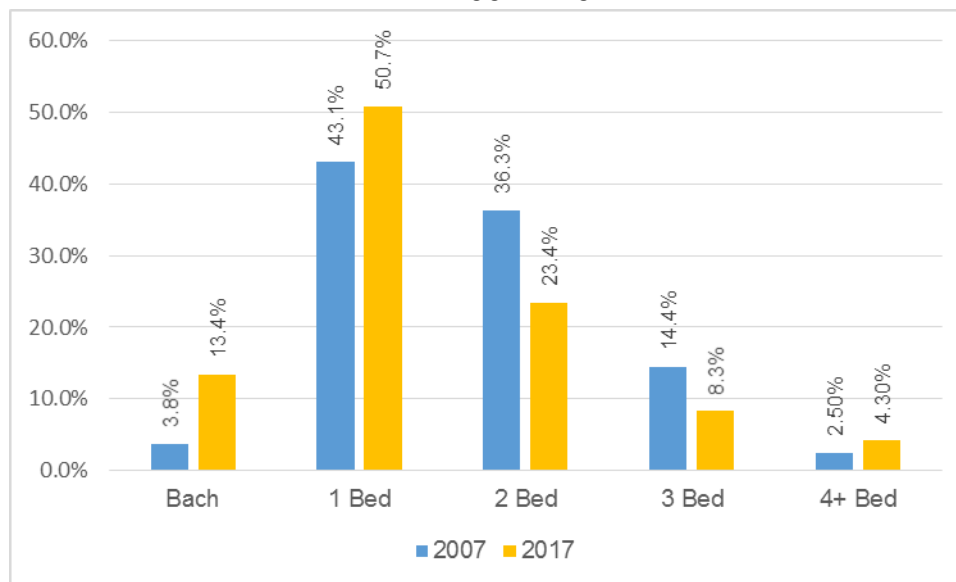


### 4.1.3 Rationale for Leveraging City Owned Housing Assets

There are a number of reasons to leverage the City's existing housing assets including:

- **Increasing the number of affordable units.** St. Thomas' capital funding allocation from senior levels of government have been insufficient to meet local needs and have not been declining in value relative to the increasing costs of constructing new affordable housing (e.g. consulting costs, construction etc.). Selling existing units or utilizing vacant City owned land helps provide an additional source of equity for new projects;
- **Adjust to Demographic Changes:** Selling the City's single and semi-detached family units would allow it to provide more bachelor and one-bedroom to accommodate the aging population and smaller households housing in the SM Area. Figure 4.5 shows that since 2007, the demand for Bachelor and 1 Bedroom units increased by 9.6% and 7.6% respectively while demand for 2 and 3 Bedroom units decreased by 12.9% and 6.1%. The demand for 4+ bedroom units slightly increased by 1.8% or 0.18% annually.

**Figure 4.5: Change in Social Housing Demand by Unit Size in SM Area, 2007 – 2017**



Source: City of St. Thomas Social Housing Division

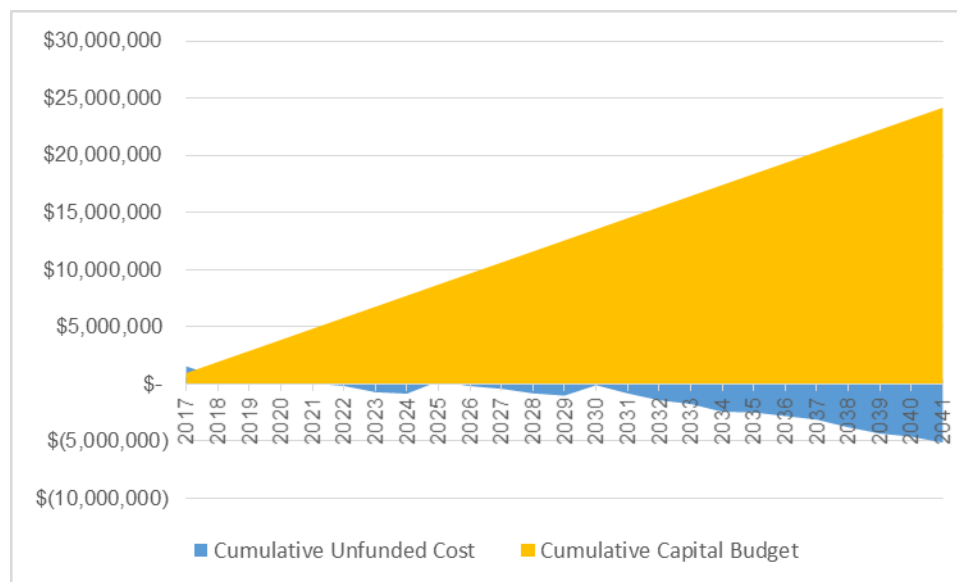
- **Improving Accessibility:** As many of the existing units suitable for selling were constructed in the 1960s and 1970s, accessibility for persons with physical disabilities was often a design afterthought. As accessibility retrofits may be expensive, selling these units could allow the City to replace them (on a one to one basis) or construct additional affordable housing units that would be designed to accommodate for persons with physical disabilities. Future additions to existing apartment buildings could also include an elevator to provide access



to the 2<sup>nd</sup> floor. This is particularly important given the projected increase in the SM Area's seniors' population over the next 20 years;

- **Reduce Operating Costs:** In general, the City's scattered single and semi-detached units have higher operating costs than multi-dwelling structures. In part, this is due to their high utility costs which reflects their relative age (built in the 1960s and 1970s) and their lower economies of scale. Selling the existing single and semi-detached units would lower long-term operating costs by replacing them with units that are designed to be energy efficient and in building types that provide higher economies of scale such as townhouses;
- **Reduce Capital Expenditures:** Over the past 20 years, the City has done an excellent job of keeping its existing housing assets in good physical condition. Due to the age of many of its assets, the costs of keeping the stock in good physical shape will increase over the next 25 years. Figure 4.6 shows that unless the City increases its annual contribution to capital expenditures, the physical condition of the stock may decrease as capital repairs are deferred. Selling some or all of the single and semi-detached units could reduce these long-term capital costs by replacing them with newer buildings that are more efficient to repair.

**Figure 4.6: Cumulative Capital Expenditures and Unfunded Costs, 2017 - 2041**



Source: HSC Asset Planner

An additional benefit of leveraging the City's housing assets is that they are a source of affordable ownership housing in St. Thomas. In February 2018, four of the single detached units on Dunkirk Drive were sold for an average of \$190,000. In April 2018, there were only 9 other dwellings listed on MLS that were selling for a lower purchase price in St. Thomas. Based on provincial figures, the City's properties would be affordable for households in the 40<sup>th</sup> percentile (\$54,900 per year) and higher.

## 4.2 Potential City Owned Sites for New Construction

One of the most valuable assets the City owns is the land on which its housing occupies. In recent years, the price of serviced land that is suitable for multi-residential buildings has increased while its availability, particularly in greenfield areas, has decreased. At the moment, there is only one parcel of vacant land that is for sale in St. Thomas that could be appropriate for a multi-residential development. This parcel of land, which is located at 71-89 Princess Street and 1.48 acres in size, has a selling price of \$595,000.

Given the scarcity of land, potential purchase cost and modest capital funding available to St. Thomas, one of the most effective ways the City can build new affordable housing while leveraging its resources, is to utilize vacant land on its existing residential properties. The suitability for intensification on an existing City owned housing site was judged on a number of criteria including:

- Space for intensification;
- Demand for affordable housing;
- Planning policies; and
- Neighbourhood characteristics.

The examination began by determining the vacant or underutilized land available on each City owned site through satellite photography and property records. As a result of this initial research, only five properties showed some potential for intensification without demolishing any of the existing dwelling units:

- 200 Chestnut Street in St. Thomas;
- 230 Talbot Street in St. Thomas;
- 58 Myrtle Street in Aylmer;
- 144 Main Street in West Lorne;
- 105 – 139 First Avenue in St. Thomas; and
- 5 Morrison Drive in St. Thomas.

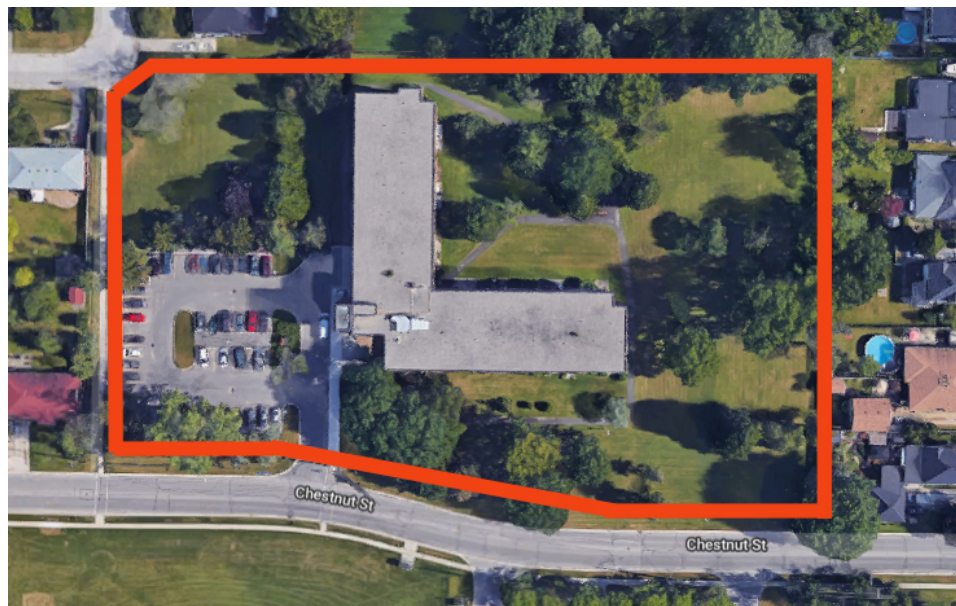
Staff from TWC visited all five sites to verify actual site conditions and identify any potential factors that could limit intensification such as natural hazards, recent construction activities by the City (e.g. construction of new parking lots) or other organizations/individuals. Upon visiting each of the identified sites, it was determined that intensification was not suitable for the First Avenue property for a number of reasons. These include a new community garden on a portion of the formally vacant parcel of adjacent city owned land and the proximity to the nearby ravine. Although the site could be intensified if the existing semi-detached units were replaced by a higher density multi-residential structure, this strategy is not cost efficient due to the cost of relocating tenants and demolishing existing structures.

The remaining four sites did have a potential for intensification to varying degrees. Detailed descriptions of intensification scenarios for these properties is provided in the following sub-sections.

#### ***4.2.1 200 Chestnut St., St. Thomas***

The most attractive site for intensification is 200 Chestnut Street in St. Thomas due to the considerable amount of vacant land on the east side of subject property and its relatively central location in the city. At present, the subject property is occupied by a four storey, 102 unit apartment building. A surface parking lot with 40+ spaces is located on the west portion of the subject property.

**Figure 4.7: Extent of 200 Chestnut St. Property**



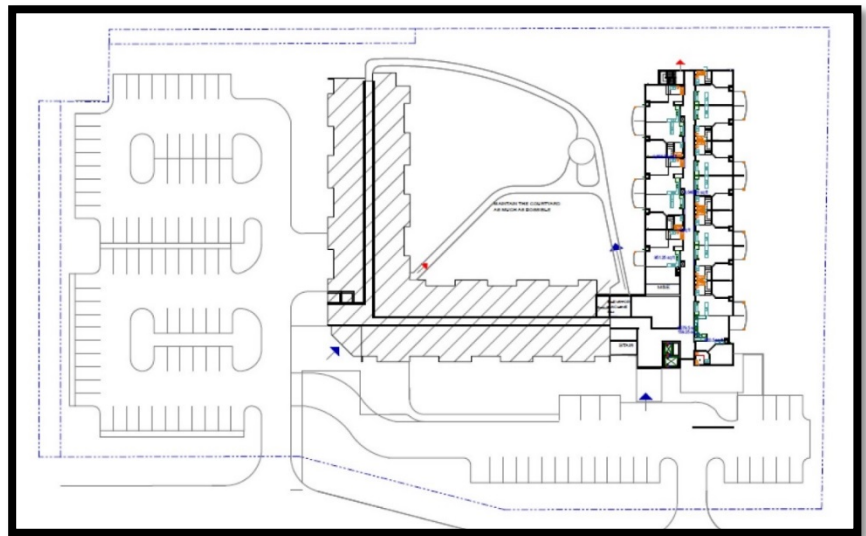
In 2014, the City created a business plan to explore the feasibility of constructing a 54 unit addition to the existing apartment building. From a planning perspective, a rezoning would be needed to increase the number of units on the subject property and seek from other site specific zoning provisions such as building setbacks, parking requirements etc. Based on staff feedback, it appears that there would be support for a re-zoning on this site. Engineering staff also commented that there appears to be sufficient capacity to support the proposed addition.

One of the key findings of the business plan is the significant capital requirements to construct all 54 units in one phase. Based on the business plan's capital budget, 36 of the City's 63 scattered single detached dwellings would have to be sold at \$197,333<sup>5</sup> per home to help provide the necessary capital funding for the addition. This is problematic from a number of perspectives in that it:

- a) allocates nearly 57% of the City's existing single detached dwellings for one site;
- b) would require a considerable amount of time to sell the 36 units based on market trends in St. Thomas; and
- c) the proposed addition does not create any family units to offset the loss of the 36 units that were sold.

One possible way to reduce the equity requirements from the sale of scattered units and municipal incentives is to build the addition in two phases. As shown on Figure 4.9, Scenarios 2 and 3 propose to build only half of the proposed 54 units. Both scenarios used cost figures from the business plan where appropriate and also made a number of assumptions (see Table 4.2) to reflect recent construction costs and affordable housing developments that TWC is currently working on.

**Figure 4.8: Conceptual Drawings for 54 Unit Addition at 200 Chestnut**



<sup>5</sup> Which remains below the average sale price of the four single detached homes sold by the City in March 2018.

**Table 4.2: Assumptions/Costs Changed from 2014 Business Plan**

	<b>Scenario 2</b>	<b>Scenario 3</b>
Unit Size	<ul style="list-style-type: none"> <li>• Unchanged from business plan</li> </ul>	<ul style="list-style-type: none"> <li>• One bed reduced from 650ft<sup>2</sup> to 550ft<sup>2</sup></li> <li>• Two beds reduced from 750ft<sup>2</sup> to 700ft<sup>2</sup></li> </ul>
Consul. Costs	<ul style="list-style-type: none"> <li>• Unchanged from business plan</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced from 10% to 8% of Const. Costs</li> </ul>
Financing Costs	<ul style="list-style-type: none"> <li>• Reduced from \$58,512 to \$29,256</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced from \$58,512 to \$29,256</li> </ul>
Const. Costs	<ul style="list-style-type: none"> <li>• Increased from \$167ft<sup>2</sup> to 190ft<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Increased from \$167ft<sup>2</sup> to 190ft<sup>2</sup></li> </ul>
Mun. Fees	<ul style="list-style-type: none"> <li>• Updated to 2017 amounts</li> </ul>	<ul style="list-style-type: none"> <li>• Updated to 2017 amounts</li> </ul>
Monthly Rents	<ul style="list-style-type: none"> <li>• Based on 2017 CMHC figures</li> <li>• Units funded through IAH have 80% AMR rents</li> <li>• Units funded from scattered homes have 100% AMR rents (RGI subsidies would be transferred to new apartments)</li> </ul>	<ul style="list-style-type: none"> <li>• Based on 2017 CMHC figures</li> <li>• Units funded through IAH have 80% AMR rents</li> <li>• Units funded from scattered homes have 100% AMR rents (RGI subsidies would be transferred to new apartments)</li> </ul>

**Figure 4.9: Capital and Operating Budgets for Proposed 200 Chestnut Scenarios**

Scenario 1 - Business Case 54 Units			Scenario 2 - 27 Units (City Incentives)			Scenario 3 - 27 Units Units (Limited Incentives)		
		Notes						
Building Size	48,500	Sq. Ft.	Building Size	24,250	Sq. Ft.	Building Size	20,655	Sq. Ft.
# Units	54	51 One Bed 3 Two Bed	# Units	27	24 One Bed 3 Two Bed	# Units	27	24 One Bed 3 Two Bed
Soft Costs			Soft Costs			Soft Costs		
Building Consults	903,402	10% of Con. Cost	Building Consults	\$ 505,985	10% of Con. Cost	Building Consults	\$ 350,144	8% of Con. Cost
Site Studies	44,000		Site Studies	\$ 44,000		Site Studies	\$ 44,000	
Legal and Organizational	84,000		Legal and Organizational	\$ 84,000		Legal and Organizational	\$ 84,000	
Financing Costs	58,512		Financing Costs	\$ 29,256		Financing Costs	\$ 29,256	
Fees and Permits	232,857		Fees and Permits	\$ 184,188	Bldg. Permit/DC's	Fees and Permits	\$ 166,192	Bldg. Permit/DC's
Contingency	\$ 132,277		Contingency	\$ 84,743	10% of Costs	Contingency	\$ 67,359	10% of Costs
<b>Total Soft Costs</b>	<b>\$ 1,455,048</b>		<b>Total Soft Costs</b>	<b>\$ 932,172</b>		<b>Total Soft Costs</b>	<b>\$ 740,952</b>	
Hard Costs			Hard Costs			Hard Costs		
Construction	8,124,235	167/Ft2	Construction	4,607,500	190/Ft2	Construction	3,924,450	190/Ft2
Site Servicing	330,000		Site Servicing	330,000		Site Servicing	330,000	
Landscaping	70,000		Landscaping	70,000		Landscaping	70,000	
Appliances	77,748	\$1,439/Unit	Appliances	38,853	\$1,439/Unit	Appliances	38,853	\$1,439/Unit
Furn. & Equip.	13,500		Furn. & Equip.	13,500		Furn. & Equip.	13,500	
Contingency	861,548	10% Hard Costs	Contingency	505,985	10% Hard Costs	Contingency	437,680	10% Hard Costs
<b>Total Hard Costs</b>	<b>\$ 9,477,031</b>		<b>Total Hard Costs</b>	<b>\$ 5,565,838</b>		<b>Total Hard Costs</b>	<b>\$ 4,814,483</b>	
HST	\$ 1,386,542	13% Appl. Costs	HST	\$ 816,994	13% Appl. Costs	HST	\$ 696,798	13% Appl. Costs
<b>Total Building Cost</b>	<b>\$ 12,318,621</b>		<b>Total Bldg. Cost</b>	<b>\$ 7,315,004</b>		<b>Total Bldg. Cost</b>	<b>\$ 6,252,233</b>	
Sources of Financing			Sources of Financing			Sources of Financing		
IAH Funding	2,400,000	\$150k,	IAH Funding	2,400,000	\$150k, 16 Units	IAH Funding	2,400,000	\$150k, 16 Units
HST Rebate	1,198,826	82% Appl. Costs	HST Rebate	669,935	82% Appl. Costs	HST Rebate	571,375	82% Appl. Costs
Scattered Sales	7,104,021	36 Units @ \$197k	Scattered Sales	2,035,000	11 Units @ \$185k	Scattered Sales	1,665,000	9 Units @ \$185k
Municipal Incentives	0		Municipal Incent.	184,188	Fees and DCs	Municipal Incent.	166,192	Fees and DCs
			Municipal Incent.	650,000	Equity	Municipal Incent.	0	Equity
<b>Sub-total Financing</b>	<b>\$ 10,702,847</b>		<b>Sub-Total Equity</b>	<b>\$ 5,939,123</b>		<b>Sub-Total Equity</b>	<b>\$ 4,802,567</b>	
Mortgage Req.	\$ 1,615,774		Mortgage Req.	\$ 1,375,881		Mortgage Req.	\$ 1,449,666	
Operating Revenue			Operating Revenue			Operating Revenue		
Rental Revenue	\$ 331,812		One Bedroom Rents	\$ 90,684	100% AMR (RGI)	One Bedroom Rents	\$ 90,684	100% AMR (RGI)
			One Bedroom Rents	\$ 85,644	80% AMR	One Bedroom Rents	\$ 85,644	80% AMR
			Two Bedroom Rents	\$ 24,624	80% AMR	Two Bedroom Rents	\$ 24,624	80% AMR
Laundry	\$ 13,608	\$252/Unit	Laundry	\$ 6,804	\$252/Unit	Laundry	\$ 6,804	\$252/Unit
Parking	\$ 240	\$4/Unit	Parking	\$ 108	\$4/Unit	Parking	\$ 108	\$4/Unit
Locker	\$ 1,800	\$33/Unit	Locker	\$ 891	\$33/Unit	Locker	\$ 891	\$33/Unit
Vacancy Loss	-\$ 6,949	2.1% of Revenue	Vacancy Loss	-\$ 6,054	2.9% of Revenue	Vacancy Loss	-\$ 6,054	2.9% of Revenue
<b>Total Revenue</b>	<b>\$ 340,511</b>		<b>Total Revenue</b>	<b>\$ 202,701</b>		<b>Total Revenue</b>	<b>\$ 202,701</b>	
Operating Expenses			Operating Expenses			Operating Expenses		
Maint: Salaries	\$ 20,000	\$370/Unit	Maint: Salaries	\$ 9,990	\$370/Unit	Maint: Salaries	\$ 9,990	\$370/Unit
Maint: Mat. and Serv.	\$ 45,172	\$837/Unit	Maint: Mat. and Serv.	\$ 22,599	\$837/Unit	Maint: Mat. and Serv.	\$ 22,599	\$837/Unit
Heat	\$ 37,800	\$700/Unit	Heat	\$ 18,900	\$700/Unit	Heat	\$ 18,900	\$700/Unit
Electricity	\$ 5,400	\$100/Unit	Electricity	\$ 2,700	\$100/Unit	Electricity	\$ 2,700	\$100/Unit
Water/Sewer	\$ 10,800	\$200/Unit	Water/Sewer	\$ 5,400	\$200/Unit	Water/Sewer	\$ 5,400	\$200/Unit
Prop. Mgmt. Fees	\$ 25,427	\$471/Unit	Prop. Mgmt. Fees	\$ 12,717	\$471/Unit	Prop. Mgmt. Fees	\$ 12,717	\$471/Unit
Other admin. Fees	\$ 10,800	\$200/Unit	Other admin. Fees	\$ 5,400	\$200/Unit	Other admin. Fees	\$ 5,400	\$200/Unit
Bad debts	\$ 3,405	\$63/Unit	Bad debts	\$ 1,701	\$63/Unit	Bad debts	\$ 1,701	\$63/Unit
Capital Replacement	\$ 13,620	\$252/Unit	Capital Replace. Res.	\$ 6,804	\$252/Unit	Capital Replace. Res.	\$ 6,804	\$252/Unit
Insurance	\$ 7,461	\$138/Unit	Insurance	\$ 3,726	\$138/Unit	Insurance	\$ 3,726	\$138/Unit
Property Taxes	\$ 39,285	\$1,000/Unit	Property Taxes	\$ 27,000	\$1,000/Unit	Property Taxes	\$ 27,000	\$1,000/Unit
HST	\$ 18,572	13% Appl. Costs	HST	\$ 10,586	13% Appl. Costs	HST	\$ 10,586	13% Appl. Costs
HST Rebate	-\$ 15,229	82% Rebate	HST Rebate	-\$ 8,681	82% Rebate	HST Rebate	-\$ 8,681	82% Rebate
<b>Total</b>	<b>\$ 222,513</b>		<b>Total</b>	<b>\$ 118,843</b>		<b>Total</b>	<b>\$ 118,843</b>	
Net Operating Inc.	\$ 117,998		Net Operating Inc.	\$ 83,859		Net Operating Inc.	\$ 83,859	
Debt Service	\$ 99,188	5.5%, 40 year amt	Debt Service (Deben)	\$ 63,711	3.5%, 40 Yr. Amort	Debt Service (Deben)	\$ 67,127	3.5%, 40 Yr. Amort
Debt Coverage Ratio	1.2		Debt Coverage Ratio	1.3		Debt Coverage Ratio	1.2	
<b>Net Op. Profit/Loss</b>	<b>\$18,810</b>		<b>Net Op. Profit/Loss</b>	<b>\$20,148</b>		<b>Net Op. Profit/Loss</b>	<b>\$16,731</b>	



Under Scenario 2, the equity provided by the City decreases from approximately \$7.1 million in the 54 unit scenario to \$2.9 million. The reduction in equity reflects considerable reductions in soft costs (building consultants, financing costs) and hard costs due to the smaller size of the proposed addition. As shown on Table 4.3, the municipal equity provided would include the sale of 11 properties (using current average sale price of \$190,000 minus \$5,000 for sale related costs such as boundary survey, realtor etc.), the waivers of Development Charges and Building Permit Fees and capital funding.

In Scenario 3, the equity provided by the City to construct a 27 unit addition is further decreased to \$1.8 million. The reduction in equity from Scenario 2 reflects a further reduction in the overall size of the addition from 24,250ft<sup>2</sup> to 20,655ft<sup>2</sup> by decreasing the size of the proposed one and two bedroom units. Additional reductions were made to the cost of building consultants based on recent affordable housing developments managed by TWC.

**Table 4.3: Municipal Equity Requirements**

	<b>Scenario 2</b>	<b>Scenario 3</b>
<b>Scattered Unit Sales</b>	<b>\$2,035,000</b>	<b>\$1,665,000</b>
<b>Development Charge Fees</b>	\$127,929	\$127,929
<b>Building Permit Fees</b>	\$56,259	\$38,263
<b>City Equity</b>	\$650,000	\$0
<b>Total</b>	<b>\$2,869,188</b>	<b>\$1,831,192</b>

One important factor to consider is that both scenarios are only viable if the City provides debentures to cover the gap between the project's equity and total costs. This is because debentures typically have slightly lower interest rates and are more stable than private mortgages. In Scenario 2 and 3, revenues from the addition cover the cost of servicing the debenture to ensure that no subsidies from the City (aside from the transferred RGI agreements) are required.

Of note, is that due to the dissolution of the former St. Thomas – Elgin County Housing Corporation, it may not be possible to obtain private financing (e.g. mortgage, slow capital, community endowment funds) for the addition. If this is the case, the only way to obtain a private mortgage is to sever the property being used by the addition and transfer it to an arm's length corporation.

#### **Positive Aspects of the Proposed Development:**

- Land equity assists in financial viability;
- Creates affordable units in St. Thomas which has the highest demand in the SM Area;
- Creates new apartments which are accessible in comparison to scattered homes
- Creates affordable one-bedroom apartments which have the highest demand;



- Creates homes that are more cost efficient to manage;
- Results in a more energy efficient portfolio;
- The site is centrally located within St. Thomas and is in relatively close proximity to groceries and shopping amenities; and
- It appears that no existing tenants would have to move.

#### **Drawbacks of the Proposed Development:**

- There is the potential for delays in obtaining the necessary zoning amendments to support the proposed addition;
- A phased approach is less economically efficient compared with building all 54 units at once; and
- The addition requires capital contributions through the sale of single detached homes, Federal/Provincial funding programs and City incentives to be viable.

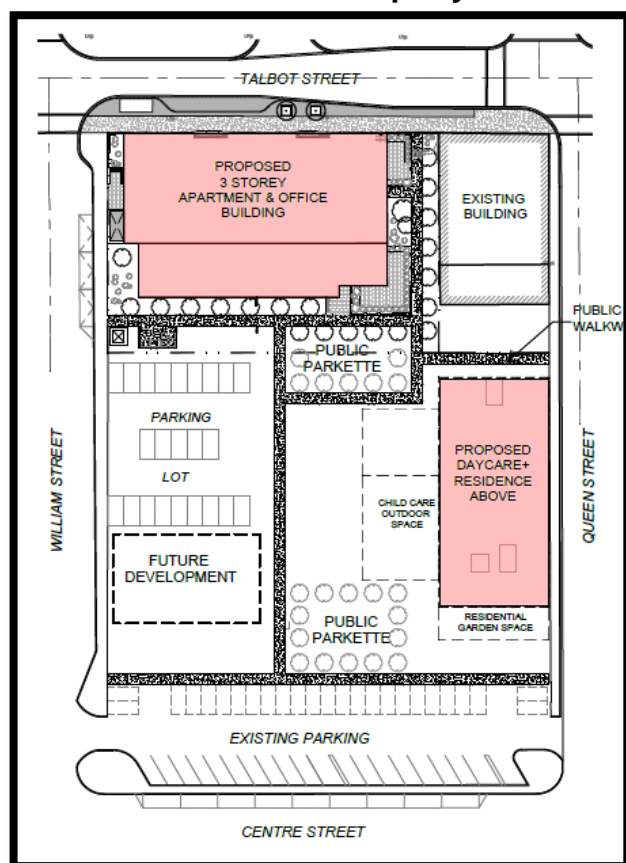
#### **4.2.2 230 Talbot Street, St. Thomas**

As noted in Section 4.1.2, the City is proposing to construct 28 units of affordable housing at 230 Talbot Street on the second and third floors of the proposed Community Hub building. Due to the size and square shape of the site, City staff and the project architects have identified that two additional phases of affordable housing development could occur on this property. Phase 2, as identified in City Report ADM-16-2017, could facilitate a three storey building facing Queen Street with a child care center on the ground floor and seniors apartments on the second and third floor. In Phase 3, family townhouses or stacked townhouses for single adult and couples could be constructed along William Street.

#### **Positive Aspects of the Proposed Development:**

- Land equity assists in financial viability;
- Creates affordable units in St. Thomas which has the highest demand in the SM Area;
- Can create a variety of single adult, couples and family housing; and

**Figure 4.10: Conceptual Site Plan for 230 Talbot St. Property**



- The site is centrally located within St. Thomas and is in relatively close proximity to social services, groceries and shopping amenities.

#### **Drawbacks of the Proposed Development:**

- There is the potential for delays in obtaining the necessary zoning amendments to support the additional phases;
- The additional phases are dependent on obtaining capital funding through Canada/Ontario and other provincial programs;

#### **3.2.2 58 Myrtle Street, Aylmer**

At present, the subject property at 58 Myrtle Street is occupied by a two storey apartment building with 28 one bedroom and one two bedroom units. The building, which provides social housing for seniors, does not have an elevator. While more detailed design work needs to be undertaken, it appears that the City could construct a 12 unit, two storey addition to the south-western corner of the existing building. As the additional units will likely generate parking demand, the existing parking lot may need to be expanded and reconfigured.

**Figure 4.11: Location of 58 Myrtle Street, Aylmer**



From a land use policy perspective, the town's Official Plan would support the conceptual addition as the property is designated as High Density Residential. One area of concern is that the South West corner of the property is within the Conservation Authority's Regulation Limit due to its proximity to a flood plain. A zoning amendment application would need to be filed with the Town of Aylmer to permit the construction

apartment dwellings on the site and perhaps obtain variances for a number of other development standards such as setbacks, lot coverage, landscaped open space etc.

### **Positive Aspects of the Proposed Development:**

- Land equity assists in financial viability;
- Creates affordable units in Aylmer which was the second highest demand in the SM Area;
- The addition could contain an elevator to enhance the accessibility of the existing building;
- It appears that no existing tenants would have to move.

### **Drawbacks of the Proposed Development:**

- There may be additional capital costs to redesign the existing parking lot to create more parking spaces;
- The inclusion of an elevator in the addition would increase capital and operating costs;
- There is the potential for delays in obtaining the necessary zoning amendments to support the proposed addition; and
- A small portion of the south west corner of the subject property is within a development regulated area due a flood plain. There may be delays in obtaining approval from the Conservation Authority to obtain.

**Figure 4.12:  
Location of Regulated Area**



### 4.2.3 144 Main Street, West Elgin

This property, located at 144 Main Street within the community of West Lorne, is currently occupied by a two-storey apartment building with 25 one-bedroom units and an elevator. Tenant and visitor parking is provided on a surface parking lot along Main Street with 17 parking spaces. Although the apartment building has a unique siting on the property, it could facilitate a two-storey addition of 12 to 16 one-bedroom units. Due to the modest parking currently provided, an expansion of the existing parking lot would be required and could be placed along the western portion of the property.

Within the West Elgin Official Plan, the subject property is designated as “Residential” and permits medium density dwellings such as townhouses and low rise apartment buildings. While the site’s R3 zoning permits the construction of apartment dwellings, a zoning amendment may be needed to seek relief from a number of development standards such as the required number of parking spaces, setbacks etc.

**Figure 4.13: Location of 144 Main St.**



#### **Positive Aspects of the Proposed Development:**

- Land equity assists in financial viability;
- The existing elevator reduces the overall capital and operating costs for the new addition;
- Adds accessible housing to the housing portfolio; and
- It appears that no existing tenants would have to move.

#### **Drawbacks of the Proposed Development:**

- West Elgin has a relatively low need for more affordable housing compared to St. Thomas and Aylmer;
- The requirement for more parking spaces will increase capital costs;
- Additional studies will be required to demonstrate that the neighbouring industrial use does not have adverse effects on the apartment building. This will increase the overall soft costs and possibly create delays for obtaining development approvals for the addition; and
- There is the potential for delays in obtaining the necessary zoning amendments to support the proposed addition.

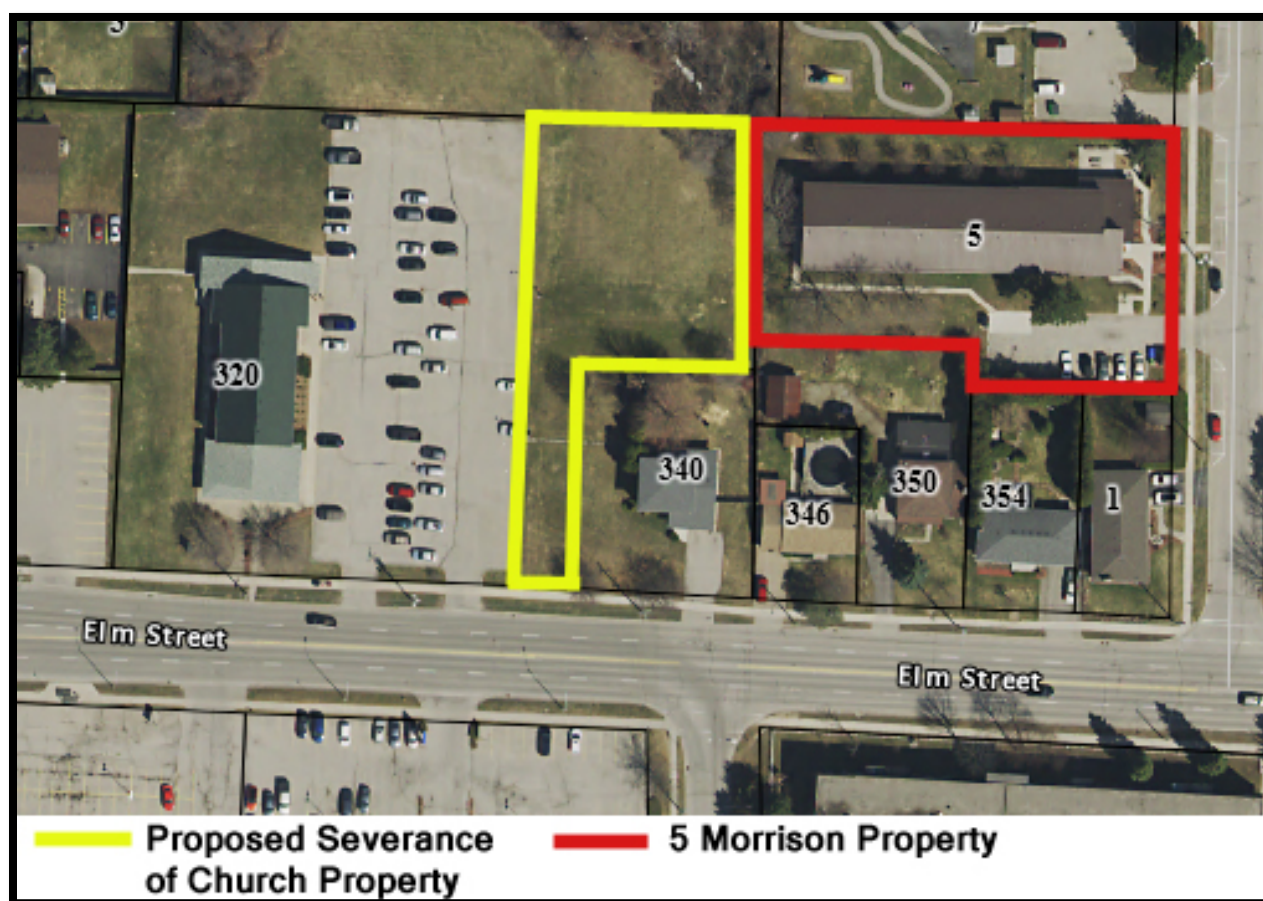


#### 4.2.4 5 Morrison Drive, St. Thomas

The apartment building at 5 Morrison Drive in St. Thomas is two storeys in height, has no elevator and provides social housing for seniors in 30 one bedroom apartments. Tenant and visitor parking is located in the south east corner of the property and contains 8 parking spaces. This is the most challenging site for a new addition as it would require the adjacent church to agree to transfer or sell a portion of its underutilized land. At this point in time there have been no discussions with the church on this concept.

The eastern third of the church's property could in theory, accommodate 16 – 20 apartments as well as a parking lot for the existing and proposed dwelling units. Access to the addition could be provided by a new driveway from Elm Street.

**Figure 4.14:**  
**Location of 5 Morrison Dr. and Conceptual Severance from 320 Elm Street, St. Thomas**



From a planning perspective, it appears that a severance, Official Plan and Re-Zoning application would need to be required to permit the addition. Moreover, a creek on the north side of the church's property may create some additional restrictions on the where the addition can be placed (e.g. flood plain).

### Positive Aspects of the Proposed Development:

- New affordable units in St. Thomas, which has the highest demand for affordable housing in the SM Area;
- It is close to shopping amenities and healthcare facilities;
- The addition could provide an elevator to improve access to the second floor in the existing apartment building; and
- It appears that no existing tenants would have to move.

### Drawbacks of the Proposed Development:

- The City cannot purchase the portion of land from the church unless the latter is willing to sell it;
- There may be considerable costs to sever the existing church property and obtain development approvals for the addition; and
- The inclusion of an elevator will increase the capital and operating costs for the addition.

#### 4.2.5 Other Intensification Opportunities in St. Thomas

In 2008, an intensification study was undertaken by Dillon Consulting to identify suitable vacant and underutilized sites within St. Thomas' built-up area for new residential developments. Overall, the study found that there are few large parcels of vacant land (larger than 1 hectare) within St. Thomas and that the majority of vacant lands likely have the potential for soil and/or groundwater contamination<sup>6</sup>. While some of these sites are owned by the City, others are privately owned. The potential for new affordable housing on vacant City owned sites is somewhat constrained as the sites would need to be remediated before any construction could begin. Due to the limited amounts of capital funding available, it may be more cost effective for the City to obtain vacant land from a private owner or sell a portion of their existing sites to help offset the clean-up costs.

**Figure 4.15: St. Thomas Christian Church Property**



<sup>6</sup> The majority of these large sites were formerly occupied by industrial or transportation uses such as former railroad shops, yards and/or right-of-ways.

Figure 4.16 shows that while the majority of intensification sites are located in the downtown area, these opportunities primarily consist of rehabilitating or renovating the upper floors of mixed use buildings, which may or may not be vacant, into apartments. There may also be a few other sites suitable for intensification that are not described within the Intensification Study. For example the St. Thomas Christian Church (Figure 4.15 – proceeding page) has enough vacant land to facilitate the construction of a modest sized apartment building.

**Figure 4.16: Potential Areas for Residential Intensification and Infill Development**



Source: Dillon Consulting (2008). *Residential Intensification and Redevelopment Capacity Assessment Report for the Built Up Area*

#### **4.2.6 Request for Expressions of Interest**

One way in which underutilized sites could be identified and secured for affordable housing in St. Thomas and Elgin County is through a public Expression of Interest (EOI). In this activity, the City in its role as a Service Manager, would run a public EOI to different faith or community based groups, non-profit housing providers or area municipalities to submit proposals for how parcels of land could be used for affordable housing. Key considerations in evaluating submissions could include:

- Location and proximity to community amenities;
- Proximity to social services and agencies;
- Alignment with the City's Housing and Homelessness Plan's goals;
- Quality of land topography and environmental assessment; and
- Municipal partnership contribution (if the land is owned by a municipality).



In 2016, the Simcoe Community Housing Corporation<sup>7</sup> (SCHC) distributed an EOI to the area municipalities within Simcoe County with the intent of identifying possible sites for new affordable rental housing and potential incentives for these proposals. In total, 11 sites were submitted by six municipalities which included offering land, or land and buildings as well as various incentives such as waivers of building permit application fees and property tax grants.

### 4.3 Environmental Scan of Municipal Housing Corporations

As noted earlier, some social housing providers have begun to leverage a portion of their real estate portfolio to help fund new affordable housing developments. This section will explore the three key themes: the rationale for social housing providers to leverage their stock, how many properties within the will be leveraged and how the proceeds from leveraged properties were used.

#### 4.3.1 Local Examples of Leveraging

Within the Service Manager Area only one private non-profit social housing provider, Cherry St. Incorporated, has leveraged a portion of their stock to construct new affordable housing developments in Aylmer. As shown on Table 4.3, these developments, a duplex (at 197 South. W.) and a 10 unit apartment building (10 Wellington St.), funded through the sale of four single detached one duplex, IAH capital funding and private mortgages. In addition to providing equity for these projects, the decision to leverage these assets was due to their relatively small size, design and the amount of current and projected capital repairs that were required.

**Table 4.3: Total Capital Cost and Sources of Funding for Cherry St. Developments**

	Total Capital Cost	IAH Funding	Leveraged Amount	Other Sources
197 South St. W.	\$413,970	\$100,000	Not available	Not available
10 Wellington	\$1.4 million	\$784,000	\$276,000	\$340,000 - Private Mortgage

It should be noted that Cherry Street is also in the process of trying to sell its single detached dwellings that are located in the Township of Malahide. There are a number of reasons for this strategy including:

- The current and projected capital costs;
- Utility and other operating costs;
- Limited size of the dwellings; and
- The expense of providing support services to these units.

It should be noted that Cherry St. is run in part by the Mennonite Community Services (MCS) organization. As part of their work, MCS which provides support services such as transportation, employment services, family support and pre- and post-natal care to Cherry St.'s tenants. As MSC is headquartered in downtown Aylmer, the cost of

<sup>7</sup> SCHC is a municipal housing corporation owned by the County of Simcoe.

providing these services to the dwellings in Malahide are higher on a per unit basis than the units in Aylmer. Moving these units into Aylmer would therefore help reduce the cost of provided these services to tenants.

Eastwood Housing, a private non-profit housing provider in St. Thomas, has also expressed interest in refinancing or selling a portion of their stock to construct new housing as well as creating small scale infill family housing on its existing sites. At present, they have not undertaken any leveraging activities as the mortgages and operating agreements on a number of properties have yet to expire.

#### **4.3.2 City Housing Hamilton**

City Housing Hamilton (CHH) is a Municipal Housing Corporation that owns and operates than 7,100 units within the city of Hamilton. Of these, 479 are in the form of single and semi-detached buildings with the majority found on the Hamilton Mountain and in the east end of the lower city near Red Hill Creek. Since 2003, CHH has or is in the process of selling 188 of these single and semi-detached units to tenants in the private market.

The first 88 of these units were sold over a nine year period and generated more than \$11.0 million in additional revenue which was reinvested to develop a 50 unit building and 14 unit building. The remaining 24 units were replaced by transforming existing units at a CHH site into rent-geared-to-income units. Approval for the sale of the remaining 100 units (of which 47 are vacant) was provided by the City in the fall of 2016. Staff from CHH were unable to confirm why the specific number of detached units in each wave of divesting was chosen. However the rationale for selling these units included:

- Having a disproportionately high number of single and semi-detached homes compared to similar housing providers;
- The high per unit cost of operating and maintaining the single and semi-detached homes;
- The significant capital repair costs required to bring two-thirds of the scattered units to a “good” physical shape;
- Growing maintenance needs across the entire portfolio; and
- Growing need for affordable housing.

At present, CHH is working on a strategy to reinvest the proceeds from the sale of the scattered units. Key considerations in this strategy include:

- Replacing sold and building new affordable units ranging in size from bachelor to 4 bedrooms;
- Exploring different dwelling types ranging from stacked townhouses to apartment buildings;
- Provide developments that allow for mixed incomes and households of varying ages (to permit aging in place and shifting population demographics).

#### **4.3.3 KLH Housing Corporation**

The KLH Housing Corporation is a municipal housing corporation that provides social and affordable housing in the city of Kawartha Lakes and Haliburton County. Its real estate portfolio includes over 700 units ranging from single and semi-detached units, townhouses and apartment buildings.

In 2014, KLH Housing Corp began the process of selling 64 of its 76 single and semi-detached units. The main rationale for selling these units was their high utility and operating costs, lack of accessible features for persons with physical disabilities and the limited ability to make energy efficiency retrofits and renovations to the units. KLH Housing Corp. chose to not sell the remaining 12 units due to the difficulty in severing the units due to their unique servicing arrangement.

To date, the sale of 36 single and semi-detached units have generated more than \$5.9 million in revenue. The proceeds from these sales have been used to replace existing units and build additional affordable units including:

- **Devan Court:** A new 29 unit townhouse and stacked townhouse development with 1, 2 and 3 bedroom units. Funding for this new development came from the sale of 18 units, \$190,000 in IAH funding, municipal incentives and a number of other sources. The site was developed in part, with Habitat for Humanity which severed a portion of the subject property to construct an additional 5 affordable home ownership units;
- **5 Bond Street:** A 12 unit townhouse development with 3 bedroom units for households with children. Funding for this new development included the sale of 9 scattered units, municipal incentives, a debenture from the City and a number of other sources.
- **48 St. Paul St.:** A 16 unit addition to an existing 40 unit apartment building that utilizes vacant land on the subject property. Funding for the addition came from the sale of 9 scattered units, municipal incentives, equity from KLH Housing Corp, CMHC Project Development Funding and a debenture from the City.

It is important to note that as the City of Kawartha Lakes<sup>8</sup> receives modest amounts of capital funding through Federal/Provincial housing programs (similar to St. Thomas), the revenue it receives through the sale of scattered units as well as financial assistance from the City have been instrumental to ensuring that these developments are financially viable from a capital and long-term operating budget perspective.

#### **4.3.4 Toronto Community Housing Corporation**

The Toronto Community Housing Corporation is an arm's length housing corporation providing social and affordable housing to low and moderate income households in Toronto. As the largest municipal housing corporation in Ontario, it has 58,000 dwelling units of which 783 are in 660 single and semi-detached dwellings.

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<sup>8</sup> The City is the designated Service Manager and sole shareholder of KLH Housing Corp.

In 2015, the City of Toronto initiated a task force to implement a plan to improve TCHC in a number of key areas including its financial health, physical condition of its portfolio and tenant relations. One of the approved changes to TCHC is the creation of a plan to transfer the scattered housing portfolio to non-profit housing providers. City Council's decision to transfer the units to non-profits rather than sell them to the private market was based on a number of key considerations including:

- Ensuring that the portfolio is maintained for its current housing purposes (e.g. family units);
- The portfolio continues to be operated by non-profit corporations and kept affordable in perpetuity;
- Ensure that social housing is distributed throughout the City to promote the mixture of income types within neighbourhoods; and
- There is no land available in the City (from a cost and size perspective) that could facilitate a cost-effective development to replace the scattered units.

Council's decision to transfer all of the units from TCHC to other social housing providers also reflected a cost-benefit analysis regarding capital expenditures. Due to the relative modest amount of capital funding available versus capital needs, repairs to multi-family dwellings or higher density buildings were deemed more cost efficient and impacted more tenants than repairs to the scattered units.

#### *4.3.5 Summary of Environmental Scan*

Based on the housing providers examined, single detached and semi-detached dwellings are being sold to the private market or transferred to non-profit organizations for the following reasons:

- Reduce the providers' overall operating costs (particularly for utility expenditures);
- Reduce the providers' overall present and future capital expenditures;
- Provide funding for new affordable housing developments that:
  - Increase the overall number of affordable units;
  - Improve the energy efficiency of the housing portfolio;
  - Increase the number of accessible units to persons with physical disabilities; and
  - Are more attractive to prospective tenants.

The number of dwellings sold or transferred depends on a number of contextual factors including:

- **Ease in severing the dwelling from its parent property.** As the majority of single and semi-detached dwellings were developed on a single legal property, they need to be severed prior to being sold. Some developments were designed or constructed in a way that makes severing difficult and/or costly.

- **Local Real Estate Conditions:** The number of units that can be sold depends on the rate that they can be absorbed into the market. Local conditions will also determine how much value can be extracted from the asset. Over the past four years, the considerable increases in home re-sale values has meant that KLH Housing Corp has been able to sell fewer homes than originally forecasted to meet their equity requirements for affordable housing developments. In contrast, while TCHC could obtain more than \$1 million for each of its scattered homes, land prices make it impossible for that organization to rebuild them in a more efficient style.
- **Capacity of Provider:** The number of scattered units sold also depended on the capacity of the provider in managing their sale. For example, CHH decided to sell 88 and 100 units in two separate phases in an attempt to avoid flooding the market with units and of its staff capacity to manage the process.
- **Municipal Incentives:** In the case of KLH Housing Corp and CHH, municipal incentives were crucial to the sustainability of new affordable housing developments. In the case of KLH Housing Corp. the City of Kawartha Lakes provided waivers for municipal fees and development charges, access to debentures and in some cases, surplus municipal land. To help stimulate new affordable housing, City of Hamilton recently approved transferring a number of city owned parking lots and vacant land to CHH.

#### 4.4 Recommendations

While the National Housing Strategy will provide new sources of capital funding for affordable rental projects, the exact amount available to all 47 Service Managers including St. Thomas is not known. However, even if there was a modest increase in the amount of capital funding provided to St. Thomas, it is highly unlikely that it would be able to create the number of units needed to meet the housing targets for the city and county. To help bridge the gap between this source of capital funding and housing needs, it is recommended that St. Thomas undertake the following recommendations to help support the creation of new affordable units, improve the accessibility and operating efficiency of the existing City owned stock and reduce long-term capital costs.

##### 4.4.1 *Number of Units to be Leveraged*

In theory, all of the single and a majority of semi-detached units currently owned by the City could be sold for the reasons listed in Section 3.3.5. However, due to the modest proceeds that have been obtained for these units (\$190,000), increasing construction costs and the relatively modest rents in St. Thomas, it may be difficult for the City to leverage this equity to build additional units or even replace these units on a one to one basis.

Given the complexity of constructing new affordable housing through leveraging existing assets, it is recommended that the City use 230 Talbot Street as a pilot project to help inform future activities of this nature. Findings from the first phase of 230 Talbot Street

could be used to help create business plans for future city owned housing developments in St. Thomas and or the County.

#### ***4.4.2 Municipal Incentives***

As shown in the environmental scan, the proposed and constructed affordable housing developments by KLH Housing Corp. and CHH still required municipal incentives in order to be financially viable. At a minimum, it is recommended that the City of St. Thomas provide the following incentives or financial tools for its own housing developments:

- waive or provide a long-term deferral for the fees associated with municipal approvals and development charges;
- provide tax increment financing for at least 10 years; and
- provide debentures or financing through Infrastructure Ontario. It is important to note that the principal and interest of the debenture would be serviced through the operating cash flow of the future developments.

#### ***4.4.3 Balance of Unit Sizes***

Although the housing needs analysis showed that demand for affordable one-bedroom rental units is the fastest growing and highest among all unit sizes, the demand for family sized units is still growing (albeit at a much slower than one and two bedroom units). In leveraging the single and semi-detached units, the City should attempt to maintain the number of family units in its portfolio. One City owned location that could facilitate family housing is the portion of the 230 Talbot Street site that fronts William Street.

#### ***4.4.4 Priority of City Owned Sites***

Of the City owned properties suitable for new affordable housing developments, 200 Chestnut and 230 Talbot are the best suited due to their central location in St. Thomas and the high demand for affordable housing in the city. Of the two, 230 Talbot may be more ideal than 200 Chestnut due to the former's proximity to the new community hub and the possibility of adding family housing units. However, one key cost consideration with the 230 Talbot Street site is whether or not soil remediation is to occur on a portion or all of the site. If only a portion is remediated in 2018, these costs would have to be born in future phases of the site's development.

Of the remaining sites, 58 Myrtle would be the third most suitable site for new affordable housing. This largely reflects the relatively high demand for affordable housing in Aylmer compared to the rest of the County and the possibility of adding an elevator to the existing seniors' apartment building.

Dillon Consulting's Intensification study noted that while the City owns a number of medium to large sized vacant properties, these properties likely have soil and/or ground water contamination due to their historic uses. At present, the extent of the potential contamination on these properties is not known. To help facilitate the construction of affordable housing on these sites, the City should investigate the extent of



contamination and the possible costs for remediation. The cost of these investigations could in theory, be offset if a portion of the land were sold to a private developer for market ownership housing. However, due to the uncertainty of the severity of contamination, it may be more cost effective given the limited capital funding available to St. Thomas to purchase greenfield sites.

#### *4.4.5 Combine Affordable Housing in Suitable Public Works/Asset Projects*

This strategy recommends that the City continue to explore the possibility of constructing affordable housing as part of future public works/asset projects such as Phase 1 and 2 of the 230 Talbot Street project. While not all public works/asset projects may be suitable for combining with affordable housing, some projects such as libraries or community centres offer the possibility of reducing the overall cost of the project (e.g. land acquisition, economies of scale for construction etc.) and could help improve the quality of life for tenants.

#### *4.4.6 Expression of Interest (EOI) for Potential Sites and Incentives*

It is recommended that the City undertake an EOI within the next year to help identify potential sites for new affordable housing in St. Thomas and the County. The intent of operating the EOI in advance of capital funding allocations from the federal/provincial governments is to help the City or private housing providers meet funding program timelines. In many cases, the pre-development activities related to building and site design, financing and development approvals can take 6 – 12 months which are much longer than previous program requirements of starting construction upon signing a contribution agreement.

The EOI should be directed to community groups (such as non-profit housing providers, service agencies or faith based organizations), private organizations and municipalities to help identify potential properties and interested groups.

Municipalities should also be encouraged to identify any potential incentives such as fee waivers or property tax exemptions that could be provided to potential affordable housing projects. Similar to SCHC's EOI, the City should implement a scoring matrix that incorporates the site characteristics but also the goals of the local Housing and Homelessness Plan such as housing demands, supportive housing etc.

#### *4.4.7 Consider Purchasing Greenfield Sites in New Subdivisions*

Upon receiving draft plan of subdivisions, the City should explore the possibility of obtaining land for the purposes of constructing new affordable housing. The land could be purchased at fair market value or transferred to the City for a nominal fee perhaps in exchange for density bonuses or other incentives. While the City does own medium to large sized parcels of land they may have soil and/or ground water contamination. Due to the modest amounts of capital funding available for new affordable housing, it may be more cost effective to purchase greenfield sites rather than remediate and build upon existing sites.



## 5.0 Affordable Housing Incentive Programs

While it may be possible for some non-profit and private organizations to build affordable housing without capital funding and/or incentives from local or senior governments, these examples are the very rare exception rather than the rule. This is largely due to the relatively high cost of constructing affordable housing (land, soft and hard costs) and the relatively modest cash flow generated by affordable rents. As a result, a considerable number of affordable projects, even with funding through Canada/Ontario capital programs, require some form of assistance from local municipalities to be financially viable.

To help promote the construction of and enhance the affordability of purpose built rental housing, a growing number of municipalities are providing financial and other incentives for proponents. This section will examine some of the incentives being used by Ontario municipalities to promote affordable housing, their respective impacts on future affordable housing developments in St. Thomas and recommendations.

### 5.1 Municipal Regulatory and Process Tools

In recent years, some municipalities have provided two incentives related to the planning approvals process. These incentives include:

- **Expedited Processing:** In some Ontario municipalities, affordable housing developments are provided with expedited processing to reduce the amount of time an application is spent in the development approvals process. Depending on the complexity of the development application and the number of applications being processed by municipal staff, it could take 6 – 12 months (or longer) to obtain all of the necessary development approvals to begin construction; and
- **Reduced Parking Requirements:** Kitchener and Mississauga have recently considered to reduce the parking requirements for affordable housing units and in particular, have reduced parking requirements along major transit routes. The purpose of the reduced parking requirements is to reduce the overall costs to construct new affordable housing. In addition to requiring less land, each above ground parking space can add approximately \$7,000 – 9,000 in hard costs, an above ground covered parking space can add \$25,000 - \$30,000 in costs per space while an underground space can add up to \$45,000 per space.

### 5.2 Community Improvement Plans

Municipalities have implemented affordable housing incentive programs through two mechanisms: broad based policies or incentive programs such as Toronto's *Open Door Affordable Housing Program* and Community Improvement Plans or CIPs. In the former, all affordable housing developments are eligible for incentives provided that they meet the criteria of the policy or incentive program. For example, Toronto's Open Door program provides a wide range of incentives including non-payment of DCs, municipal and parkland dedication fee exemptions and property tax reductions for projects that are chosen through the City's RFP process. Similarly, the City of Hamilton amended its

Development Charge By-law to exempt affordable housing developments that receive funding through Federal/Provincial capital funding programs or an affordable housing program that is approved by the City. Niagara Region uses a similar approach to not require the payment of the DCs for affordable housing developments within its jurisdiction.

At least three Ontario municipalities are currently providing incentives for new affordable housing developments through Community Improvement Plans (CIPs): Barrie, Cambridge and Peterborough. In Cambridge, the CIP provides incentives for new affordable housing developments within eight areas of the city including four neighbourhood regeneration areas and four intensification nodes. These areas were chosen as they are determined to be ideal for new affordable housing due to their broad range of services including employment opportunities, retail, schools, social services, transit access and recreational opportunities.

In comparison, the CIPs in Barrie and Peterborough are much more expansive. Peterborough's CIP, which was created specifically to administer affordable housing incentives covers almost all of the city's existing built-up area. Similarly, Barrie's CIP provides incentives for affordable housing developments on all of the land within its built boundary. While the Town of Bradford West Gwillimbury had a CIP<sup>29</sup> it was recently rescinded on account of reaching its goal of constructing 250 units of seniors and assisted living housing. Incentives in the CIPs vary but generally include waivers for municipal fees, parkland dedication fees and development charges as well as tax increment financing grants.

One of the primary reasons for using CIPs rather than broad based policies is due Section 106 of the Municipal Act (2001) which prohibits municipalities from directly or indirectly assisting any manufacturing business or other industrial or commercial enterprises through the granting of certain financial incentives. These prohibited financial incentives includes:

- giving or lending money, or municipal property;
- leasing or selling any municipal property at below fair market value;
- guaranteeing borrowing; and
- giving a total or partial exemption from any levy, charge or fee.

Despite the general prohibition against bonusing, Section 28 of the Planning Act permits municipalities to provide the above mentioned incentives in areas that are within the boundaries of a designated Community Improvement Plan. Of note is that Section 28 (1.1) specifically permits municipalities to provide incentives for affordable housing in addition to more traditional activities such as environmental remediation and building improvements. The maximum amount of grants and loans provided to affordable

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<sup>29</sup> The CIP covered the whole of the Bradford settlement area

housing and other activities within CIP areas may not be greater than the relevant costs for constructing new or rehabilitating existing buildings.

### *5.2.1 Affordable Housing vs. Area Based Community Improvement Plans (CIP)*

All three of the communities with active affordable housing CIP's in Ontario also have area based CIP's for their respective downtown or central areas. The intent of the latter is to help stimulate new development in these areas by either rehabilitating/renovating existing buildings or constructing new buildings. As a result, both the affordable housing and central area CIP's overlap with each other. Further to this, Barrie's Built Boundary CIP also includes two grant programs: the Renovation Grant Program and Redevelopment Grant Program. To help identify approaches for how St. Thomas can differentiate between incentives for eligible buildings within its existing Central Area CIP and a potential affordable housing CIP, the legislation within Barrie's program will be examined in further detail.

As previously noted, Barrie's Built Boundary CIP covers the entire built-up area of the city as indicated in its Official Plan. While two grant programs are available within this area, the eligibility and applicability of projects varies. The Renovation Grant, which provides up to a maximum of 50% of renovation costs to a max of \$25,000, is eligible for buildings within the Urban Growth Centre (downtown) and heritage buildings in the built-up area. In this grant, no distinction is made between affordable and non-affordable projects. In contrast, the Redevelopment Grant has three categories of eligible projects of which one is Affordable Housing. Under this grant stream, the amount of grants for eligible projects varies on the type of affordable housing being constructed (Table 5.1).

Since new affordable housing developments may be located within Intensification Nodes or on Brownfield lands, Section 7.5.9 of the CIP guidelines provides guidance on how incentives can be combined or stacked:

A project may be eligible for more than one of the incentives under the Redevelopment Grant Program where all the elements are included. In these instances the incentives may be added on to each project however, the total maximum amount of all grants or loans shall not exceed the total cost of redevelopment.

Section 8.7 also notes that “[w]here DC discounts are already in place through the Development Charges By-law, the grants will be based on the greater of the two.”

**Table 5.1: Details on Barrie's Built Boundary CIP**

	<b>Renovation Grant</b>	<b>Redevelopment Grant</b>
Purpose	<ul style="list-style-type: none"> <li>Promote renovation/ restoration of existing buildings</li> </ul>	<ul style="list-style-type: none"> <li>Construct affordable housing</li> <li>Remediate brownfield sites</li> <li>Develop mixed use projects</li> </ul>
Eligible Projects	<ul style="list-style-type: none"> <li>Buildings within the Urban Growth Centre</li> <li>Buildings within the Built-Up Area that are on the Municipal Heritage Register</li> <li>No distinction made between affordable and other projects</li> </ul>	<ul style="list-style-type: none"> <li>Affordable Housing: Anywhere within the Built-Up Area</li> <li>Brownfield sites within Built-Up Area</li> <li>Mixed use projects within Intensification Nodes</li> </ul>
Incentives	<ul style="list-style-type: none"> <li>50% of eligible renovation costs up to a max. of \$25,000 per property</li> </ul>	<p>Affordable Housing</p> <ul style="list-style-type: none"> <li>Tax Increment Financing</li> <li>Development Charge Waivers</li> <li>Municipal Fee Waivers</li> </ul> <p>Brownfield Sites</p> <ul style="list-style-type: none"> <li>Costs of Phase I and II Env. Site Assessments</li> <li>Costs to prepare Risk Assess., remediation and monitoring plan</li> <li>Costs to rehabilitate property</li> </ul> <p>Intensification Area</p> <ul style="list-style-type: none"> <li>Tax Increment Financing (ground related commercial only)</li> <li>Development Charge Waivers</li> <li>Municipal Fee Waivers</li> </ul>

**Table 5.2: Level of Grant by Type of Affordable Housing**

<b>Emergency Housing Facilities</b>	<b>Transitional Housing</b>	<b>Social and Afford. Non-Profit Rental or Ownership</b>	<b>Affordable Rental Housing</b>
<b>DC Grant</b>			
100% DC Equivalent Grant	75% DC Equivalent Grant	50% DC Equivalent Grant	25% DC Equivalent Grant
<b>Application Fee Grant</b>			
100% Building Permit Equivalent Fees	75% Building Permit Equivalent Fees	50% Building Permit Equivalent Fees	25% Building Permit Equivalent Fees
100% Planning Application Fees based on the percentage of Emergency Housing Facilities provided within a redevelopment project	75% Planning Application Fees based on the percentage of Transitional Housing facilities provided within a redevelopment project	50% Planning Application Fees based on the percentage of Social Housing units provided within a redevelopment project	25% Planning Application Fees based on the percentage of Affordable Rental Housing Units provided within a redevelopment project

## 5.3 Property Tax Reductions

### 5.3.1 *Reduced Multi-Residential Property Tax Mill Rates/Property Tax Exemptions*

Throughout much of the 20<sup>th</sup> century, the majority of Ontario's municipalities have taxed multi-residential dwellings at a higher rate than lower density forms of housing. This is the case in St. Thomas where the 2016 tax rate for multi-residential buildings was 3.35 compared to 1.33 for other residential buildings. While the high tax rate may provide additional revenue for the municipality it also helps reduce the viability of constructing new market and affordable housing due to its impact on operating expenses. It should be noted that due to the requirements in recent federal/provincial programs, affordable rental developments that receive capital funding must have a tax rate that is equivalent to the single family or lower density tax rate for the duration of the minimum 20 year affordability period.

To help stimulate new rental construction, the Province of Ontario, as part of its Fair Housing Plan, is creating legislation to ensure that property taxes for new multi-residential apartment buildings are charged at a similar rate to other residential properties. While no timeline for creating or implementing this legislation has been provided, a number of municipalities have already implemented this policy including Niagara Region<sup>30</sup>, City of Hamilton, Region of Waterloo<sup>1</sup>, Halton Region<sup>1</sup>, City of Sarnia City of Brantford, and the City of Guelph among others.

Of note is that the Province is not requiring municipalities to lower the property tax rate for existing multi-residential buildings. While this practice would help improve the operating cash flow for existing housing providers, particularly smaller non-profit and co-op housing corporations, there could be a sizeable loss of property tax revenue for local municipalities. As a result, this initiative appears to have been implemented in a smaller number of municipalities such as York Region<sup>2</sup> and Simcoe County<sup>2</sup>.

Even less prevalent are property tax holidays for new affordable rental developments. These tax holidays, which waive property taxes for eligible affordable rental housing developments over a prescribed period, appear to occur only in Toronto through its Open Door program. The property tax holiday lasts for the program's affordability period which is 25 years. Some municipalities, such as Chatham-Kent, have exempted social housing properties that are owned and operated by the City from paying property taxes. The savings from this exemption in Chatham-Kent have been reinvested into the municipal housing stock's capital reserves for future repairs.

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<sup>30</sup> Includes all lower tier municipalities

### 5.3.2 Tax Increment Financing Programs

#### **City of Peterborough – Municipal Housing Facilities Property Tax Exemption**

As part of its incentive package for new affordable housing developments, the City of Peterborough provides eligible projects with a 10 year Tax Increment Financing grant. The grant operates by deferring the increase in assessed property value from the renovation of an existing building or the construction of a new building over a 10 year period. As a result, the total value of work, plus the amount of municipal taxes paid prior to and after construction has to be known. A summary of the grant structure is shown below on Table 5.3.

**Table 5.3: Peterborough TIF Details**

<b>Years 0 – 5:</b>	0% of tax increase resulting from property improvements is paid by owner
<b>Year 6:</b>	20% of tax increase resulting from property improvements is paid by owner
<b>Year 7:</b>	40% of tax increase is paid by owner
<b>Year 8:</b>	60% of tax increase is paid by owner
<b>Year 9:</b>	80% of tax increase is paid by owner
<b>Year 10:</b>	100% or full amount of property taxes paid by owner.

The total amount of the grant cannot exceed the total value of construction and it does not exempt property owners from an increase in municipal taxes due to an increase in the general tax rate. Projects are eligible for the grant under the following criteria:

- The proposed project is within the Community Improvement Project area;
- The proposed project meets the criteria that defines “affordable housing”;
- There are no property tax arrears on the subject property;
- All applicable permits and development approvals are obtained;
- Property improvements must lead to an increased assessment on the subject property;
- The grant shall be forfeited by the owner and repaid to the City if the housing is demolished before the grant period elapses.

### ***City of Cambridge – Affordable Housing Tax Increment Grant Program***

The City of Cambridge provides a grant program in their “nodes and corridors” locations that is similar to Peterborough’s except that it operates on a 20 year period. As a result, the increase in property taxes from rehabilitation or new development adheres to the following schedule:

**Table 5.4: Cambridge TIF Schedule**

<b>Years 0 – 15:</b>	0% of tax increase resulting from property improvements is paid by owner
<b>Year 16:</b>	20% of tax increase resulting from property improvements is paid by owner
<b>Year 17:</b>	40% of tax increase is paid by owner
<b>Year 18:</b>	60% of tax increase is paid by owner
<b>Year 19:</b>	80% of tax increase is paid by owner
<b>Year 20:</b>	100% or full amount of property taxes paid by owner.

### ***City of Barrie – Intensification Area Grant***

The City of Barrie provides a five year tax increment financing grant to eligible affordable housing developments that are located within its Built Boundary CIP. Similar to the programs in Cambridge and Peterborough, the grant helps offset the increase in property taxes once improvements to an existing property are made. Barrie’s program is somewhat unique in that the tax increases in years 3 – 5 are collected by the City and placed in the CIP’s reserve fund to help pay for future TIF grants.

**Table 5.5: Barrie TIF Schedule**

Year	Percentage of Tax Increment	Percentage to CIP Reserve
1	100%	0%
2	100%	0%
3	75%	25%
4	50%	50%
5	25%	75%



## 5.4 Development Charges

### 5.4.1 Social Housing Development Charges

At least three municipalities (Hamilton, Simcoe, York) collect DCs for the provision of constructing new social housing. As shown on Table 5.6, the amount collected by each municipality from different dwelling types varies from a \$360 to \$1,312 per single and semi-detached dwelling. The amount collected by each municipality reflects their respective 10 year capital plan for new “social housing” developments. For example, Simcoe County’s Social Housing DCs are based on constructing 350 new units over a 10 year period to meet the growing demand for affordable housing due to new population growth and to help recover a negative reserve fund balance. Based on these figures, the social housing DCs are expected to raise \$51.87 million. The remainder of capital funding for these units is expected to be provided through Federal/Provincial capital funding programs and other sources.

**Table 5.6: Social Housing Development Charges in Selected Municipalities, 2018**

	Single/ Semi- Detached	Townhouse and other multi-unit	Apartments 2+ Bedrooms	Apartments Bach. & 1 Bed	Residential Facility Dwelling	Non residential
Hamilton	\$565	\$408	\$345	\$240	\$184	\$0
Simcoe	\$1,312	\$1,088	\$741	\$741	N/A	\$0
York	\$360	\$295	\$212	\$156	N/A	\$0

### 5.4.2 Development Charge Waivers/Grant Programs

#### **City of Peterborough – Development Charges Grant Program**

Within the Affordable Housing CIP Eligible developments are provided a grant by the City to offset the cost of applicable development charges. It is important to note that the development charges for affordable housing development are not waived but instead, paid by the City through its *Development Charge Fund*. The *Fund* was created by the City and has been maintained through the tax levy with contributions of up to \$100,000 in some years. As a result, the grants available to affordable housing proponents relies exclusively on the willingness of the City to ensure to replenish the *Development Charge Fund*.

There were two primary reasons for providing a grant rather than waiving DCs for affordable housing developments:

- The potential costs and difficulties of amending the City’s Development Charge By-law to create the exemption; and
- An exemption was viewed as being unfair as it would transfer the equivalent amount of DCs for growth related capital expenses to other classes of development.

## ***Other Municipalities***

Other municipalities have created grant programs to cover the cost of DCs for affordable housing or changed their DC by-laws to provide waivers for these developments. Some examples include:

- ***City of Owen Sound*** which provides exemptions for “residential units constructed by the County of Grey, Owen Sound Non Profit Housing (a municipal housing corporation owned by the City of Owen Sound), Habitat for Humanity and any other Non Profit Housing organization approved by Council”;
- ***Grey County*** provided a \$50,000 DC Grant in Lieu fund in 2015 to support affordable housing development that received Federal/Provincial capital funding. If funds were available after the initial disbursement, they would be offered to other organizations/developers that proposed to construct affordable housing that met the eligibility criteria of the Federal/Provincial capital funding programs. In 2016, County Council approved allocating the \$50,000 grant and an additional \$33,526 from the County’s Housing Reserve Fund to Owen Sound Housing Corporation’s 22 unit development, a Community Living project and a Habitat for Humanity development. At the present moment, staff and council have yet to determine future funding options for the DC Grant in Lieu program.
- ***City of Barrie*** provides grants to offset a portion or all of the City’s DC for four types of housing built within the Built Boundary CIP. This includes a:
  - 100% DC equivalent grant for emergency housing facilities,
  - 75% DC equivalent grant for transitional housing facilities;
  - 50% DC equivalent grant for social housing and affordable not-for-profit or charitable home ownership; and
  - 25% DC equivalent grant for affordable rental housing.Definitions for each of the housing types are provided within the CIP. Funding for the grants is provided through the City via budget allocations and monies collected through the CIP’s tax increment financing program.
- ***City of Toronto*** does not require payment of its development charges associated with affordable housing units through its Open Door program. Applicants must apply for these benefits when the City provides a call for applications. The Open Doors program is a four year, \$222.8 million initiative in capital funding and incentives to support the creation of 5,000 affordable rental and 2,000 affordable ownership homes.

## ***City of Cambridge - Development Charge Deferral Program***

Reluctant to amend its Development Charges By-law, the City of Cambridge instituted a program to defer the City’s portion of development charges for all eligible affordable housing developments within its Affordable Housing CIP. The program operates deferring the payment of Development Charges by a period of 20 years from the date a Building Permit is issued rather than requesting development charge payment upon issuance of a Building Permit. To obtain the deferral, the owner/proponent must apply

and sign an agreement with the City to ensure that the units remain affordable for a period of no less than 20 years.

While affordable housing proponents still pay the DCs, the benefit of this project is a reduction in upfront soft costs, an overall reduction in financing/carrying costs and easier cash flow during construction. The reduction of these costs can allow proponents to instead purchase more efficient HVAC systems, improve insulation values or other aspects of construction and/or increase operating cash flow to build up capital reserves.

### ***Province of Ontario - Development Charges Rebate Program***

In December 2017, the Province released details on a five year, \$125 million program designed to offset the cost of DCs for new purpose built rental developments. Under the program, lower tier municipalities or municipalities acting in their Service Manager responsibilities, submit an Expression of Interest to the Province outlining the affordable housing needs in their community

Eligible projects for the rebate include those that:

- Are consistent with the Provincial Policy Statement;
- Align with other provincial priorities and lead to net new additional public good (rental housing, family-sized units, senior-friendly, close to transit etc.);
- Remain rental for a period of at least 20 years; and
- Starting rents do not exceed 175% of Average Market Rents.

Projects that are not eligible for the rebate include:

- Single and semi-detached homes, duplexes/triplexes and retirement homes;
- Units already receiving provincial capital funding under housing supply programs (Investment in Affordable Housing, Social Infrastructure Funding etc.)
- Units where starting rents exceed 175% of Average Market Rents; and
- Units that have already or are eligible to receive a deferral or an exemption from the payment of DCs under municipal incentive programs.

In early 2018 the city submitted a request to obtain a grant of \$1 to help support the construction of a large scale rental development. Unfortunately, the Ministry of Housing has indicated that the City's request was not chosen due to the relatively modest of available grant money and the high number of requests received from other municipalities.

### ***5.4.3 Municipal Fee Waivers***

Table 5.7 (following page) shows that a number of municipalities are now waiving the fees associated with planning applications (Official Plan, Zoning Amendment and Minor Variance), Building Permits and Cash in Lieu of Parkland. These waivers of municipal fees are provided as they can:

- provide some financial relief, particularly non-profit providers, who may not be able to pay the all of the fees prior to obtaining the first payment of capital funding from federal/provincial programs;
- reduce costs related to financing as mortgage draws can be delayed; and
- lower costs related to financing by reducing the overall cost of the project.

The impact of the fee waiver on an affordable housing development varies depending on the amounts charged by a municipality. For example, the development charges for a 20 one bedroom apartment building can range from \$184,980 in Kawartha Lakes to \$352,880 in Toronto.

**Table 5.7: Development Fee Waivers in Selected Municipalities**

	Planning Application Fees	Building Permit Fees	Cash in Lieu of Parkland	Notes
City of Cambridge	X	X		Up to 100% of applicable fees
City of Peterborough	X	X	X	
City of Barrie	X	X		Amount waived depends on housing type (see below for more info)
City of Toronto	X	X	X	Through the Open Doors program
City of Kawartha Lakes	X	X	X	Exemption is only for Municipally Owned Housing Corporation
City of Ottawa	X	X	X	As part of City's Action Ottawa program

#### **5.4.4 Capital Funding Grants/Housing Trusts**

Housing Trust Funds are organizations that have a dedicated and ongoing source of revenue that is distributed to organizations who create new affordable housing. This dedicated revenue is typically established through a dedicated program or policy and funding is provided primary from the municipality through user fees, property taxes or the interest from financial investments. In practice, the primary purpose of HTFs has been to fill the “gaps” in capital funding left by other sources of funding (e.g. federal/provincial capital funding programs). As a result, HTFs are often used to address predevelopment costs, gap financing, emergency and bridge financing and reducing risk for lenders.

While HTFs are more common in the United States, there are a number of examples of municipalities implementing these funding programs within Canada including:

#### **City of London**

To help stimulate the construction of new affordable rental housing, the City of London provides \$2.0 million dollars in capital funding loans (soft and hard costs) on a yearly

basis to eligible developments. In some years, the City has provided additional contributions such as \$1.6 million in additional capital funding and land valued at \$700,000 in the fiscal year of 2016.

As of 2017, these funds are administered through Housing Development Corporation London (HDC London), an arm's length corporation owned by the City whose purpose is to assist proponents in creating new affordable housing and leverage resources provided by all three levels of government and other sources. Interest in the capital funding loans is set at 2% annually and is not compounded. In exchange for obtaining capital funding, proponents have agreed to increase the affordability period of the development from 20 to 30 - 35 years in some cases. Upon expiry of the affordability period, proponents have the option to extend it (which would likely turn it into a forgivable loan) or repay the loan.

### ***City of Kingston – Affordable Housing Capital Investment Program***

To help implement one of the key goals of its Housing and Homelessness Plan (constructing new affordable housing), the City of Kingston established a five year, \$5 million capital funding program. The funds are available to affordable housing projects constructed by the private and not-for-profit housing sectors for soft and hard costs. There is no formal application process as projects are considered on a rolling basis with consideration given to the number of units being proposed, the length of affordability and the proposed monthly rents. Priority is given to larger projects with more affordable rents and an affordability period that stretches beyond the program's 20 year requirement.

Funds delivered through this program are provided in the form of a forgivable loan which is forgiven upon the completion of affordability period.

### ***City of Vancouver – Affordable Housing Fund***

Vancouver has recently created an Affordable Housing Fund with the explicit purpose of:

- Creating and preserving affordable homes for residents earning less than 50% of the average median income;
- Contributing to efforts that end homelessness by providing housing and services for individuals and families who are homeless or at risk of homelessness;
- Collaborating with non-profit and for-profit developers and agencies to promote a variety of housing choices, including units in mixed-income developments; and
- Leveraging City of Vancouver investments with other funding sources to maximize the number of quality affordable housing units that are created or preserved.

Funding is provided by levying a property tax of up to \$0.36 per \$1,000 of assessed residential and commercial values. In 2017, the City estimated that the cost to an owner with a house valued at \$250,000 was an extra \$7.50 a month or \$90 a year. Seniors

and individuals with disabilities who earn less than \$40,000 a year are eligible for a property tax exemption and are not affected by the new levy. The amount collected by the City is capped at \$6 million per year for seven years. After seven years, the City can either let the tax expire or let voters extend the program.

## 5.5 Secondary Suite Incentives

As secondary suites can increase the supply of market and affordable rental housing, some communities have implemented incentive programs to promote their construction within existing and new residential dwellings. In most programs (both within and outside of Ontario), the incentives are generally used to help reduce the capital costs of constructing a second unit. As shown on Table 5.8, Kingston also provides incentives to reduce the City's fees associated with obtaining the necessary development approvals for constructing the second unit (e.g. planning, building permit etc.)

**Table 5.8: Secondary Suite Grant Amount, Eligible Expenses**

	Simcoe County	Peel Region	Kingston	Waterloo Region
Incentives Available	<ul style="list-style-type: none"> <li>Max. \$25,000 of total capital costs</li> </ul>	<ul style="list-style-type: none"> <li>Max. \$25,000 of total capital costs</li> </ul>	<ul style="list-style-type: none"> <li>Max. \$7,000 for municipal fees</li> <li>Max. \$15,000 or 75% of total capital costs</li> </ul>	<ul style="list-style-type: none"> <li>Max. \$25,000 of total capital costs</li> </ul>
Funding Source	<ul style="list-style-type: none"> <li>IAH/Ont. Renovates</li> <li>Tax levy</li> </ul>	<ul style="list-style-type: none"> <li>Tax levy</li> </ul>	<ul style="list-style-type: none"> <li>Tax levy</li> </ul>	<ul style="list-style-type: none"> <li>IAH/Ont. Renovates</li> </ul>

Of note is that the incentives provided by the five municipalities are funded through Provincial or Canada/Ontario capital programs and/or through the municipalities' tax levy. For example, Simcoe County has two secondary suite incentive programs: one funded through the IAH – Ontario Renovates program and one funded through its tax levy. As a result, the requirements for each incentive program between or within a municipality can vary.

One way in which these programs vary is affordability requirements homeowners must adhere to upon receiving capital funding. As shown on Table 5.9:

- Max rents vary from a low of 80% of average market rents (AMR) to having no cap on monthly rents. Simcoe County and Waterloo Region's maximum rent of 100% of AMR reflects the requirements in the IAH – Ontario Renovates program;
- Utilities must be inclusive in three municipalities due to the IAH – Ontario Renovates program and in the case of Kingston, a desire to make the rents more affordable. Staff from Peel noted that they were seeking to review their incentive program to determine if and what maximum rents should be. At present, the main

objective of the program was to encourage owners of illegal secondary suites to bring them up to code;

- Maximum tenant income is typically based on the size of the secondary suite and location within the municipality/Service Manager. Peel Region's existing had no requirements in an effort to help encourage homeowners with illegal units to legalize them; and
- Affordability period ranges from 1 year to 15 years depending on funding program requirements and local policy goals.

**Table 5.9: Secondary Suite Affordability Period Requirements**

	Simcoe County	Peel Region	Kingston	Waterloo Region
Max Rent	• 100% AMR	• No Req.	• 80% AMR	• 100% AMR
Utilities	• Must be included	• No Req.	• Must be included	• Must be included
Max Tenant Income	• Based on unit size and loc.	• No Req.	• Based on unit size and loc.	• Based on unit size
Afford. Period	• 15 Years	• 10 Years	• 1 Year for fees grant • 5 Years for capital cost grant	• 15 Years

Despite the variation in incentives and affordability requirements for the secondary suite, the municipalities examined generally required the following from home owners:

- Confirmation that property taxes and mortgage payments are up-to-date;
- Confirmation that the property is zoned to allow for secondary suites;
- Confirmation of insurance coverage for the full value of the home; and
- Requiring the owner to live in the principal unit of the subject dwelling.

As there are two incentive programs in Simcoe County, there are two residence requirements. Unlike the funding stream provided by the IAH program, the program funded by the County does not require homeowners to live in the principal dwelling. Applicants can also apply for funding to create up to six secondary suites. The rationale for this provision is to help increase the County's rental housing stock, legalize existing suites that do not meet applicable building and fire codes and track where units are being constructed.



**Table 5.10: Secondary Suite Incentive Program Requirements**

	Simcoe County	Peel Region	Kingston	Waterloo Region
Property Taxes	• No arrears	• No arrears	• No arrears	• No arrears
Mortgage	• Up-to-date	• Up-to-date	• Up-to-date	• Up-to-date
Insurance	• Required	• Required	• Required	• Required
Zoning Confirm.	• Required	• Required	• Required	• Required
Residence Req.	• IAH: Required • County: Not Req.	• Required	• Required	• Required

## 5.6 Potential Impact of Incentives on Affordable Housing Developments

To understand or gauge the relative impact of the discussed incentives, a conceptual pro forma was created for a 27 unit apartment building. The analysis is framed by examining each incentives impact on the project's Internal Rate of Return (IRR). The IRR is typically used by proponents to measure the annual rate of return or profit on an investment. In general, the higher the percentage of IRR, the better the return on an initial investment.

The pro forma was based on a number of assumptions about the building itself, the capital and operating budgets. With regard to the building, it was assumed that it would have an elevator, bedrooms of a similar size compared to recently built affordable developments, and a modest common room for tenant use. The following assumptions were used to help create the capital (soft and hard costs) budget:

- All municipal fees are from 2017 unless otherwise noted;
- It is assumed that an Zoning Amendment, Site Plan Application and Building Permit Application are needed;
- Soft costs are approximately 10% of the total construction budget and include costs related to building design, legal, financing, municipal fees and a contingency for cost increases or additional work;
- Construction costs are based on recently constructed affordable housing developments in the London CMA;
- HST of 13% is payable on all applicable expenses.

For project, it was assumed that the project would receive IAH funding, standard HST rebate for a non-profit and proponent equity of \$500,000.

The following assumptions were used to help create the operating budget:

- Mixture of units with rents at 100% and 80% of St. Thomas average market rents;

- Other revenue such as laundry, parking and lockers are approximately 3% of total gross revenue;
- Revenue increases by 1.5% annually;
- Operating expenditures (including municipal taxes) increase by 2.0% annually;
- It is assumed that the property prior to construction is vacant and is currently paying \$10,000 in property taxes. Upon improvement, the property taxes would rise to \$27,000 in the first year and be taxed at the single family rate.

**Table 5.11: Change in Project Internal Rate of Return and Estimated Reduction in Revenue to St. Thomas Based on Various Initiatives**

	Change in IRR	Est. Reduction in Revenue
TIF (5 Year)	2%	\$59,500
TIF (10 Years)	4%	\$119,000
TIF (20 Years)	7%	\$289,000
Tax Waiver (10 Years)	7%	\$270,000
Tax Waiver (20 Years)	10%	\$540,000
Municipal Fee Waiver	1%	\$38,236
DC Waiver	2%	\$166,192
Municipal Fee and DC Waiver	3%	\$204,428
DC Installment (20 Year)	0%	N/A

#### **5.6.1 Property Tax Increment Financing**

This incentive was based on the examples discussed in Section 5.3.2. To determine the potential impact of tax increment programs, 5, 10 and 20 year tax increment programs were tested. In the five year example, there is no increase in property taxes for years 1 – 2 followed by an increase in 25% until 100% of the increase is paid by year 5. In the 10 and 20 year programs, the increased taxes from property improvements increase by 20% to 100% of the full value in a five year period beginning in years 6 and 15.

As shown above, the impact of the Tax Increment Financing on the project's IRR is correlated to its overall length. While the 5 year TIF increases the IRR by 2%, a 20 year TIF increases it by 7%. At the same time, the amount of taxes not received by St. Thomas increases with the length of the program (\$59,500 vs. \$289,000).

#### **5.6.2 Property Tax Exemption (20 Year)**

Similar to the City of Toronto's Open Doors program, a tax waiver or holiday of 10 and 20 years was also tested. In both of these examples, the building would pay no property or school taxes. Based on the pro forma, tax holidays are the most effective form of incentive for affordable developments as eliminate a modest source of operating costs that can be reinvested into the building. A 10 year tax exemption increased the IRR by 7% while a 20 year exemption increased it by 10%. Although effective, it is also among the most expensive in terms of foregone revenue. However it can also be argued that

without the tax increment incentive the affordable housing would not have been built and therefore there would be no increase in property tax revenue at all. Table 5.11 shows that the 10 and year waivers would “cost” approximately \$270,000 and \$540,000 respectively.

### 5.6.3 Municipal Fee Waivers

This incentive involves providing a matching grant or exempting affordable housing developments from the costs associated with all development approvals fees such as planning and building permit applications. This incentive works by reducing the overall capital cost of a project which in turn reduces the equity needed for a project. As a result, less interest is accrued during construction which lowers the overall amount of required debt and long term operating costs.

Overall, the elimination of paying these costs is fairly low in comparison to the TIF and property tax exemptions with an increase of only 3% in the IRR over a 20 year period. In large part, this reflects that St. Thomas’ municipal fees and development charges are considerably lower than in other areas. Table 5.12 for example, shows that London’s development charges are between two to three times higher than St. Thomas’s in 2017.

**Table 5.12: 2017 Development Charges in London and St. Thomas**

	1 Bed Apt.	2 Bed Apt.	Total for proposed building
London	\$13,755	Same as 1 bed	\$371,385
St. Thomas	\$4,515	\$6,523	\$127,929

*Source: City of St. Thomas, City of London*

### 5.6.4 Development Charge Installments

In this incentive, the proponent would still have to pay the full amount of development charges for the 27 unit building however, instead of being due at the time a building permit is issued, the payments would be over a 20 year period. The advantages of this incentive are similar to the exemption from paying at the time of construction in that not requiring full payment of DC’s lowers the overall cost of the project which reduces financing costs during construction. Although the proponent would have to pay the DC’s after 20 years, they could use refinance the building and use the increased equity to pay this cost.

While there may be some slight savings in separating the cost of the DC from a mortgage, it does not appear to make a difference in the project’s Internal Rate of Return. There may also be some additional costs to the City as without the full development charges from the project, it may have to obtain a debenture to fund capital projects.

### 5.6.4 Feedback on Incentives from Developers

As the incentives discussed above have varying impacts on capital and operating budgets, staff from TWC also spoke with five organizations who have or are currently

planning to construct affordable and market rental developments. The intent of the discussions was to determine which incentives would be the most effective in helping stimulate new rental construction within St. Thomas and Elgin County. Throughout the course of the discussions, the following themes emerged:

- **Capital Funding:** This was by far the most important incentive, particularly for affordable rental developments, due to the relatively modest revenues generated versus operating and debt servicing costs. Without capital funding, most of the previously completed projects would not have been built;
- **Development Charge Waivers:** Three of the five developers interviewed preferred development charge waivers over property tax incentives. Their preference for this incentive reflected that development charges were an upfront cost and therefore increased their costs for project financing during and after construction;
- **Property Tax Incentives:** As the province requires municipalities to implement a reduced tax rate for new multi-residential properties, two potential property tax incentives were discussed: Tax Increment Financing (TIF) and a Property Tax Holiday. Of the two options, all five preferred the holiday but noted that the TIF could help improve the IRR on a project. That being said, only two of the five developers preferred a tax holiday or TIF to the DC waiver. In large part, this reflects the perception among some of the developers that in order to move forward with a rental market development, the property taxes along with other operating expenses should be covered by operating revenues.

One concern among some of the developers who had constructed affordable housing was the continuation of being taxed at the lower residential tax rate. Although the province's Fair Housing Act requires municipalities to lower the multi-residential tax rate to the "single family dwelling" rate, it does not require them to reduce it for existing buildings. There is a fear among the proponents that once the 20 year affordability period expires, their buildings will be assessed at the higher multi-residential tax rate. If that change were to occur, their buildings rents would have to increase to offset the increase in property taxes.

## 5.7 City of St. Thomas Recommendations

### 5.7.1 Planning/Regulatory Incentives

As noted earlier, some municipalities have expedited the approvals process and provided alternative or reduced parking standards for affordable housing developments. After speaking with recent market and affordable housing developers, it appears that there is little need for an expedited approvals process as development applications are handled in a timely manner in St. Thomas and Elgin County. While some developers noted that the City should be more flexible in providing alternative standards that permit smaller lots (e.g. 20 – 30 foot lots), the City currently does provide such standards and has previously worked with developers to explore the feasibility of doing so in new subdivisions. It may be beneficial for City planning staff to reengage with developers to

explore the possibility of implementing alternative design standards for more affordable ownership housing in new subdivisions.

On one hand, affordable housing (particularly for seniors housing) tends to have lower than car ownership rates than ownership housing. However, the lack of high frequency transit service means that for many, auto usage is required to undertake most tasks in St. Thomas. In addition, even though many seniors have reduced parking demand compared to non-senior rental buildings, there is still modest demand for parking from support service staff. Based on these factors, the City should continue to require parking utilization studies using examples from within St. Thomas and elsewhere to justify reductions from the current parking requirements.

#### *5.7.2 Continuing Capital Funding Program Tax Incentives*

It is recommended that the City continue to tax properties constructed with federal/provincial capital funding at the lower “single family rate” instead of the higher multi-residential rate after the 20 year affordability period expires. To help ensure that rents remain affordable, the City could enter into a Municipal Housing Facilities Agreement with a proponent to outline maximum rents and other conditions.

#### *5.7.3 Implement an Affordable Housing Community Improvement Plan (CIP)*

Affordable housing proponents (both private sector and non-profit) have indicated that in order to help stimulate and maintain the city’s supply of affordable housing, incentives to reduce capital and operating costs are required. In part, this is due to the increasing cost of construction (which has risen faster than inflation over the past two years), rising operating costs (e.g. utilities, property taxes, insurance etc.) and the relatively modest revenue that can be generated from units with affordable rents.

To help meet the housing targets outlined in Section 3.6, it is recommended that the City implement an Affordable Housing CIP. Given that many suitable sites for new multi-residential construction are scattered throughout the city (see Section 3.2.5 for the location of infill and redevelopment sites), the proposed CIP should encompass the majority of the built-up area (e.g. all residential areas) in a fashion similar to Peterborough and Barrie’s affordable housing CIPs.

#### *5.7.4 Implement a Development Charge Rebate Incentive*

Although St. Thomas’ Development Charges are lower than other municipalities, some developers noted that they still considered them to be a barrier to constructing new affordable rental housing. It is recommended that the City’s DC’s be rebated for all new affordable housing developments to help reduce the overall capital costs and improve the feasibility of these projects. Similar to the existing CIP for the downtown area, the City could provide annual funding of \$75,000 to provide the rebates.

#### *5.7.5 Implement a Tax Increment Financing (TIF) Program*

One item that can significantly impact the feasibility of an affordable housing development are municipal property taxes. To help meet the housing targets it is recommended that the City implement a 20 year TIF for affordable housing projects.

While a property tax waiver or “holiday” may be more effective in reducing operating costs for an affordable housing development, its overall feasibility in small and mid-sized urban areas has not been demonstrated. On the other hand, TIF programs have been used with success in communities with populations under 100,000.

#### **5.7.6 Explore the Feasibility of an Housing Trust Fund**

While some of the developers interviewed for this study noted that they were able to build limited numbers of rental housing with above average rents<sup>31</sup>, none indicated that they could build affordable rental dwellings without capital funding. Although new capital funding will likely be provided through the National Housing Strategy, this alone is not able to meet the affordable housing targets within the SM Area. To help meet these targets, it is recommended that the City explore how a Housing Trust Fund (such as London and Kingston) could be established for the purposes of facilitating the construction of new affordable rental units.

#### **5.7.7 Implement a Second Unit Incentive Program**

One cost effective way to help create new rental units within St. Thomas is through the a secondary suite incentive program. Section 5.5 noted that the capital funding provided for these units (which typically comes from federal/provincial programs) typically does not exceed \$25,000 and has an affordability period ranging from 10 to 15 years. As the City does not currently permit second units in their zoning by-laws, the demand for this type of dwelling unit is not well known. To help identify what the demand for incentives could be, it is recommended that a pilot program be created once the City’s zoning by-laws are revised to permit them. The rationale for waiting to implement an incentive program until the zoning by-laws are revised is to help simplify the process for creating legal second units for home owners. Section 7.5 found that home owners are more likely to create legal second units when the process is made to be as simple and easy as possible.

### **5.8 Elgin County Recommendations**

Despite having a lower need compared to St. Thomas, there is growing demand for affordable and rental market rental housing in Elgin County. The need for this type of housing is being driven in large part to the aging population which is looking to downsize from their current dwellings and wishing to remain in their community. Based on the feedback from affordable housing providers in Section 3.4.4, there is also demand from households who moved away from Elgin County and are seeking to return in their retirement years.

#### **5.8.1 Encourage Local Municipalities to Adopt Incentives**

As the County does not collect property taxes or development charges, it should encourage area municipalities to implement the following incentives to help encourage the construction of affordable and market rental housing:

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<sup>31</sup> Such as JLC Homes’ 49 unit apartment building in Aylmer.

- **Development Charge Rebates:** Even though Development Charges in many of the County's municipalities are lower than other communities in the province (they range from \$3,038 to 6,600 for apartments) this still represents a modest portion of the capital budget and increases the operating costs due to a higher mortgage.
- **Tax Increment Financing programs:** As noted earlier, municipal taxes are a sizeable portion of the operating budget for a rental property. To help improve the viability of affordable rental housing, it is recommended that a 10 – 20 year TIF program be implemented for eligible projects;
- **Housing Trust Fund:** Although new capital funding for affordable housing will likely be provided through the National Housing Strategy, the amount that will be distributed will not be able to meet the growing need. Affordable housing proponents noted that without capital funding, it is not possible for new developments to be constructed due to relatively modest revenue generated by affordable rents and the rising cost of construction and operating expenses. Based on these factors, it is recommended that the area municipalities establish a housing trust fund that would provide capital funding for new affordable rental developments.
- **Second Unit Incentives:** Similar to the situation in St. Thomas, none of the local zoning by-laws in the County permit second units. To help encourage their construction, it is recommended that area municipalities create, either through collaboration with the Service Manager or on their own, capital funding incentives for home owners.



## 6.0 Municipal Housing Facilities By-Law Review

### 6.1 Background

As noted earlier in this report, Section 106 of the *Municipal Act* (2001) prohibits municipalities from directly or indirectly providing financial assistance to commercial or industrial enterprises. Despite these restrictions, Section 110 of the *Municipal Act* (2001) permits municipalities to provide financial assistance to facilities that enter into a “municipal capital facilities agreement”. In general, eligible facilities are those that are considered to be “interests” of the municipality.

Section 2 (1) of *Ontario Regulation 603/06* (2016) provides a list of facilities and uses that are eligible for such agreements which includes municipal housing project facilities. O. Reg. 603/06 defines housing projects and units as:

- “housing project” means a project or part of a project designed to provide or facilitate the provision of residential accommodation, with or without any public space, recreational facilities and commercial space or buildings appropriate thereto; (“ensemble domiciliaire”);
- “housing unit” includes a unit in a housing project owned or rented by an occupant; (“logement”)

Before a municipality can enter into a municipal housing facilities agreement with an affordable housing provider it must create a housing facilities by-law that complies with the requirements in *Ontario Regulation 603/06* (2016). Those minimum requirements include:

- Providing a definition of “affordable housing”;
- Determine that all of the housing units receiving bonuses through the municipal housing facility by-law fall within the definition of “affordable housing” that is contained within the municipality’s housing facility by-law;
- Outlining the policies regarding the public eligibility for the housing units to be provided as part of the municipal capital facilities;
- A summary of the provisions that agreements respecting municipal capital facilities described in paragraph 18 of subsection 2 (1) are required to contain.

The City of St. Thomas currently has a municipal housing facilities by-law (80-2005) that is used to ensure proponents receiving capital funding for constructing affordable housing adhere to the applicable program’s guidelines and outline the conditions they must meet to secure incentives from the City.

## 6.2 Review of Municipal Housing Facilities By-law

To help identify best practices for St. Thomas's updated Housing Facilities By-law, similar by-laws were reviewed in Hamilton, London, North Bay, Peterborough and the Region of York. These locations were chosen because their Housing Facilities By-laws were accessible for review and the ability of staff to discuss the by-laws and the rationale for their respective provisions. The following section will explore how the five Housing Facilities By-laws meet current and potential changes provincial legislation, local incentive programs and policy objectives and compare them to St. Thomas' existing by-law. Section 6.0 will conclude with recommendations on how to update St. Thomas' existing Housing Facilities By-law.

### 6.2.1 Ownership vs. Rental Housing

Of the Housing Facilities By-laws examined, only St. Thomas' provided a definition for affordable ownership housing. However this is the only provision related to affordable ownership housing within the existing by-law. While the rest of the by-law makes references to affordable rental housing (e.g. maximum rents, rent supplement agreements), there is no language regarding the provisions that are to be included in a facilities agreement between the City and an owner.

### 6.2.2 Defining Affordable Rental Housing

As per O. Reg. 603/06, municipalities must provide a definition of what constitutes affordable housing in their respective Housing Facilities By-law. The Province however provides significant leeway in how municipalities define affordable housing. As a result, each municipality can tailor a description to fit their local initiatives or policies. Of the six by-laws examined, four different indicators were used to varying degrees to define what was affordable housing. These indicators include:

#### **Maximum Rents**

All six by-laws outlined a maximum rent level that rental units must meet in order to be considered affordable. These rent levels were based on the Average Market Rents as provided by the Canada Mortgage Housing Corporation. The extent of maximum rent varied however with North Bay setting a maximum rent at 80% of the city's AMR and London, York Region and St. Thomas' allowing no more than 100% AMR.

Hamilton was the only municipality to permit rents to exceed 100% AMR. According to municipal staff, the intent of allowing units to have rents of 125% AMR is to promote the construction of market rental units. The rationale for permitting above average rents reflects the relatively low monthly rents in Hamilton compared to the rest of the Greater Toronto and Hamilton Area and the relatively high construction costs.

Peterborough was unique in that it provided two maximum rent standards: a max of 100% AMR for units that do not receive property tax exemption and a max rent of 90% AMR for units that receive this exemption. The latter requirement is designed to help improve the affordability of units for lower income households in exchange for assistance from the City.

**Table 6.1: Maximum Rents in Selected Municipal Housing Facilities By-laws**

	<b>Max AMR</b>
<b>Hamilton</b>	<ul style="list-style-type: none"> <li>• 125% or less for unit type</li> </ul>
<b>London</b>	<ul style="list-style-type: none"> <li>• 100% or less for unit</li> </ul>
<b>North Bay</b>	<ul style="list-style-type: none"> <li>• 80% or less for unit type;</li> <li>• Alternate AMR may be used by request.</li> </ul>
<b>Peterborough</b>	<ul style="list-style-type: none"> <li>• 100% or less for unit type;</li> <li>• 90% of less for property tax exemption</li> </ul>
<b>Region of York</b>	<ul style="list-style-type: none"> <li>• 100% or less for unit type</li> </ul>
<b>St. Thomas (Existing)</b>	<ul style="list-style-type: none"> <li>• 100% or less for unit type; or</li> <li>• Alternate AMR may be used by request</li> </ul>

It should be noted that Federal/Provincial capital funding programs are somewhat flexible in defining rents for new affordable buildings. For example, developers can have one or more units with rents between 80% and 100% AMR if the average rent for the building as a whole is equal to or less than 80% AMR. Under these programs, a 20 unit building could have 10 units at 60% AMR and 10 units at 100% AMR as the average rent for the entire building equals 80% AMR.

### Utility Costs

London, Hamilton and North Bay do not have any provisions outlining whether monthly rents for an affordable unit should be inclusive or exclusive of utility costs. While Peterborough requires that average monthly rents include utility costs, the Region of York permits utilities to be inclusive or exclusive of affordable rents. York Region's rationale for their provision is designed to provide flexibility in meeting rent definitions or requirements in future capital funding programs and to provide a mechanism for negotiating financial benefits for developments that don't utilize capital funding programs.

**Table 6.2: Inclusion of Utilities within Affordable Rents**

	<b>Utilities</b>
<b>Hamilton</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>London</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>North Bay</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>Peterborough</b>	<ul style="list-style-type: none"> <li>• Inclusive of utilities.</li> <li>• Exclusive of parking, telephone, cable and other similar fees</li> </ul>
<b>Region of York</b>	<ul style="list-style-type: none"> <li>• May be inclusive or exclusive of rent.</li> <li>• Exclusive of parking, telephone, cable and other similar fees</li> </ul>
<b>St. Thomas (Existing)</b>	<ul style="list-style-type: none"> <li>• Exclusive of utilities</li> <li>• Exclusive of parking, cable and other related fees</li> </ul>

In contrast, St. Thomas's existing by-law was the only one to explicitly note that affordable rents were exclusive of utility expenses.

It should be noted that Peterborough, York and St. Thomas also provide a criteria that unit related costs are exclusive to the AMR for a unit.

### Minimum/Maximum Unit Size

The only Housing Facilities' that included maximum unit sizes in their definition of affordable housing was North Bay and St. Thomas. In both of these by-laws, the maximum unit sizes are based on Canada/Ontario capital funding program requirements. For example, St. Thomas' existing language on unit size appears to reflect the Affordable Housing Program's<sup>32</sup> requirements as it reads: "...housing which is modest in terms of floor area and amenities..."

In the remaining five by-laws, there were no regulations outlining how large an affordable unit could be. The absence of this regulation generally reflected two trends: a) the use of capital funding program's to provide such regulations and b) the economics of constructing purpose built rental buildings. In the latter, municipal staff noted that even without capital funding, the size of most rental units (affordable and market) were relatively modest in order to keep the project financially viable.

**Table 6.3: Unit Size Restrictions**

	Unit Size
<b>Hamilton</b>	• No provisions provided
<b>London</b>	• No provisions provided
<b>North Bay</b>	• Utilizes capital funding program requirements
<b>Peterborough</b>	• No provisions provided
<b>Region of York</b>	• No provisions provided
<b>St. Thomas (Existing)</b>	• Utilizes capital funding program requirements

### Housing Costs as a Percentage of Income

Only London and St. Thomas provided language in their respective by-laws specifically stating that affordable rents are those where households do not exceed 30% or more of a households' annual income. While the inclusion of this provision may be to conform to the Provincial Policy Statement (2014) it also reflects the widely used standard used by the CMHC and other housing organizations to define affordable housing.

In contrast, the remaining by-laws do not define affordable housing by this metric. Instead, housing costs as a percentage of household income is used to define the eligible households for these units. Many of the staff interviewed for this study did not provide a specific rationale for the use of this indicator in their definition of affordable housing. While some believed the omission of housing costs versus household income was to help make the by-law more flexible, others believed that it was done to help

<sup>32</sup> This program ran from 2005 – 2010 until it was replaced by the Investment in Affordable Housing (IAH) Program.

simply the definition of affordable housing and or conform to provincial policy. As noted in Section 2.4, this requirement may conflict with the AMR's required and the maximum income limits of Federal/Provincial and Ontario housing and planning policies by creating that is not affordable to certain low and moderate income households.

**Table 6.4: Use of Shelter Costs as a Proportion of Household Income**

	<b>Housing Costs as % of Income</b>
<b>Hamilton</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>London</b>	<ul style="list-style-type: none"> <li>• Rent does not exceed 30% of gross annual income inclusive of utility costs</li> </ul>
<b>North Bay</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>Peterborough</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>Region of York</b>	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
<b>St. Thomas (Existing)</b>	<ul style="list-style-type: none"> <li>• Rent does not exceed 30% of gross annual income for low/moderate households</li> </ul>

### **Additional Language**

Of note is that the St. Thomas's Housing Facilities By-law uses the Provincial Policy Statement and the Affordable Housing Program's requirements (and its predecessors) to define what affordable housing is (Paragraphs 4 and 5 of By-law 80-2005). This is unique in that no other by-law refers to either or any policy or program to define affordable housing. For example, whereas St. Thomas' definition of affordable housing is nearly a page long, the definitions contained in the other by-laws examined are much more concise:

The definition of Affordable Housing for the purpose of a Municipal Housing Facilities Agreement shall be rental housing that costs less than 30% of total household income, inclusive of electrical, fuel and water and other municipal services, and shall also be no more than the CMHC Average Market Rent for the associated unit size within the City of London CMA. This definition shall apply to those specific units in a development that are directly funded through a Municipal Housing Facilities Agreement. (London By-law A-7642-529)

For the purposes of this by-law, and of all municipal housing project facilities agreements, the definition of "affordable rental housing" shall mean those housing units for which the monthly rent, which may or may not be inclusive of utilities but which shall be exclusive of parking, telephone, cable and other similar fees, is less than or equal to the average monthly rent for that unit type. (York Region, By-law 2010-28)

The intent of the streamlined definitions is to help provide flexibility to the by-law to meet new capital funding program requirements and to provide a broad definition to capture developments that don't receive capital funding.

### **6.2.3 Household Eligibility**

Ontario Reg. 603/06 also requires that municipalities outline members of the public who are eligible to live in the affordable housing regulated by the municipal housing facilities agreement. In general, the by-laws examined provided two eligibility requirements, maximum household income and restricting tenants' from owning property.

#### **Maximum Household Incomes**

Regarding maximum household incomes, municipalities have approached this eligibility requirement through defined/specific income limits or through flexible income thresholds (Table 6.5 – following page).

#### ***Defined or Specific Income Limits***

Only North Bay's by-law contained a specific or defined income limit for affordable units that was provided at the time the municipality entered into an agreement with a housing proponent. It appears that the maximum incomes households may have upon moving into the affordable units does not change from when the housing facilities agreement is signed.

#### ***Flexible Income Thresholds***

The remaining five facilities by-laws' examined for this study used criteria from provincial or municipal policies such as income percentiles to determine the maximum household incomes for affordable units. The rationale for using flexible limits was to ensure that the thresholds could be updated on a yearly basis to reflect rising incomes without having to amend the by-law.

For example, London and Peterborough's by-laws note that maximum income thresholds are determined by their respective Housing Services departments while the Region of York uses the maximum income criteria within its centralized housing wait list. Both St. Thomas and Hamilton use the province's criteria of households with incomes below the 60<sup>th</sup> income percentile<sup>33</sup>. Using income requirements from other municipal or provincial programs/policies was deemed to be advantageous (compared with specific income requirements) as the facilities by-law did not need to be updated on an annual basis to reflect increasing incomes.

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**Table 6.5: Maximum Household Income Requirements**

	<b>Max Household Income Requirements</b>
<b>Hamilton</b>	<ul style="list-style-type: none"> <li>Households with an income below the 60<sup>th</sup> income percentile</li> </ul>
<b>London</b>	<ul style="list-style-type: none"> <li>Households who meet the criteria for affordability as determined by the associated City and/or HDC program</li> </ul>
<b>North Bay</b>	<ul style="list-style-type: none"> <li>Need to adhere to defined household income limits during initial occupancy               <ul style="list-style-type: none"> <li>1 Bed: Max income of \$34,485</li> <li>2 Bed: Max income of \$42,675</li> </ul> </li> </ul>
<b>Peterborough</b>	<ul style="list-style-type: none"> <li>Households with an income equal to or less than the limit at the time of application as determined by the City's Housing Division</li> </ul>
<b>Region of York</b>	<ul style="list-style-type: none"> <li>Households who are on the waiting list</li> <li>Households who are eligible to be on waiting list (if not on the waiting list)</li> </ul>
<b>St. Thomas (Existing)</b>	<ul style="list-style-type: none"> <li>Households with an income below the 60<sup>th</sup> income percentile</li> </ul>

### Property Ownership

Hamilton, Peterborough and St. Thomas' by-laws all prohibit households from living in affordable rental units if they own residential property within or outside of the municipality. The intent of this requirement is to ensure that affordable units house those who actually need them. The remaining by-laws examined for this study did not contain this requirement.

**Table 6.6: Property Ownership Restrictions**

<b>Hamilton</b>	<ul style="list-style-type: none"> <li>Households cannot own a residential property</li> </ul>
<b>London</b>	<ul style="list-style-type: none"> <li>No Provision Provided</li> </ul>
<b>North Bay</b>	<ul style="list-style-type: none"> <li>No Provision Provided</li> </ul>
<b>Peterborough</b>	<ul style="list-style-type: none"> <li>Households cannot own a residential property</li> </ul>
<b>Region of York</b>	<ul style="list-style-type: none"> <li>No Provision Provided</li> </ul>
<b>St. Thomas (Existing)</b>	<ul style="list-style-type: none"> <li>Households cannot own a residential property – SM may waive this requirement at its discretion</li> </ul>

### 6.2.4 Reporting Requirements

To ensure that the affordable units are being provided to eligible households, some facilities by-laws have provided policies to outline the information required and frequency it needs to be provided to the municipality which provided or administered incentives and/or capital funding. While North Bay did not provide any policies for reporting requirements, the remaining five facilities' by-laws all noted that reporting was to occur on an annual basis.

The information to be submitted typically included that which was required by capital funding programs (e.g. monthly rents, household incomes) or by the municipality itself if other incentives were provided. To account for future changes in both capital funding



programs and municipal policies, Peterborough and York Region's policy within their facilities by-laws note that the information required by proponents is determined by program or municipal Council. Similarly, London only requires proponents provide information on household income when tenant's move into an affordable unit that receive incentives from the City. If capital funding programs make additional reporting requirements, proponents are obligated to ensure that they are fulfilled in order to keep the capital funding.

Hamilton was the only municipality to require that affordable housing owners provide information on the income of both new and existing tenants. Based on staff feedback, this requirement was to help ensure that the units were being provided to households who needed the affordable units.

**Table 6.7: Reporting Requirements**

	<b>Frequency of Reporting</b>	<b>Info. Required</b>
Hamilton	Annual reporting required	Income of new and existing tenants
London	Annual reporting required	Meet criteria upon moving into affordable unit
North Bay	Not provided	Not provided
Peterborough	Annual reporting required	Determined by program or City Council
Region of York	Annual reporting required	Determined by program or Regional Council
St. Thomas (Existing)	Annual reporting required	Not provided

### 6.2.5 Affordability Period

Of the six facilities by-laws examined, four used the requirements from capital funding program to determine the affordability period for affordable units. In large part, this reflects the little leverage municipalities have in extending the affordability period if no additional funding or incentives are provided to affordable housing developments. Without municipal incentives, owners are legally permitted to phase out the affordable units in a gradual manner between years 15 and 20 of the affordability period.

On the other hand, London and Peterborough's facilities by-laws have affordability periods that can stretch beyond the 20 year period required by Canada/Ontario capital funding programs. In exchange for receiving additional capital funding and incentives from the City of London, a number of new affordable housing projects have agreed to extend the affordability period from 20 to 35 years. Similarly, the affordability period for affordable housing developments depends on the extent of incentives provided by the City of Peterborough.

**Table 6.8: Maximum Affordability Periods of Affordable Housing Units**

	Max Affordability Period
<b>Hamilton</b>	15 Years or more
<b>London</b>	Determined by City or HDC <sup>34</sup>
<b>North Bay</b>	20 Years
<b>Peterborough</b>	20 Years or more
<b>Region of York</b>	20 Years
<b>St. Thomas (Existing)</b>	None Provided

### 6.2.6 Project Size Requirements

Only the Region of York's facilities by-law contained a provision noting that it would not enter into an agreement unless an affordable housing development contained three or more housing units. While the rationale for this minimum unit requirement was not readily apparent, some staff believed that it may have been implemented to help promote more financially efficient affordable housing developments. The remaining five facilities by-laws has no minimum project size requirements and as such, could be applied to a scattered single detached or two unit dwelling.

**Table 6.9: Municipal Housing Facilities Project Size Requirements**

	Project Size Requirement
<b>Hamilton</b>	None provided
<b>London</b>	None provided
<b>North Bay</b>	None provided
<b>Peterborough</b>	None provided
<b>Region of York</b>	Min: 3 units
<b>St. Thomas (Existing)</b>	None provided

### 6.2.7 Rent Supplement Agreements

To help improve the affordability of eligible projects, four (London, Peterborough, Region of York, St. Thomas) of the six housing facilities by-law's examined for this study included provisions that allowed the municipality to enter into a Rent-Geared-to-Income (RGI) agreement with the affordable housing proponent. While all four of these by-laws state that the RGI agreements would commence upon signing the facilities agreement, St. Thomas' and York Region were the only by-law that did not specific the length of the agreement. In the case of York Region, staff indicated that the RGI agreement was typically matched the affordability period of the development. The intent of providing this provision within the facilities by-law was, according to staff, to:

- a) ensure that the municipality has the first right of refusal,

<sup>34</sup> Refers to the Housing Development Corporation, the City's arm's length corporation designed to help facilitate new affordable rental development.

- b) provide more flexibility in the by-law because it is an optional provision;
- c) permits the municipality to have individual agreements with each provider and to align them with affordability periods; and
- d) the term provides certainty for affordable housing providers, particularly those in the non-profits.

North Bay and Hamilton did not provide any provisions for RGI agreements within their respective by-laws. Staff from Hamilton noted that the absence of an RGI provision reflected two key concerns: a) the City does not have any rent supplement funding available for new affordable developments and b) the desire to have new affordable developments meet affordability requirements on their own.

**Table 6.10: Rent Supplement Agreements in Selected Housing Facilities By-laws**

	<b>RGI Provision</b>	<b>Term</b>
Hamilton	No provision	• No provision
London	May include provisions for provider to enter into a Rent Supplement Agreement with City or HDC	<ul style="list-style-type: none"> <li>• Concurrent to signing facilities agreement</li> <li>• Term equal to facilities agreement</li> </ul>
North Bay	No provision	• No provision
Peterborough	May include provisions for provider to enter into a Rent Supplement Agreement with City	<ul style="list-style-type: none"> <li>• Concurrent to signing facilities agreement</li> <li>• Term equal to facilities agreement</li> </ul>
Region of York	May include provisions for provider to enter into a Rent Supplement Agreement with Region	<ul style="list-style-type: none"> <li>• Concurrent to signing facilities agreement,</li> <li>• No term length prov.</li> </ul>
St. Thomas (Existing)	May include provisions for provider to enter into a Rent Supplement Agreement with Region	<ul style="list-style-type: none"> <li>• Concurrent to signing facilities agreement,</li> <li>• No term length prov.</li> </ul>

### **6.2.8 Rent Increases**

In general, municipal staff interviewed for this study noted that rent increases for affordable units<sup>35</sup> were regulated either by the Residential Tenancies Act (RTA) or the requirements in capital funding programs. However, some of the by-laws examined did not provide any policies or language to this effect. In the case of Hamilton and Peterborough, no provisions were provided in their respective facilities by-laws while London and St. Thomas' by-law's noted that these provisions would be provided in the agreement with the affordable housing's owner. In general, the intent of not providing specific rent increase requirements was done to make the by-laws more flexible to future changes in the RTA and capital funding programs.

<sup>35</sup> Upon unit turnover and when the unit is occupied over one or more years by the same tenant.

In contrast, both York Region and North Bay specifically mentioned the RTA in their respective by-laws. The rationale for the policy appears to ensure that affordable housing developments that don't receive funding through Canada/Ontario programs are aware early on that they will be governed by the RTA.

**Table 6.11: Rent Increase Provisions in Housing Facilities By-laws**

	<b>Rent Increase Provisions</b>
Hamilton	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
London	<ul style="list-style-type: none"> <li>• Provisions provided in facility agreement</li> </ul>
North Bay	<ul style="list-style-type: none"> <li>• Increases not permitted beyond Residential Tenancies Act guidelines. Rents must remain at 80% AMR.</li> </ul>
Peterborough	<ul style="list-style-type: none"> <li>• No provisions provided</li> </ul>
Region of York	<ul style="list-style-type: none"> <li>• Increases not permitted beyond Residential Tenancies Act (2006) guidelines or any successor</li> </ul>
St. Thomas (Existing)	<ul style="list-style-type: none"> <li>• Provisions provided in facility agreement</li> </ul>

### 6.3 Site Specific By-laws

All five of the municipalities examined for this study indicated that they provided site specific by-laws for affordable housing developments that received municipal incentives. Based on the feedback from municipal staff, there were three primary reasons for doing so:

- Municipal Act Requirements:** While O. Reg. 603/06 does not specifically use language indicating that individual or site specific by-laws need to be passed, Section 7(1)(a) notes that “...before the by-law authorizing the agreement is enacted, the municipality has enacted a municipal housing by-law that complies with subsection (2).” The underlined portion of the Section 7(1)(a) was interpreted by those interviewed for this study to mean that municipalities must create site specific by-laws for each affordable housing development that obtains municipal incentives;
- Informing Other Agencies:** Site specific by-laws were also helpful for housing providers to demonstrate to the Municipal Property Assessment Corporation (MPAC) that they are providing affordable housing. The distinction between providing affordable and above market rental housing is important because buildings charging the latter rent levels are deemed to have a higher market value. Higher market values therefore mean higher property taxes which for affordable housing developments, could negatively impact their operating budget and viability. Without the site-specific by-law, some housing providers have found it difficult to explain to MPAC that they do not provide above average market rents and should be assessed at a lower value.
- Outlining Incentives Provided:** According to some of the staff interviewed, enacting site specific by-laws also made it easier to outline the incentives being

provided to Council, the proponent and financial institutions<sup>36</sup>. This was particularly the case when a municipality provided a wide range of incentives to affordable rental developments and when the amounts provided varied from project to project.

Proponents noted that the information contained within the site specific by-laws was quite simple and typically only included the name of the housing provider and address of the development. In contrast, the individual agreements/reports that are prepared and reviewed by Council includes the amount and type of incentives provided to the development and other terms such as affordability period, depth of affordability etc. A sample by-law and report from York Region can be found in Appendix 6A.

## 6.4 St. Thomas Recommendations

### 6.4.1 *Update language and legal references within the by-law's preamble.*

As St. Thomas' housing facilities by-law was last updated in 2005, it refers to a number of provincial acts which have since been revoked or superseded. These include replacing all references with the *Social Housing Reform Act* with the *Housing Services Act (2011)*. In addition, references to O. Reg. 46/94 should be removed as it was revoked in January 1, 2007 and replaced by O. Reg. 603/06.

### 6.4.2 *Simplify the Definition of Affordable Housing*

If the City is interested in providing municipal incentives to affordable or market rental developments, it would be beneficial to adopt a simplified definition of what constitutes affordable housing similar to the ones provided in London and Peterborough's housing facilities by-laws. For example, it could include the following information:

- **Maximum rents:** These could be left unchanged at the current level of 100% AMR or increased to 125% AMR if the City wanted to promote the construction of market rate rental units;
- **Utility Costs:** The City could continue to relying on capital funding programs to ensure that developers pay utility costs or it could adopt more flexible language, similar to that of York Region's facilities by-law which states that utilities may or may not be inclusive of rent. York Region's language could be used to help secure affordable units in market rate rental buildings;
- **Minimum/Maximum Unit Size:** It may be beneficial in streamlining the City's facilities by-law by removing the current language of utilizing capital funding requirements for limiting the maximum size of affordable units. As noted earlier, four of the six facilities' by-laws do not have this provision as many new units are modest in size due to the economics of constructing and operating purpose built rental housing; and
- **Maximum Income/Housing Costs:** Due to the relatively modest monthly rents in St. Thomas, this portion of the definition may create a conflict or gap between

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<sup>36</sup> This kind of documentation is often required by financial institutions when providing construction and mortgage financing to a development.

the maximum rents permitted and the rents that certain low and moderate income households can actually afford (as demonstrated in Section 2.4). To help ensure that the definition for affordable housing is as consistent as possible with Provincial legislation and other St. Thomas policies, it is recommended that this provision be retained within the by-law's definition of affordable housing.

#### **6.4.3 Defining Eligible Households**

It is recommended that the definition of households who are eligible to live in affordable housing include the following information:

- **Max Incomes:** It is recommended that the City continue to define maximum household incomes using the 60<sup>th</sup> percentile to ensure that the units are allocated to those who need it most;
- **Property Ownership:** it is recommended that the City continue to use this requirement to ensure that the affordable units are allocated to those who need it most.

#### **6.4.4 Reporting Requirements**

If the City were to provide its own incentives for affordable units, it may be advantageous to provide language that is similar to Peterborough or York Region's housing facilities by-laws where the information required is determined by program or City Council. If household incomes are the only requirement foreseen, then the City could include language related to this aspect in an approach that is similar to London's housing facilities by-law. As the language within the by-law could vary depending on what approach is used, the City should first determine what reporting requirements it desires for affordable housing developments that receive municipal incentives.

#### **6.4.5 Affordability Period**

As noted earlier, the existing housing facilities by-law does not provide any requirements for the affordability period and instead, relies solely on capital funding program requirements. If the City was interested in providing incentives and wanted to use this leverage to extend the affordability period, it could adopt language similar to London's housing facilities by-law which states that it is determined by the City.

#### **6.4.6 Rent Supplement Agreements**

No changes are recommended to the by-law's current language regarding rent supplement agreements as it provides enough flexibility for the City to negotiate the term of the agreement with affordable housing providers.

#### **6.4.7 Rent Increases**

No changes are recommended to the City's existing by-law regarding rent increases as it provides flexibility to accommodate for changes in future capital funding programs or requirements imposed by the City on developments that do not receive capital funding.

#### **6.4.8 Incentives Provided**

Should additional incentives be provided to affordable housing proponents beyond what is currently listed in the existing housing facilities by-law, they need to be included in

future versions of the housing facilities by-law as per the requirements in subsection 18.2.1 in O. Reg. 603/06.

## 6.5 Elgin County Recommendations

### 6.5.1 *Create and Implement Municipal Housing Facilities By-laws*

To implement the recommendations in Section 5.7 (affordable housing incentives), lower area municipalities will need to create and implement their own municipal housing facilities by-laws. As noted earlier, this is due to the requirements in the Municipal Act which prohibit municipalities from providing incentives to private organizations unless a housing facilities by-law is enacted. While the content of the housing facilities by-law needs to reflect local housing needs and demands (e.g. level of affordability), they should utilize the recommendations that are listed in Section 6.4, where appropriate<sup>37</sup>, such as length of affordability, eligible households etc.

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<sup>37</sup> For example, as the City is the designated Service Manager, area municipalities would not provide RGI or portable rent supplement or benefit payments.



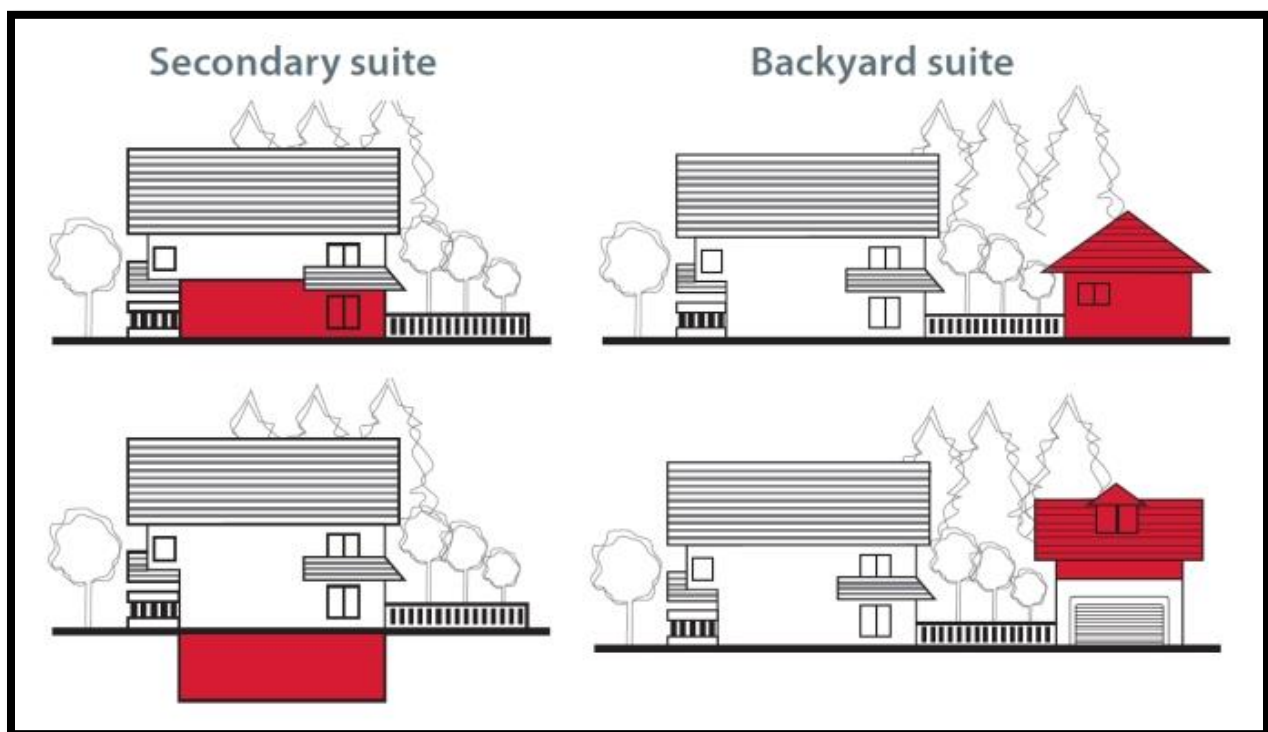
## 7.0 Second Units

### 7.1 Defining Second Units

Second units have been labelled by various terms within North America including, but not limited to, basement apartments, accessory apartments and accessory dwelling units. Second units that are not within a primary dwelling are frequently referred to as backyard suites, granny flats or garden suites. Despite the difference in labelling second units, the Province defines second units as “*self-contained residential units with kitchen and bathroom facilities within dwellings or within structures accessory to dwellings.*”

A key characteristic of these second units is that they are *secondary* to the primary dwelling on the property. Figure 7.1 provides an illustration on how second units and garden or backyard suites may be placed on an existing property. It should be noted that second units within a dwelling may be permitted in the basement, first floor or second floor depending on local zoning and building code regulations.

**Figure 7.1: Illustration of Second and Accessory (Backyard) Units**



## 7.2 Key Benefits of Second Units

Across Canada, a growing number of municipalities are implementing planning policies to permit the construction of second and garden units in existing and new residential properties. The growing popularity of this housing type is due to the number of potential benefits they can provide for households who own and occupy them and the community at large. These benefits include:

- **Increasing Rental Stock:** As noted in the Housing Needs Report, there is a growing need for more rental housing as evidenced by the city's 1.4% vacancy rate in 2017 and the relatively modest number of new purpose built rental units built over the past decade. Permitting and encouraging home owners to construct second units provides additional rental units for households in the community with little to no capital funding subsidies;
- **Improve Living Conditions:** By enforcing development standards on new and existing second units, tenants are able to live in a safe dwelling that meet applicable building, fire, health, property and electrical regulations;
- **Flexible Housing:** Second units provides home owners with a source of flexible housing to address changes in their household such as adult children living with their parents, smaller households not requiring as much physical space and aging parents living with their adult children. If the second unit is no longer needed, it can be repurposed into other uses for the principal dwelling;
- **Housing Affordability:** Second units can also help provide more affordable housing as their monthly rents are typically lower than new purpose built rental buildings and could be suitable for modest income households. In addition, monthly rent payments can help offset mortgage payments or other costs related to maintaining or owning a home. With the cost of ownership housing increasing and mortgage eligibility requirements becoming stricter, a second unit could make homeownership more affordable to a portion of households who are currently renting.
- **Increasing Density:** Second units can help increase the density of an existing neighbourhood and better utilize network infrastructure without significantly altering the physical characteristics of a neighbourhood.
- **Inclusionary Neighbourhoods:** Placing rental units in existing dwellings helps create neighbourhood that are inclusive for households of varying incomes, ages and types. In general, neighbourhoods that have a diverse mixture of incomes and demographics are more vibrant and less prone to social disorder such as property or petty crimes. Second units also allow seniors and young adults who may not have the means to own a house to stay in a familiar neighbourhood or be close to family, friends, amenities and their workplace.

## 7.3 Provincial Legislation on Second Units

### 7.3.1 Current Legislation on Second Units

In 2010, the province launched the Long Term Affordable Housing Strategy (LTAS) to provide municipalities with greater flexibility in using existing resources to provide across the entire housing continuum. One of the strategies to increase the supply of affordable housing was supporting the creation of Second units. To support this goal, the *Strong Communities through Affordable Housing Act* (2011) amended portions of the province's *Planning Act* in 2011 to facilitate their construction. Key amendments to the planning act included:

- Requiring municipal official plans to authorize second units in detached, semi-detached and row houses or ancillary buildings<sup>38</sup> if a second unit does not already exist on the property (16.3);
- Requiring municipal zoning by-laws to authorize the second unit policies contained in their respective official plan (35.1); and
- Restricting appeals of second unit official plan policies and zoning by-law provisions to the Ontario Municipal Board (24.1, 36.1)

Although the *Planning Act* requires municipalities to permit second units, it recognizes that some areas of a community may not be appropriate for their construction. These restrictions could include areas that have inadequate servicing or are located in areas that are prone to flooding or other natural hazards. Municipalities are responsible for considering such constraints when developing their respective second unit policies.

While the *Strong Communities through Affordable Housing Act* introduced a regulation-making ability for the Minister of Municipal Affairs and Housing to prescribe minimum standards for second units, no regulations have been or are expected to be issued under this authority. Without any such regulations from the Minister, municipalities are responsible for determining the appropriate development standards for second units. These standards can include, but are not limited to parking requirements, minimum amenity area, minimum<sup>39</sup> and maximum unit size and the extent of exterior alterations to a primary dwelling that is permitted. Nevertheless the Ministry of Housing has recommended that municipalities waive or require a maximum of one parking space per second unit and permit tandem parking to help encourage the creation of second units.

It should be noted that second units must adhere to any applicable laws such as Building and Fire Codes, property standards by-laws etc. These changes also do not grandfather any existing second units that do not meet one or more applicable laws. For example, if an existing second unit does not meet the development standards for the

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<sup>38</sup> Refers to permanent structures such as units above garages rather than garden suites which are considered to be temporary in nature (e.g. 20 year limit).

<sup>39</sup> Subject to the regulations contained within the Ontario Building Code.

land use it resides in, the owner must obtain the appropriate development approvals to conform with the applicable zoning by-law.

### **7.3.2 Ontario Building Code (O. Reg. 332/12, 2018)**

Unlike the province's planning policies, the Ontario Building Code does not define what a second unit is nor does it provide specific criteria for the construction of these dwelling units. Instead, second units fall under the category of dwelling units which are defined as follows:

***Dwelling unit means a suite operated as a housekeeping unit, used or intended to be used by one or more persons and usually containing cooking, eating, living, sleeping and sanitary facilities.***

The requirements for a dwelling unit to be habitable under the OBC are provided in two sections: Part 9 for new residential buildings and Part 11 for existing residential buildings. These requirements include:

- Minimum room size requirements for living area/room, dining area, kitchen, master and other bedrooms and bathroom;
- Minimum required ceiling height in various rooms of the second unit;
- Minimum window requirements for natural light;
- Minimum door width and entrance requirements;
- Smoke and Carbon Monoxide Alarms;
- Fire Separations between and within dwelling units
- Heating and Ventilation systems;
- Minimum plumbing facilities;
- Egress Requirements for Dedicated and Shared Exits; and
- Requiring electrical compliance inspections by the Electrical Safety Authority.

### **7.3.3 Previous Provincial Legislation**

Over the past 25 years, provincial legislation on second units has significantly changed. This sub-section will review those changes in brief to provide context on recent legislative changes.

#### **Residents' Rights Act, 1994**

In 1994 the Province passed Bill 120, the Residents' Rights Act (1994) which required municipalities to permit second units as-of-right in detached, semi-detached and townhouse dwellings located in residential areas. To be considered legal, second units were required to meet all applicable development standards including zoning by-laws, building and fire code regulations and health by-laws. The intent of the Residents'

Rights Act was to curb the creation of illegal second units<sup>40</sup>, provide a mechanism to legalize existing second units and create more opportunities for building new second units.

### **Ontario Regulation 384/94**

In addition to Bill 120, the Province provided development standards for accessory apartments in O. Reg. 384/94. These standards included prohibiting municipalities from banning any exterior alterations required for the installation of a second unit, requiring a minimum floor size or floor area for the units and requiring the property on which the two unit house is located to have more than two parking spaces among others. Dwelling owners were still required to ensure that second units complied with applicable building and development standards.

### **Land Use Planning and Protection Act, 1996**

In 1996, the provincial government passed Bill 20: the Land Use Planning and Protection Act, which restored power to the municipalities to determine whether and where second units are permitted and what standards should apply. Second units that had been permitted under Bill 120 or were in use or occupied on November 16, 1995 were grandfathered under Bill 20. Secondary units whose building permits were issued on or before February 29, 1996 were also grandfathered.

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<sup>40</sup> At the time of the legislation, it was estimated that there were more than 100,000 illegal second units. (Ministry of Housing, 1994)

## 7.4 City of St. Thomas Planning Policies

### 7.4.1 St. Thomas Official Plan and Zoning By-law (50-88)

Section 5.1.3.2 of St. Thomas' Official Plan provides policies for the creation of accessory apartments in St. Thomas. In particular, it permits accessory apartments in:

“...single detached, semi-detached and duplex dwellings low density residential areas throughout the City of St. Thomas subject to the following criteria:

- i) One accessory unit per dwelling;
- ii) One parking space per accessory unit in a dwelling;
- iii) Maximum size of the accessory unit is 65m<sup>2</sup>;
- iv) Suitability of road access;
- v) Capacity of piped services to accommodate the proposed use(s);
- vi) Suitability of the parcel of land in terms of lot size, setbacks, side yards and landscaped open space to accommodate an additional unit;
- vii) Structural suitability of the building to accommodate alterations for an additional dwelling unit;
- viii) Exterior changes to the structure to be minimal; and
- ix) Compliance with the regulations of the Ontario Building Code, Fire Code and all other relevant municipal and provincial standards.”

These policies were created to conform to the province's regulations as contained in O. Reg. 384/94.

While second units are not a legally defined dwelling type within the City's Zoning By-law 50-88, they are permitted, in a sense, as a “converted dwelling.” Under by-law 50-88, Converted Dwellings are defined as follows:

...a building in which the number of dwelling units has been increased or decreased since the passing of this by-law with or without a change in the floor area of the building and where each dwelling unit has an independent entrance or entrances through a common vestibule or hall.

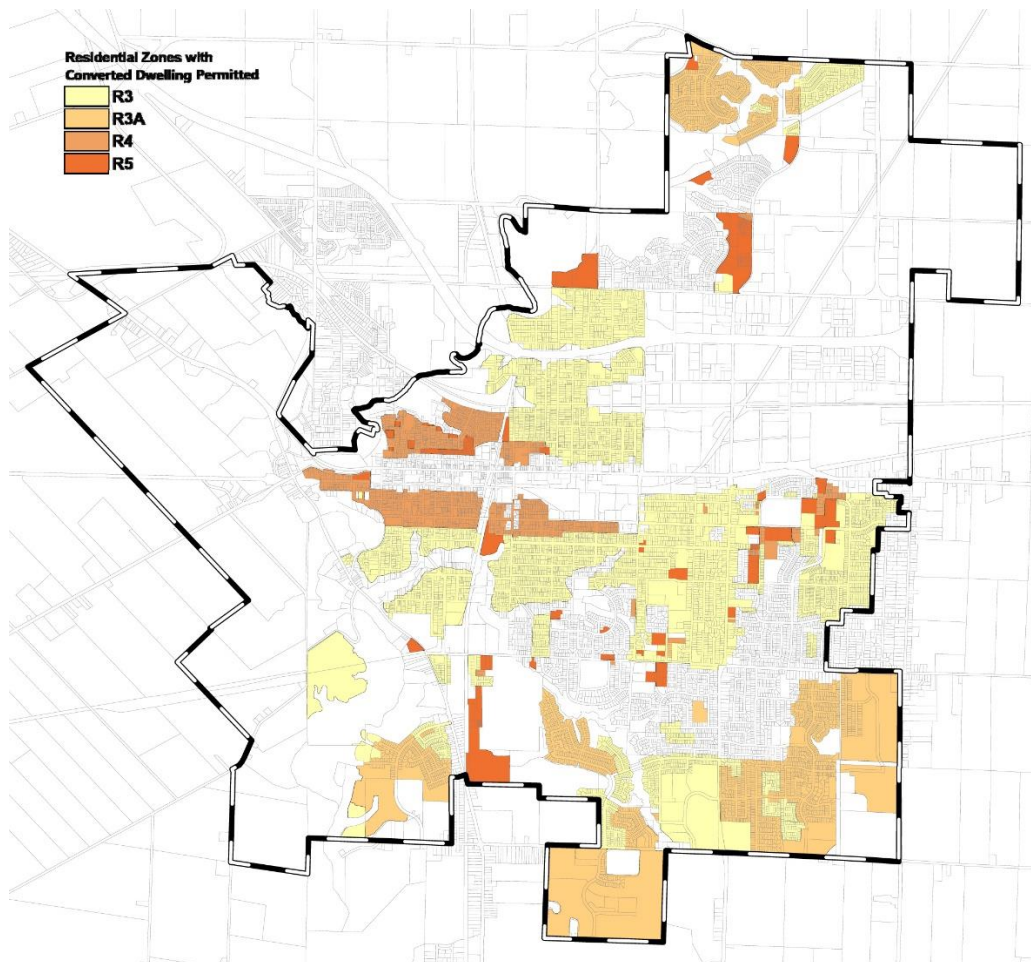
Unlike second unit policies which allow only one additional unit to be constructed, the Converted Dwelling provision allows owners to create one or more independent/self-contained dwelling units within the confines of a wide range of buildings provided that they meet applicable zoning standards. City staff have noted site specific zoning amendments have been provided to Converted Dwelling proposals for items such as reduced parking requirements.



At present, converted dwellings are a permitted use in R3, R3A, R4 and R5 zones which cover a significant portion of the City. These zoning designations also permit a wide range of dwelling types and uses ranging from single detached, townhouse and apartment dwellings. Over the past three decades, the majority of the City's converted dwellings have been in larger single detached homes within the downtown area as they can facilitate the creation of two or more self-contained units and have sufficient room for tenant and visitor parking. It is unclear how many converted dwellings there currently are in St. Thomas.

Converted dwellings and second units are not permitted with R1 and R2 designations. At present, both of these land use designations permit only one type of residential use, single detached units. While it would be difficult to create converted dwellings in these single detached dwellings (as they have generally been constructed over the past 20 years) they could facilitate the construction of second units.

**Figure 7.1: Residential Zones in St. Thomas that permit Converted Dwellings**





#### *7.4.2 Legislation for Permitting Second Units and Converted Dwellings*

Given the high demand for new rental units and low vacancy rate (See Section 3.4.2), converted dwellings provide an important source for rental accommodations within St. Thomas. Although there may be a potential conflict in defining what constitutes a second unit and converted dwelling, the latter should remain as a legal land use to help preserve and expand the number of available rental units within the city. To better understand how St. Thomas can differentiate between these two dwelling types, an environmental scan of land use zoning documents from five municipalities was undertaken.

As shown on Table 7.1 (following page), the zoning by-law reviewed showed that there are two principal ways in which these dwelling types are defined and differentiated:

- Second Units are considered to be a type of dwelling unit that is subordinate or ancillary to the principal dwelling. In contrast, converted dwellings consist of dwelling units (as opposed to a type of dwelling unit) and are all considered to be principal in nature. To establish that second units are subordinate, many municipalities state that they must be smaller in size than the principal unit (for more details see Section 7.6.4). All five zoning by-laws examined used this criteria to distinguish the difference between second units and converted dwellings;
- Only one second unit was permitted in a dwelling in all five zoning by-laws. In contrast, Sarnia noted that converted dwellings had two or more dwelling units while Welland defined converted dwellings as having four or more units. These requirements reflected Sarnia and Welland's respective definitions for other dwelling types such as duplexes and triplexes etc..

**Table 7.1: Selected Zoning By-laws with Second Unit and Converted Dwelling Provisions**

Location	Second Unit	Converted Dwelling
London	...a dwelling unit <b>ancillary and subordinate</b> to a primary dwelling unit, in which food preparation, eating, living, sleeping and sanitary facilities are provided for the exclusive use of the occupants thereof	...an existing dwelling constructed as a single, semi-detached, duplex or triplex dwelling on an existing lot prior to July 1, 1993 in which the number of dwelling units has been increased without significant alteration to the exterior of the building...
Ottawa	...a separate <b>dwelling unit subsidiary</b> to and located in the same <b>building</b> as an associated <b>principal dwelling unit</b> ; and its creation does not result in the creation of a <b>semi-detached dwelling, duplex dwelling, three-unit dwelling</b>	...the alteration of, but not demolition of a <b>residential use building</b> to increase the number of <b>principal dwelling units</b> or <b>rooming units</b> , resulting in the creation of a <b>use</b> which must be a <b>permitted use</b> in the <b>zone</b> and does not include the creation or addition of a <b>secondary dwelling unit</b> , and the converted has a corresponding meaning
Sarnia	... means a dwelling unit that is located within an existing single detached, semi-detached, multiple attached or street multiple attached dwelling unit and is <b>ancillary and subordinate</b> to a primary dwelling unit.	... mean[s] a building originally designed, intended and used as a one-family dwelling which has been lawfully altered or converted so as to <b>provide 2 or more dwelling units</b> .
Vaughan	... means an <b>accessory</b> dwelling unit which is located within a Single Family Detached Dwelling, Semi-Detached Dwelling or Street Townhouse Dwelling unit.	...means a dwelling erected prior to the passing of this Bylaw and altered to make a greater number of <b>dwelling units</b> and where each dwelling unit has a minimum gross floor area of 70 square metres, exclusive of public or common halls and stairways, the thickness of the outside walls, and rooms below grade
Welland	... Means a dwelling unit that is located in a single-detached dwelling or two-unit dwelling that is <b>subordinate</b> to the principal dwelling.	... Means a residential dwelling that has been altered, but not demolished and replaced, to increase the <b>number of principle dwelling units to four or more</b> .

## 7.5 Elgin County/Lower Tier Municipal Planning Policies

The following section will review County and Lower Tier municipal Official Plans' and Zoning By-laws' for their conformance with provincial policies regarding second units and garden suites. As part of the review, this section will also briefly summarize the development standards used to regulate the location and construction of these dwelling units.

### 7.5.1 Elgin County Official Plan (2015 Consolidation)

As a two tier municipality, the intended purpose of Elgin County's Official Plan is to:

1. Guide or set the Official Plan and Zoning By-laws policies of local municipalities;
2. Implement the Provincial Policy Statement at the County level; and
3. Set a framework for coordination and cooperation amongst the local municipalities on planning and development issues.

As noted in Section 7.3.1, amendments to the Planning Act in 2011 require all municipal official plans to permit second units in a number of dwelling types or ancillary buildings and update zoning by-laws to authorize the second unit policies contained in their respective official plans. The County's Official Plan has implemented these changes which are provided in Section C1.3.2 General Policies:

Local municipalities ***are also required to establish local Official Plan policies and Zoning By-law*** provisions to allow second units in detached, semi-detached, row houses and ancillary structures. Local municipalities are also encouraged to include local Official Plan policies with respect to garden suites. Encouraging the establishment of second units and garden suites will also assist in meeting residential intensification targets and the provision of affordable housing.

In addition, second units are defined as one of five ways in which residential intensification may occur within the County in Appendix A "Residential Intensification":

- e) the conversion or expansion of existing residential buildings to create new residential units or accommodation, including accessory apartments, second units and rooming houses.

### 7.5.2 Lower Tier Municipal Official Plans

At the time of this review, only Central Elgin's Official Plan complied with the County's OP policies regarding second units. Within Central Elgin's OP, it provides policies on the following aspects for second units:

- detached, semi-detached and row housing type dwellings;
- lands that are zoned to permit residential use as a primary use;
- servicing requirements;
- compliance with OBC and Fire code; and
- prohibiting the alteration of the principal dwelling.

The remaining six municipalities currently do not have any language pertaining to second units.

Table 7.2 shows that five OP's provided definitions and policies for the establishment of garden suites or second units in accessory dwellings. Concerning the garden suite policies:

- All five OP's limited the length of time they could be on a property to no more than 10 years and required that they be monitored through a Temporary Use By-Law between the Municipality and owner;
- All five OP's provided direction on where garden suites could be constructed.
- Aylmer and West Elgin's OP's directed their construction/establishment to existing residential properties while Central Elgin restricted to lands zoned as residential. Dutton-Dunwich's prohibited their use in 'Mineral Aggregate Resources,' 'Highway Commercial,' or 'Industrial' designations; and
- Dutton-Dunwich's OP did not provide any criteria regarding which land use designations garden suites were permitted in;
- All five OP's limited the number of garden suite units to one per property.

**Table 7.2: Second Unit and Garden Suite Policies in Lower Tier Official Plans**

	Defn. of Second Unit	Policies Permitting Second Unit	Defn. of Garden Suite	Policies Permitting Garden Suite
<b>Aylmer</b>			X	X
<b>Bayham</b>				
<b>Central Elgin</b>	X	X	X	X
<b>Dutton-Dunwich</b>			X	X
<b>Malahide</b>				
<b>Southwold</b>			X	X
<b>West Elgin</b>			X	X

### **7.5.3 Lower Tier Zoning By-laws**

Matters related to land use zoning are the responsibility of the lower tier municipalities within Elgin County. Although the County's OP requires the Zoning By-laws of lower tier municipalities to permit second units and garden suites, this has yet to happen in the majority of these areas. As shown on Table 7.3, West Elgin was the only municipality to provide policies for second units. These policies are found in Section 4.22 and are as follows:

- an independent entrance to the second dwelling unit from the street shall be provided;
- the requirements of the Ontario Building Code shall be complied with;

- iii. a minimum height of 2.0 m shall be maintained where located in a basement or cellar;
- iv. a minimum of one parking space dedicated to the unit shall be provided.

Within West Elgin, it was unclear as to whether or not second units fall under the definition of two unit dwellings. The confusion relates partially to the wording of the definition itself but also the different development standards for a two unit dwelling compared to those for second units (e.g. parking).

Table 7.3 shows that four municipalities do contain policies to allow the use of accessory residential dwellings or “garden suites” in their respective jurisdictions. Within these four zoning by-laws:

- **Aylmer (57-99)** provides a definition for garden suites, permits them in certain areas with an R2 designation, provides a ten year period for use and provides direction on removing the units when no longer required;
- **Dutton/Dunwich (2004-24)** defines garden suites using the language provided in the Planning Act and limits the number of garden suites per property to one. The township’s OP provides additional policies on the maximum length a garden suite may be in use and where they may not be established. Garden suites are classified as a “temporary zone regulation” and require a site specific zoning amendment to permit their construction and use;
- **Southwold (2011-14 – 2014 Consolidation)** provides a definition for garden suites and accessory dwelling units. Provisions for minimum lot area and access to the garden suite and provided.
- **West Elgin (2015)** provides a definition for garden suites, provisions for servicing the garden suite and minimum parking requirements.

**Table 7.3: Second Unit and Garden Suite Policies in Lower Tier Zoning By-laws**

	Defn. of Second Unit	Policies Permitting Second Unit	Defn. of Garden Suite	Policies Permitting Garden Suite
<b>Aylmer</b>			<b>X</b>	<b>X</b>
<b>Bayham</b>				
<b>Central Elgin</b>				
<b>Dutton/Dunwich</b>			<b>X</b>	<b>X</b>
<b>Malahide</b>				
<b>Southwold</b>			<b>X</b>	<b>X</b>
<b>West Elgin</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

## 7.6 Environmental Scan

To help determine potential second unit policies for St. Thomas and the County's lower tier municipalities an environmental scan of five communities was undertaken. These seven communities include:

- City of Guelph;
- City of London;
- Village of Merrickville-Wolfville;
- Township of Selwyn;
- City of Sarnia;
- Town of Wasaga Beach; and
- City of Welland.

In general, these communities were chosen due to their similar size and socio-economic characteristics to the communities within the SM Area or their comparatively long history of second unit policies within their respective Official Plan and Zoning By-law policies. To better understand the rationale for their respective policies, planning and development from each municipality were interviewed over the phone.

### 7.6.1 Defining Second units

Although the way in which the seven municipalities defined second units varied, they all shared two common features. While some definitions were streamlined (e.g. Guelph and Wasaga Beach), others had more complex definitions that included required features or facilities and identifying where they could be located. Despite the variation, all seven zoning by-laws used two common features in their respective definitions: a) second units are a self-contained dwelling unit and b) they are accessory or subordinate to the principal dwelling.

Beyond these common features, there were some slight differences in how second units were defined. There were two approaches for outlining the facilities or required features of a second unit. In the first, some zoning by-laws included the required facilities or features that a second unit must include. For example, London, Selwyn and Welland's municipal by-laws (See Table 7.4 – following page) require second units to have food preparation, eating, living, sleeping and sanitary facilities. The second approach is to outline the required facilities of a second unit by refer to the definition of what constitutes a dwelling unit.

Only Wasaga Beach and London's zoning by-laws did not outline the residential dwelling types that second units were not permitted to be constructed in. As well, London was the only municipality whose second unit definition noted that the second unit was of exclusive use to the occupants renting it.

**Table 7.4: Components of Second unit Definitions in Selected Zoning By-laws**

	Dwelling Unit	Accessory/ Subordinate	Required Facilities	Exclusive Use	Permitted Bldgs.
<b>Wasaga Beach (ZBL 2003-60)</b>	X	X			
<b>Welland (2017-117)</b>	X	X	X		X
<b>Guelph (ZBL 1995 -14864)</b>	X	X			X
<b>London (Z1 - 2014)</b>	X	X	X	X	
<b>Merrickville-Wolford (ZBL 23-08)</b>	X	X	X		X
<b>Sarnia (ZBL 85-2002)</b>	X	X			X
<b>Selwyn (ZBL 2009-21)</b>	X	X	X		X

#### **7.6.2 Physical Location of Second units**

In the municipalities examined, only London permitted second units as of right in all of their land use zoning categories. The remaining municipalities generally permitted the construction of second units as of right within a portion of their residential land use zones. The selective permission of second units in some communities may reflect the permitted uses within some of their residential land use designations. For example, Guelph only permits single or semi-detached dwellings in R1 and R2 land use designations.

Wasaga Beach does not permit second units in townhouses with the R4 designation as that zone category is to promote higher density forms of housing. As a result, townhouses built in the R4 designation generally do not provide sufficient space to accommodate for the parking spaces or amenities required by second units.

Even in zones that do permit second units, local by-laws sometimes prohibit their construction due to the threat of flooding or other natural hazards, insufficient servicing and road capacity. Some restrictions are related to local characteristics such as the high number of seasonal dwellings in the Township of Merrickville-Wolford and Wasaga Beach.



**Table 7.5: Areas where second units are permitted in Selected Municipalities**

Wasaga Beach (ZBL 2003-60)	As of right in R1, R2, R3 zones. Not permitted in dwellings: <ul style="list-style-type: none"> <li>located in any area classified as Natural Hazards</li> <li>without full water and sewer services;</li> <li>where the finished basement floor level is below the level of any sanitary or storm sewer servicing the building or structure; and</li> <li>where access is obtained from and frontage is along a private street</li> </ul>
Welland	As of right in RL1, RL2, RM, WRW (recreational), INSH (health and wellness institutional), A1 (agricultural) and RR (rural residential) zones.
Guelph (ZBL 1995 - 14864) (OPA 48)	As of right in R1 and R2 zones. Not permitted in dwellings: <ul style="list-style-type: none"> <li>located in the flood plain where the habitable floor spaces is lower than one meter below the regulatory flood level</li> </ul>
London (Z1 - 2014)	As of right within any land use zone. Not permitted in: <ul style="list-style-type: none"> <li>basements of dwellings that are located within a flood plain regulated by the applicable Conservation Authority; and</li> <li>dwellings where the finished basement floor level is below the level of any sanitary sewer servicing the building or structure</li> </ul>
Merrickville-Wolford (ZBL 23-08)	As of right in all single detached dwellings except for those in Limited Services Residential zone. Requires written approval from Ministry of Environment for sewage disposal when private sewage system used.
Sarnia (ZBL 85 - 2002)	As of right in UR 2 – UR 5 zones. Limited locations in UR1 zone Not permitted in dwellings: <ul style="list-style-type: none"> <li>a) located in any area classified as “Natural Hazards”.</li> </ul>
Selwyn (ZBL 2009-21)	As of right in R1 zone. Not permitted in dwellings: <ul style="list-style-type: none"> <li>b) without municipal water and wastewater services</li> </ul>

### **7.6.3 Building or Dwelling Type**

In general, municipalities that permit second units allow them in low and medium density dwellings such as detached, semi-detached and townhouses. Within the municipalities examined, only Welland permitted second units in duplexes while Wasaga Beach was the only locale to permit second units in link dwellings. Of note is that Wasaga Beach does not permit second units in townhouses that are located within the R4 designation. Based on staff feedback, it appears that in order to meet the minimum density requirements within the R4 zone, which is intended for high density residential uses, there is not sufficient space on the property to accommodate second units. The limitations found within Sarnia’s UR1 zone reflect limited servicing capacity for storm water (e.g. basement flooding).

As noted earlier, recent changes to the Planning Act now require municipalities to permit second units in all single detached, semi-detached and townhouse dwellings.

The table below shows that some municipalities have yet to update their respective OP and Zoning By-laws to reflect these policy changes.

**Table 7.6: Building or Dwelling Types where Second units are permitted**

Wasaga Beach (ZBL 2003-60)	As of right in all detached, semi-detached, link dwellings and townhouses in R3 designation. Not permitted in townhouses within R4 designation
Selwyn (ZBL 2009-21)	As of right in all detached dwellings within R1 zone
Welland	As of right in all detached, semi-detached, duplex and townhouse dwellings
Guelph (ZBL 1995 - 14864) (OPA 48)	As of right in all single and semi-detached dwellings in R.1 and R.2 zones
London (Z1 - 2014)	As of right in detached, semi-detached and street townhouse in any land use zone
Merrickville-Wolford (ZBL 23-08)	As of right in all single detached dwellings except those located in Limited Services Residential zone and in dwellings used on a seasonal basis
Sarnia (ZBL 85 - 2002)	As of right in detached, semi-detached, multiple attached or street multiple dwellings in UR2, UR3, UR4 and UR5 zones. Geographic limitations for single detached dwellings located in UR1 zone.

#### **7.6.4 Number and Permitted Size of Second units**

To prevent overdevelopment and ensure that the main residential unit continues to be the principal use, municipalities have established restrictions on the number of second units permitted on a single lot. All of six of the municipalities examined limited the number of second units to one per lot. As a result, property owners cannot construct multiple second units within a dwelling nor have a second unit in the principal building in addition to a second unit in an accessory structure.

Although the Ministry of Housing recommends that municipalities rely on the Ontario Building Code to impose size standards on second units, many have provided their own minimum and maximum size requirements. Of the seven municipalities examined, three did not provide minimum size requirements for second units and relied on the standards contained in the Ontario Building Code. The remaining four municipalities provided minimum size requirements ranging from a low of 25m<sup>2</sup> (269ft<sup>2</sup>) in the Township of Selwyn to 37m<sup>2</sup> (395ft<sup>2</sup>) in Wasaga Beach. London and Sarnia both had a minimum size of 35m<sup>2</sup>. Of note is that Wasaga Beach and Selwyn also established minimum size requirements for the principal dwelling at 93m<sup>2</sup> in the former and 112m<sup>2</sup> in the latter. These requirements reflect the minimum dwelling size requirements in each municipalities respective zoning by-laws which aim to ensure that the principal and second dwelling unit are a sufficient size for households.

All municipalities established maximum floor area restrictions on second units. In general, the maximum size of the second unit is based on a proportion of the principal

dwelling's gross floor area. The use of maximum floor area restrictions is to ensure that the second unit remains subordinate to the principal dwelling. That percentage, as shown on Table 7.7 (following page), generally falls in the range of 40 – 45% of the principal dwelling's gross floor area. Guelph, Sarnia and Selwyn use a % and prescribed size (m<sup>2</sup>) approach to regulate the maximum size of second units. The intent of this approach is to ensure that the second unit is secondary to the principal dwelling and to help differentiate it from a duplex dwelling.

The Township of Merrickville – Wolford does not provide any requirements other than prohibiting second units from occupying an entire floor of the principal dwelling.

**Table 7.7: Number and Maximum Size of Second units Permitted**

	Max. Number of Second. Unit	Principal Dwelling Size Requirements	Second Unit Size Requirements
Wasaga Beach (ZBL 2003-60)	One	<b>Min:</b> 93m <sup>2</sup> (1,000ft <sup>2</sup> ), exclusive of second unit	<b>Min:</b> GFA of 37m <sup>2</sup> (398ft <sup>2</sup> ); <b>Max:</b> of no more than 45% of main bldg.'s GFA
Selwyn (ZBL 2009-21)	One	<b>Min:</b> GFA of 112m <sup>2</sup> (1,200ft <sup>2</sup> )	<b>Min:</b> 25m <sup>2</sup> (269ft <sup>2</sup> ) plus an additional 8m <sup>2</sup> (86ft <sup>2</sup> ) for each bedroom <b>Max:</b> 40% of principal dwelling's GFA or 65m <sup>2</sup> (700ft <sup>2</sup> ), whichever is less
Welland (OP-2017)	One	None	<b>Min:</b> None <b>Max:</b> Equal to or less than GFA of principal dwelling
Guelph (ZBL 1995 -14864) (OPA 48)	One	None	<b>Min:</b> None <b>Max:</b> 45% of building's GFA or a max of 80m <sup>2</sup> (861ft <sup>2</sup> ), whichever is less
London (Z1 - 2014)	One	None	<b>Min:</b> GFA of 35m <sup>2</sup> (375ft <sup>2</sup> ) <b>Max:</b> Equal to or less than 40% principal and second unit's GFA
Merrickville-Wolford (ZBL 23-08); (OP – 2013)	One	None	<b>Max:</b> Does not occupy the whole of a storey within the principal dwelling
Sarnia (ZBL 85 - 2002)	One	None	<b>UR1:</b> Max. 40% of combined habitable GFA of principal and second unit unless second unit occupies entire basement; <b>UR2-UR5:</b> Min: GFA of 35m <sup>2</sup> or 376ft <sup>2</sup>

### 7.6.5 Number of Bedrooms Allowed in Second units

Three of the seven municipalities examined provided policies to limit the maximum number of bedrooms permitted in second units. In the case of London, the number of bedrooms in the primary and second unit is limited to those allowed in the applicable zoning by-law. This policy was instituted in response to some student rental dwellings having 7 – 8 bedrooms per dwelling unit in a detached home. Guelph and Selwyn provided limits to ensure that the second unit is subordinate to the principal unit and to ensure that tenants have adequate space in each bedroom.

**Table 7.8: Maximum Number of Permitted Bedrooms in Second units**

Wasaga Beach (ZBL 2003-60)	No provisions provided
Selwyn (ZBL 2009-21)	<b>Max:</b> No more than 2 bedrooms
Welland (OP-2017)	No provisions provided
Guelph (ZBL 1995 -14864)	<b>Max:</b> Two bedrooms
London (Z1 - 2014)	<b>Max:</b> Shall not exceed total number permitted for primary dwelling unit when the total number of bedrooms in the primary and second unit are combined
Merrickville-Wolford (ZBL 23-08)	No provisions provided
Sarnia (ZBL 85 - 2002)	No provisions provided

### 7.6.6 Owner Occupier Limitations

Only the Township of Selwyn (Table 7.9) provided zoning policies that limited the construction of second units to dwellings that were owner occupied. Township staff who were interviewed for this study were unsure of the intent of this policy provision. The absence of this provision in the other municipalities examined reflects two key concerns: the desire to increase the affordable rental stock in their community and possible human rights violations.

**Table 7.9: Maximum Number of Permitted Bedrooms in Second units**

Wasaga Beach (ZBL 2003-60)	No provisions provided
Selwyn (ZBL 2009-21)	Either principal or second unit must be occupied by registered owner
Welland (OP-2017)	No provisions provided
Guelph (ZBL 1995 -14864)	No provisions provided
London (Z1 - 2014)	No provisions provided
Merrickville-Wolford (ZBL 23-08)	No provisions provided
Sarnia (ZBL 85 - 2002)	No provisions provided

### 7.6.7 Access to Second units

In addition to the requirements provided by the OBC, some municipalities regulate the location of the second units' entrance. Three of the municipalities studied for this review (Wasaga Beach, London and Sarnia) limit the location of the second unit entrance to the side or rear yards of the principal dwellings. In large part, this was done to limit the visual impact of second units and alleviate the concerns of existing residents. Guelph was the only municipality to require that interior access to the second unit be provided. This requirement was to help differentiate a two unit dwelling from a duplex and limit the visual impact of a second unit.

Wasaga Beach was the only municipality to require that principal dwellings be located on and have access from a public street. As a result, principal dwellings on private streets, such as condominium roads are not permitted to create second units. This is due to the tendency of condo developments to provide private streets that are narrower than public streets. As a result, there is no room to accommodate for parking needs beyond those of the principal dwelling.

**Table 7.10: Provisions Regulating Access to Second units**

Wasaga Beach (ZBL 2003-60)	Entrances to second unit not permitted on the side of a building facing a public street Principal dwelling must be located on and have access from a public street.
Selwyn (ZBL 2009-21)	No provisions provided
Welland (OP-2017)	No provisions provided
Guelph (ZBL 1995 -14864)	Interior access between floor levels and the principal and second unit is required
London (Z1 - 2014)	Access to second unit may be provided through existing entrances or new entrances located in rear or side yards.
Merrickville-Wolford (ZBL 23-08)	No provisions provided
Sarnia (ZBL 85 - 2002)	No exterior alterations shall be permitted to front or exterior side yard elevations to provide an entrance to a second unit in any detached dwelling in a UR1 zone

### 7.6.8 External Appearance of the Principal Dwelling

Four of the seven municipalities examined for this study have provisions within their OP and/or zoning by-laws that prohibit home owners from making significant changes to a building's façade or the side of the building which faces the street. The intent of this policy is to respect the physical character of existing neighbourhoods, a concern that local residents voiced during various consultation events with municipal staff. Of note is that Sarnia's zoning by-laws are unique in that they limit the changes to the physical appearance of the principal dwellings in select areas within a UR1 zone. This is

because UR1 zones consist primarily of detached dwellings whereas other zoning categories have a more varied collection of dwelling types.

The remaining two municipalities (Selwyn and Welland) do not have any policies related to the physical alteration of the principal dwelling. In large part, this is due to the lack of public opposition to second units in both municipalities and in the case of Welland, a varied character of many of its neighbourhoods.

**Table 7.11: Provisions Regulating the External Appearance of the Principal Dwelling**

Wasaga Beach (ZBL 2003-60)	Significant changes to construct second unit not permitted on the side of a building facing a public street
Selwyn (ZBL 2009-21)	No provisions provided
Welland (OP-2017)	No provisions provided
Guelph (ZBL 1995 -14864)	External appearance of building facades shall be preserved
London (Z1 - 2014)	Alterations may be made to construct entrance to second unit within interior side yard and rear setbacks. Alterations to front and exterior side yard not permitted New driveways for second unit not permitted
Merrickville-Wolford (OP-2006)	Substantial alterations to the principal dwelling's physical character not permitted
Sarnia (ZBL 85 - 2002)	No exterior alterations shall be permitted to front or exterior side yard elevations to provide an entrance to a second unit in any detached dwelling in a UR1 zone

### **7.6.9 Parking Standards**

Many municipalities have created parking standards for second units to accommodate for the potential increase in vehicles on a property. Of the municipalities examined, five require one additional space for a second unit (as per the Ministry's recommendations) while London does not require any additional parking. Guelph was the only municipality to require more than one parking space for a dwelling that contains a second unit. The higher number of required parking spaces was an attempt to reconcile the difference in parking spaces required in the zoning by-law for principal dwellings and actual demand. Whereas the zoning by-law requires principal dwellings to have one space, the survey found that most owners' of the principal dwellings had an average of two cars while second units tenants had one car.

Wasaga Beach was the only municipality of those examined which provided specific driveway width requirements for dwellings with second units. The minimum driveway width for dwellings with secondary suits is 5.6m compared to a 3.0m for dwellings without a second unit. The intent is to ensure that the additional parking demand generated by a second unit can be accommodated on the subject property and not spill out on the street or adjacent neighbourhood.

London's OP also contains language on the parking requirements for dwellings with a second unit. Section 3.2.3.9.6 discourages zoning amendments or variances that provide parking in excess of minimum requirements including request for boulevard parking, front yard parking or changes to landscaped open space to provide for the proposed secondary suits. Section 3.2.3.9.10 also notes that the City will not support minor variances to permit front yard parking that eliminates existing parking spaces that conform to the City's Zoning By-laws.

**Table 7.12: Parking Requirements for Second units**

	<b>Number of Spaces Req.</b>	<b>Tandem Parking</b>
Wasaga Beach (ZBL 2003-60)	One parking space Min driveway width: 5.6m	Permitted
Selwyn (ZBL 2009-21)	One parking space	Permitted, max of two vehicles
Welland (OP-2017)	One parking space	Permitted
Guelph (ZBL 1995 -14864) (OPA 48)	Two parking spaces	Permitted, max of two vehicles
London (Z1 - 2014)	No additional parking required	Not permitted
Merrickville-Wolford (ZBL 23-08)	No additional parking required	
Sarnia (ZBL 85 - 2002)	One per dwelling unit	Permitted



### 7.6.10 Code Compliance

Four of the seven municipalities examined provided language outlining the need for second units to comply with municipal and provincial regulations (See table 7.12 – following page). The intent of this policy language was primarily to help educate proponents about the process of creating a legal second unit. Staff interviewed noted by providing this information early in the development approvals process, proponents would not be surprised about the approvals required after planning approvals were obtained (e.g. building permit).

**Table 7.12: Language on Code Compliance for Second units**

Wasaga Beach (ZBL 2003-60)	Must comply with all other applicable law, including but not limited to the Ontario Building Code and the Ontario Fire Code
Selwyn (ZBL 2009-21)	No language provided.
Welland (OP-2017)	Must conform to the requirements of the City's Zoning By-law, Ontario Building Code and Ontario Fire Code
Guelph (ZBL 1995 -14864) (OPA 48)	No language provided.
London (Z1 - 2014)	Must conform to all Ontario Building Code and Ontario Fire Code Regulations
Merrickville-Wolford (ZBL 23-08)	No language provided
Sarnia (ZBL 85 - 2002)	Shall conform to all applicable Ontario Building Code and Fire Code Regulations

### 7.6.11 Development Standards

With the exception of Wasaga Beach and Selwyn, the remaining municipalities do not have a separate set of development standards for principles for those that have second units and those that do not. The additional amenity requirements in Selwyn reflect a desire to ensure that tenants have adequate space for recreational activities. In Wasaga Beach, the specific requirements for dwellings with second units is to ensure that there is adequate space for three parking spaces. Although tandem parking is permitted in Wasaga Beach, the lot frontage and driveway widths requirements are designed to permit the construction of a double wide driveway.

**Table 7.14: Additional Development Standards for Second units**

Wasaga Beach (ZBL 2003-60)	<ul style="list-style-type: none"><li>• <b>Min lot frontage:</b> 10.3m</li><li>• <b>Min driveway width:</b> 5.6m</li><li>• Driveway width shall not be more than 55% of lot frontage</li><li>• Min landscaping: 45% of front yard</li></ul>
Selwyn (ZBL 2009-21)	<ul style="list-style-type: none"><li>• <b>Min amenity space:</b> 7.5m<sup>2</sup> with a min. depth of no less than 1.5m.</li></ul>
Welland (OP-2017)	<ul style="list-style-type: none"><li>• Outdoor amenity area is adequate for the amenity and leisure needs of all occupants;</li><li>• No change in development standards for principal dwelling with second units</li></ul>
Guelph (ZBL 1995 -14864)	<ul style="list-style-type: none"><li>• No change in development standards for principal dwelling with second units</li></ul>
London (OP)	<ul style="list-style-type: none"><li>• No change in development standards for principal dwelling with second units</li></ul>
Merrickville-Wolford (ZBL 23-08)	<ul style="list-style-type: none"><li>• No change in development standards for principal dwelling with second units</li></ul>
Sarnia (ZBL 85 - 2002)	<ul style="list-style-type: none"><li>• No change in development standards for principal dwelling with second units</li></ul>

### 7.6.12 Garden Suites

Although the Province has not required municipalities to permit garden suites as of right within their zoning by-laws, a number have created specific policies to promote and regulate their use. In general, garden suites are residential structures that are detached from the principal dwelling and located in a rear yard or in the second storey of an accessory building such as a garage. In recent years, there has been a growing awareness of these dwelling types due to their benefits (e.g. increase stock of housing, improve affordability for tenants and homeowners etc.) and the Tiny or Small House Movement.

#### **Defining Garden Suites**

There are a variety of ways in how municipalities define garden suites. Whereas Guelph and London consider garden suites to be self-contained dwelling units, the remaining four municipalities with garden suite definitions considered them to be residential

structures. It appears that this distinction may help to identify the required features that garden suites must provide and that it is a separate building from the principal dwelling.

Only two by-laws (Selwyn and Guelph) provided that any kind of language on the features that garden suites were to contain for tenants. In both of these zoning by-laws, garden suites were to contain at minimum, bathroom and kitchen facilities. The remaining zoning by-laws made no such requirements.

Despite these differences, all six definitions shared two common features: 1) garden suites were ancillary or subordinate to the principal dwelling on the property and 2) they were designed to be portable. The latter is intended to ensure that the garden suite is not a permanent use on the subject property and can be on other properties.

**Table 7.15: Garden Suite Definitions in Selected Zoning By-laws**

	Dwelling Unit	Res. Structure	Ancillary/ Subordin.	Temp. Use	Portable	Req. Features
Wasaga Beach (ZBL 2003-60)		X	X	X	X	
Selwyn (ZBL 2009-21)		X	X		X	X
Welland (OP-2017)		X	X	X	X	X
Guelph (ZBL 1995 - 14864)	X		X		X	
London (OP)	X		X	X	X	
Merrickville-Wolford (ZBL 23-08)	No Provisions					
Sarnia (ZBL 85 - 2002)		X	X		X	

### ***Garden Suite Development Standards***

Of the six zoning by-laws that were examined and contained garden suite provisions, four had one or more separate development standards for garden suites. In the remaining two zoning by-laws examined, garden suites were required to meet the standards for accessory buildings. In addition, some municipalities such as Wasaga Beach require owners to obtain a site specific zoning amendment to their existing zoning designation to permit the construction of garden suits.

In the remaining four municipalities, garden suites were required to adhere to the standards in the accessory building and garden suite policies. In general, these requirements outlined the number of garden suites permitted on a property, servicing requirements, parking requirements, permitted location of a garden suite and others. Regardless of their respective development standards, all of the municipalities

examined required garden suites to adhere to the Temporary Use By-law policies of their zoning by-laws as per. This is to ensure that garden suites were used for a period for no more than 10 years unless extensions are provided by Council.

**Table 7.16: Development Standards for Garden Suites**

	Acc. Bldg. Standards	Separate Standards	Temporary Use By-law
Wasaga Beach (ZBL 2003-60)	X		X
Selwyn (ZBL 2009-21)	X	X	X
Welland (OP-2017)		X	X
Guelph (ZBL 1995 -14864)	X	X	X
London (OP)	X	X	X
Merrickville-Wolford (ZBL 23-08)	No Provisions Provided		
Sarnia (ZBL 85 - 2002)	X		X

## 7.7 Second unit Monitoring Programs

Some municipalities have established a monitoring programs for second units to:

- Ensure that they meet applicable by-laws (zoning and property standards) and building and fire codes. This is to ensure that the second unit has no adverse effects on the existing neighbourhood, ensure there is sufficient infrastructure capacity and providing safe rental units to tenants.; and
- Keep track of where these units are being constructed and continuously occupied. Among the reasons for identifying the current location of second suites is to aid first responders when arriving at a dwelling for a fire or medical emergency.

Based on the environmental scan there are two ways of monitoring the construction and location of legal second units: registration and licensing programs. Of the seven municipalities examined in this report, Selwyn and Guelph have registration programs while London licenses second units through its existing Residential Licensing By-law. The remainder have no formal programs and only track information through building permit applications. A broader environmental scan shows that at least 9 other municipalities also have second unit registration programs.

The relative popularity of registration programs is to make the process of tracking second units easier and less costly for homeowners. In general, the registration programs examined featured the following requirements:

- One-time process with no renewals required<sup>41</sup>;
- Incorporated into the building permit or certificate of occupancy process;
- Requires a nominal fee that is typically less than \$300. Some municipalities have a scale of fees for owner and non-owner occupied dwellings;
- Advises owners that they should obtain insurance for the second unit and that tenants obtain content insurance;
- Provides advice on tenant relations and
- Notifies owners that they are required to maintain the dwelling as illustrated in the building plans and in a good state or repair;
- Provides information on legal second units to prospective tenants and the public;
- Location of the second units for first responders, utility providers and applicable municipal departments (e.g. engineering, waste management); and
- Revoke registration if the dwelling (either principal or second unit) is altered so that it does not comply with provincial building and fire codes as well as municipal by-laws (e.g. health, zoning, property standards etc.)

Under registration programs, second units are not inspected unless a complaint by a tenant or member of the public is submitted to the municipality or if a building permit for the principal or second unit is submitted to the Building Department.

In contrast, licensing programs require homeowners to have their units inspected and license renewed on a yearly basis. While this approach is certainly more pro-active approach for ensuring compliance, there are a number of drawbacks including:

- Discouraging homeowners from creating the second units through legal processes. The licenensing process can be viewed as time-consuming and possibly expensive for property owners; and
- Tenants may be concerned that due to the hassles of licensing, identifying an unlicensed second unit may lead a landlord to remove it rather than undertaking the licensing process.

These were the primary reasons why Mississauga transitioned from a licensing system to their current registration process for second units.

The City of Barrie has an expedited plan review to encourage owners with pre-existing second units to bring them into compliance with applicable zoning and building and safety related codes. Units that are not eligible include those that are already

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<sup>41</sup> The only outlier for this requirement was Whitchurch-Stouffville where homeowners had to re-register their second unit after ten years.

completed, share exit facilities or with any shared ancillary rooms off the exit and the principal dwelling was completed within the last five years.

**Table 7.17: Monitoring Programs in Originally Examined Communities**

	Extent of Tracking	Extent
Wasaga Beach	<ul style="list-style-type: none"> <li>No registration/licensing program - tracked through building permits</li> </ul>	
Selwyn	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One time event</li> <li>Fees: \$250</li> </ul>
Welland	<ul style="list-style-type: none"> <li>No registration/licensing program - tracked through building permits</li> </ul>	
Guelph	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$150 - \$300</li> </ul>
London	<ul style="list-style-type: none"> <li>Licensing Program</li> <li>Residential Unit Licensing By-law</li> </ul>	<ul style="list-style-type: none"> <li>Annual Event</li> <li>Fees: \$161, Renewal: \$55</li> </ul>
Merrickville-Wolford	<ul style="list-style-type: none"> <li>No registration/licensing program - tracked through building permits</li> </ul>	
Sarnia	<ul style="list-style-type: none"> <li>No registration/licensing program - tracked through building permits</li> </ul>	

**Table 7.18: Monitoring Programs in Other Communities**

	Extent of Tracking	Extent
Aurora	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$150</li> </ul>
Barrie	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event<sup>42</sup></li> <li>Fees: \$513.69 (Existing)</li> <li>\$218.23 (New)</li> </ul>
Brampton	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$300 - \$1,000</li> </ul>
Innisfil	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>Every 3 - 5 Years (depending on owner occupancy of principal dwelling unit)</li> <li>Fees: N/A</li> </ul>
Midland	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$100</li> </ul>
Mississauga	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$0</li> </ul>
Newmarket	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$150</li> </ul>
Oshawa	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$250</li> </ul>
Whitby	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>One Time Event</li> <li>Fees: \$100</li> </ul>
Whitchurch-Stouffville	<ul style="list-style-type: none"> <li>Registration Program</li> </ul>	<ul style="list-style-type: none"> <li>Every ten years</li> <li>Fees: \$120</li> </ul>

## 7.8 Response to Second Units from Local Home Builders

In the spring of 2018, staff from TWC met with a number of home builders that are currently active in St. Thomas and Elgin County. When asked, only a dozen or so second units had been constructed by these builders and all were done at the request of the home purchaser. While home builder was interested in seeing if second units could become a selling feature for their homes, the remaining organizations were not interested in doing so. The reluctance to prepare basements for second units or promote them for potential home buyers is due to two primary factors:

- **Increased Costs:** Preparing a basement to accommodate for a future second unit requires redesigning a portion of their existing home designs and additional work (e.g. fire separation, plumbing and electrical rough-in's etc.) that is not presently undertaken. For many of the home builders, undertaking these activities would increase the purchase price of the home and make them less attractive to purchasers; and
- **Perception:** Some of the home builders interviewed believed that purchasers and neighbours may have a poor perception of second units in their neighbourhood. It should be noted however that the Ontario Human Rights Tribunal forbids the discrimination of land use zoning based on housing tenure and other factors.

## 7.9 City of St. Thomas Recommendations

### 7.9.1 Official Plan Update

As noted earlier, Section 5.1.3.2 of St. Thomas' Official Plan permits accessory apartments in single detached, semi-detached and duplex dwellings in low density residential areas provided that they meet a number of prescribed development standards. To conform to recent changes, the City's Official Plan should be amended to incorporate the policies regarding second units in the *Planning Act*.

City staff may also want to consider whether to retain the existing development standards for second units or simplify the standards provided in the Official Plan. In some cases such as Welland and London, additional provisions for second units were provided in their respective OP's concerning the maximum floor area, number of required parking spaces, amenity space requirements and the permitted location of second unit entrances. In contrast, Guelph and Wasaga Beach's OP's provided pared down second unit policies and left more detailed development standards to the zoning by-law<sup>43</sup>. The latter approach was to help simplify future OP amendments while the former was, in the case of London, based on a municipal tradition that provides development standards within OP policies.

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<sup>43</sup> Guelph OP 9.2.3 The Zoning By-law will provide specific accessory apartments.



### *7.9.2 Zoning By-law Update*

It is recommended that the City amend their zoning by-law to create development standards for second units. Key considerations include:

- Permitting second units in single detached, semi-detached and townhouse (row/street) dwellings;
- Permitted location: To provide greater flexibility in where second units may be located, the standards for second units should be located within the general provisions section of the City's zoning by-law.
- Identifying locations where second units should not be permitted due to servicing capacity or natural hazard concerns;
- Maximum unit size. The City should rely on the Ontario Building Code to regulate the size of the second unit. Doing so would provide more flexibility for homeowners to create a second unit;
- Location of second unit entrance and extent of exterior alterations to the principal dwelling permitted. It is suggested that second unit entrances be regulated by the Ontario Building Code to reflect that tenants may be family members (who do not require locked doors etc.) and the variety of house designs in the city.
- Number of required parking spaces for the second unit. It is recommended that the Province's suggestion of 1 parking space for a second unit be adopted;
- Conditions to permit tandem parking (e.g. min. driveway width); and
- Ensuring that all other provisions of the City's zoning by-laws are complied with.

### *7.9.3 Converted Dwellings and Second Units*

It is recommended that converted dwellings remain as a permitted dwelling type within St. Thomas' by-laws as they have and continue to provide a source of rental housing within the city. Section 7.4.2 illustrates that a number of communities have standards for both second unit and converted dwelling types to help increase and preserve the rental housing stock within their respective jurisdictions. In addition, new Converted Dwellings could be used to help meet the city's affordable housing targets.

### *7.9.4 Monitoring Programs*

For the reasons listed in Section 7.7, the City should create a second unit registration program. Things to consider when implementing this program include the fee associated with the registration, making the list of legal second units available to the public and whether registration is a one-time event or requires renewal every 3 – 10 years. To help improve the registration and approvals process, staff could interview applicants to identify how these processes could be made more user friendly.

As part of this process, it is recommended that a Registration By-law be created to ensure the City can enforce the rules of the program (e.g. conditions for revoking registration, allowing inspections of unit etc.).

As almost all new homes being built in St. Thomas are not able to easily accommodate second units, the process to create and register a legal second unit should be easy to understand and follow so that homeowners are not discouraged from undertaking this activity.

#### *7.9.5 Education Programs*

To help generate awareness and interest among homeowners, it is recommended that St. Thomas create an education program that promotes the creation of second units in newly built and existing dwellings. There are a number of potential benefits to such a program including: education the public about this dwelling type, the benefits of second units to the home owner (e.g. additional income), provide tips on second unit and tenant management and explain the required planning and building approvals needed to ensure that the second unit is safe for occupancy.

The education program could include:

- specific resources for home owners and builders including brochures and focus groups on the process needed to legally create a second unit (e.g. planning, building and fire code info);
- pamphlets or focus groups for landlords that clarify tenant's rights and best practices for managing the second units;
- publicly list second units for tenants to view which units are legal and which are not; and
- providing information to tenants on their rights and contact information to lodge complaints or concerns regarding the second unit they are living in.

Additional efforts could also be applied to help encourage new home builders to make basements ready for second units (e.g. proper ceiling heights, adequate window sizes, plumbing rough-in's etc.) and educating prospective homeowners about the benefits of second units.

#### *7.9.6 Incentive Programs*

It is recommended that the City explore how incentives could affect the number of new second units built within St. Thomas and the Service Manager area. Details on the incentive program that could be implemented can be found in Section 5.5.

#### *7.9.7 Garden Suites*

It is recommended that the City explore the conditions in which it would permit garden suites. Key considerations to include in this review are servicing and parking requirements, permitted location and if a separate set of standards should be used in conjunction with or independently from those from in existing accessory building policies.

## 7.10 Elgin County and Lower Tier Municipality Recommendations

### 7.10.1 County and Lower Tier Official Plans

No changes to the County's Official Plan are recommended as it contains second unit policies that conform with changes to the Planning Act.

To conform to Provincial planning policies, it is recommended that the lower tier municipalities amend their OP to incorporate language and policies that reflect these changes. This includes permitting second units, as of right, in single detached, semi-detached and row/townhouse dwellings. Additional information should be provided to define what second units are, include second units as a form of intensification and identify locations where they are prohibited.

For lower tier OP's that contain garden suite policies, requirements limiting their use to 10 years should be amended to 20 years to reflect policy changes within the Planning Act.

To help simplify future OP amendments, it is recommended that development standards for second units and garden suites such as maximum unit size and parking be provided through the local zoning by-laws.

### 7.10.2 Lower Tier Zoning Policies

It is recommended that lower tier municipalities should update their respective zoning by-laws to conform to the Planning Act and provide development standards for second units. Key considerations include:

- Permitting second units in single detached, semi-detached and row/townhouse dwellings;
- Identifying which land use zones second units should be permitted in;
- Identifying locations where second units should not be permitted due to servicing capacity or natural hazard concerns;
- Maximum unit size;
- Location of second unit entrance and extent of exterior alterations to the principal dwelling permitted;
- Number of required parking spaces for the second unit;
- Conditions to permit tandem parking (e.g. min. driveway width); and
- Ensuring that all other provisions of the City's zoning by-laws are complied with.

### 7.10.3 Monitoring Programs

For the reasons listed in Section 7.7, lower tier municipalities should create a second unit registration program. Things to consider when implementing this program include the fee associated with the registration, making the list of legal second units available to the public and whether registration is a one-time event or requires renewal every 3 – 10 years. To help improve the registration and approvals process, staff could interview applicants to identify how these processes could be made more user friendly.

As part of this process, a Registration By-law should be created to by the respective lower-tier municipality to ensure they can enforce the rules of the program (e.g. conditions for revoking registration, allowing inspections of unit etc.).

#### *7.10.4 Education Program*

To help generate awareness and interest among homeowners, it is recommended that lower tier municipalities create an education program that promotes the creation of second units in newly built and existing dwellings. There are a number of potential benefits to such a program including: education the public about this dwelling type, the benefits of second units to the home owner (e.g. additional income), provide tips on second unit and tenant management and explain the required planning and building approvals needed to ensure that the second unit is safe for occupancy.

The education program could include:

- specific resources for home owners and builders including brochures and focus groups on the process needed to legally create a second unit (e.g. planning, building and fire code info);
- pamphlets or focus groups for landlords that clarify tenant rights and best practices for managing the second units;
- publicly list second units for tenants to view which units are legal and which are not; and
- providing information to tenants on their rights and contact information to lodge complaints or concerns regarding the second unit they are living in.

Additional efforts could also be applied to help encourage new home builders to make basements ready for second units (e.g. proper ceiling heights, adequate window sizes, plumbing rough-in's etc.) and educating prospective homeowners about the benefits of second units.

#### *7.10.5 Garden Suites*

It is recommended that the lower tier municipalities explore the conditions in which it would permit garden suites if they currently do not a permitted use within their respective zoning by-laws. Key considerations to include in this review are servicing and parking requirements, permitted location and if a separate set of standards should be used in conjunction with or independently from those from in existing accessory building policies.

For municipalities that do contain provisions regarding garden suites, it is recommended that they be updated to conform to Section 39 of the Planning Act. In 2011, Section 39 was amended to increase the number of years garden suites may be authorized under a temporary use by-law from 10 to 20 years.

## 8.0 Lodging/Rooming House Licensing By-law

### 8.1 Introduction

A “lodging house” or “rooming house” is the term used to describe a residential dwelling where single rooms (bedrooms) are rented to individual tenants who are not members of a single family and share common facilities such as a bathroom, kitchen and common areas. While the majority of lodging houses are found in larger single family dwellings they have also been created from low-rise apartment buildings and single resident occupancy hotels. For much of the 20<sup>th</sup> century, lodging houses have been typically found in mature neighbourhoods due to their lower real estate values in comparison to suburban areas. In larger urban centres such as Toronto, lodging houses are increasingly being found in suburban areas due to increasing real estate prices in the inner city and an increase in the average size of detached suburban homes over the past thirty years.

Within the housing spectrum, “lodging” or “rooming” houses play an important role in providing housing to individuals with very low incomes. These dwelling types are able to provide comparatively low rents to individuals as the costs to create lodging houses are relatively inexpensive compared to purpose built rental buildings. In the absence of long-term and widespread rent supplement programs, even newly built affordable housing units may be unaffordable to the tenants currently living in rooming houses.

While they may provide rents that are more affordable to low income individuals, some lodging houses do not provide adequate living conditions for their renters. The poor conditions of some lodging houses in St. Thomas and other Ontario communities have been well documented and include rodent infestations, fire code violations, overcrowding, poor security, mould, a lack of heating and privacy and the disrepair of the rooming house itself to name a few.

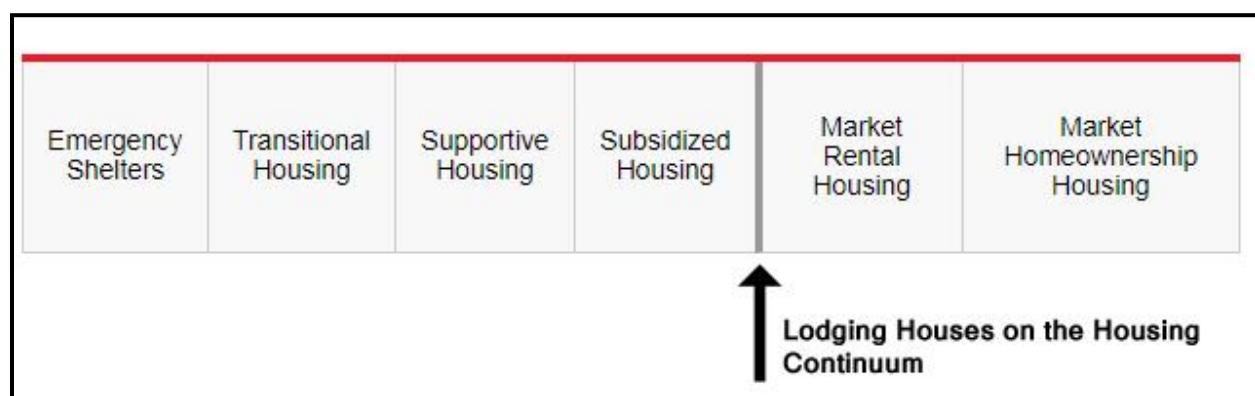
In response to substandard living conditions in a number of lodging houses, the City of St. Thomas instituted a by-law (123-88, amended Apr. 15, 1991) to license and regulate these types of accommodations. However, the City stopped its licensing program over ten years ago and no longer conducts inspections of lodging/rooming houses. Despite the cessation of this program, the demand for lodging houses has not diminished due to the low availability of affordable rental housing and a modest population of out-patients from the Southwest Centre for Forensic Mental Health Care.

This review of the City’s lodging house licensing by-law is being conducted to identify the role that lodging/rooming houses can play in meeting the affordable housing needs in St. Thomas and what type of regulations are appropriate. To help inform these regulations policies from Hamilton, Guelph, London and Oshawa were examined. In addition, former and current lodging house tenants were interviewed in a focus group session in January 2018. The focus of the review will be on “lodging house” accommodation, not “boarding” accommodation where meals are provided and is more characteristic of residential care facilities.

## 8.2 Importance of Lodging/Rooming Houses

Within the housing continuum, lodging houses occupy the very low end of market rental housing. As a result, lodging houses provide an important source of affordable housing for one or two person households who have low incomes but are not able to access subsidized housing. For example, rents for lodging house rooms in St. Thomas ranged from \$325 to \$450 based on Kijiji listings in early January 2018. In comparison, the average market rent for a one-bedroom unit in St. Thomas was \$687 in the fall of 2017. While lodging houses may not be affordable for single persons receiving Ontario Works payments, they are affordable for the remaining household types on Table 8.1. Even though average market rents for apartments in St. Thomas are lower than London and other areas of the province, they are still unaffordable for single and couple households who rely on OW or ODSP as their main source of income.

**Figure 8.1: Location of Lodging Houses on the Housing Continuum**



Source: CMHC (2013), *About Affordable Housing in Canada*

**Table 8.1: Affordability of Lodging Houses and**

	Family Type	Monthly Income	Average Lodging House Rent	Income Paid on Rent	Average Market Rents 1-bedroom apartment	Income Paid on Rent
OW	Single	\$721	\$388	54%	\$687	95%
	Couple	\$1,118	\$388	35%	\$687	61%
ODSP	Single	\$1,151	\$388	34%	\$687	60%
	Couple	\$1,723	\$388	23%	\$687	40%

Source: CMHC (2017) *London CMA Market Rental Report*; Income Security Advocacy Center (2017) *OW and ODSP Rates - 2017*

While the exact number of lodging houses within St. Thomas is not known, City staff have been able to identify where a number are located. These include:

- 42 East Street;
- 41 Fifth Avenue;
- 4 Forest Avenue;

- 39 Horton Street;
- 757 Talbot Street;
- 925 Talbot Street (The Brunswick);
- 62 Ross Street;
- 255 Ross Street;
- 262 Ross Street;
- 83 St. Catherines Street; and
- 81 Wellington Street.

Almost all of the known lodging houses are in downtown or within the mature neighbourhoods surrounding the central area. As lodging houses are not currently licensed or regulated in any way, there are few details about the lodging houses themselves such as the number of bedrooms, conditions etc. available to City staff.

### 8.3 Permitted Locations for Lodging Houses in St. Thomas

Within St. Thomas' zoning by-laws (50-88), lodging houses fall within the "boarding house" definition (1.12) which states:

BOARDING HOUSE means a building or part of a building where:

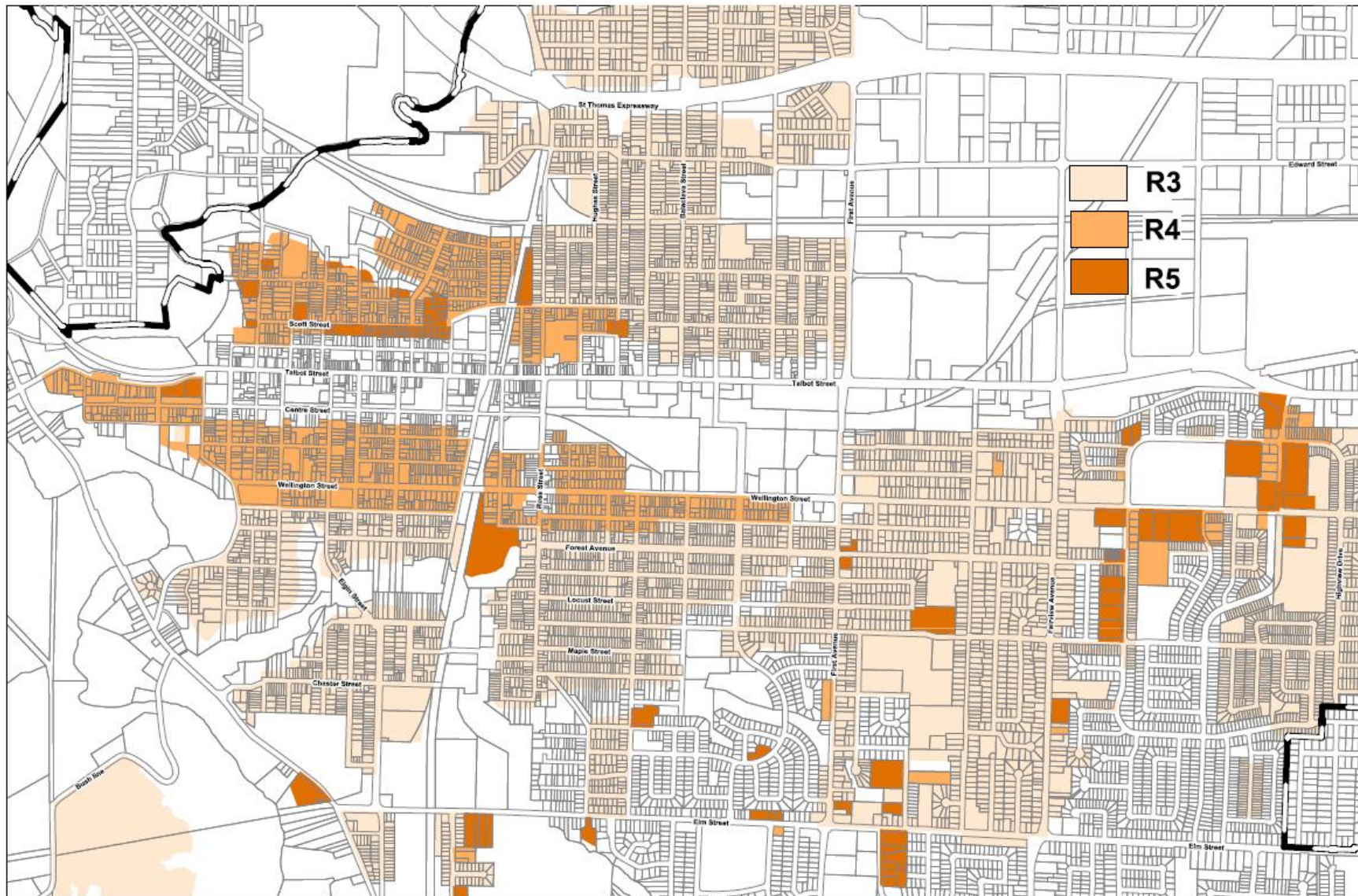
- (i) the owner, tenant or keeper of which is licensed by the Corporation to operate a lodging house, and
- (ii) where there is offered or supplied for gain or profit lodging or lodging and meals,

but shall exclude a provincial group home, rest home, nursing home, a hotel and an institution.

Within zoning by-law 50-88, lodging houses are permitted in land with R3, R4 and R5 land use zones. The extent of these land use zones in St. Thomas are shown on Figure 8.2 (following page).



Figure 8.2: Extent of R3, R4 and R5 Land Uses in St. Thomas



## 8.4 Defining Lodging Houses

Lodging houses can be defined in a number of ways. At its most basic, lodging houses refer to individual residential dwellings that have been converted to provide housing for single or couple households persons and whom are not related. While each tenant has their own suite for sleeping and other purposes, the kitchen, bathroom and other amenity areas are all shared by those residing in the lodging house. This is an important distinction as a self-contained unit within a dwelling, otherwise known as a secondary suite, is not considered to be a lodging unit because tenants' have exclusive use of both a kitchen and bathroom. While tenants in group homes also share common areas, a kitchen and bathroom within a dwelling unit, they are not considered to be lodging houses. The key differences between group homes and lodging houses include:

- Group homes may or may not receive funding from the Province of Ontario or community agencies to provide support services for tenants; and
- Group homes are generally for non-senior households with mental illness or other disabilities and require help or assistance with daily activities.

Municipal definitions of rooming houses typically do not include hotels (that provide extended stay tenancy), nursing homes, group homes, hospital or home for the young or aged.

Due to the broad nature in which rooming houses can be defined, this section will explore how the Province and local municipalities define these dwelling types.

### 8.4.1 Ontario Building and Fire Code

Both the Ontario Building Code (O Reg. 332/12 – Dec. 19/17 Consolidation) and Ontario Fire Code (O. Reg. 213/07 – Jan 1/15 Consolidation) provide definitions for lodging/rooming and boarding houses. Both regulatory documents use the following definition to determine whether or not a residential structure is a lodging house:

- a) that has a *building height* not exceeding three *storeys* and a *building area* not exceeding 600 m<sup>2</sup> (6,458 ft<sup>2</sup>);
- b) in which lodging is provided **for more than four persons** in return for remuneration or for the provision of services or for both; and
- c) in which the lodging rooms do not have both bathrooms and kitchen facilities for the **exclusive use** of individual occupants.

While the Ontario Building and Fire Code do not provide regulations restricting the maximum number of persons that are allowed to reside within a rooming house, the number of tenants residing in such a dwelling type does affect the kind of regulations that the rooming house must adhere to (e.g. fire separation, fire fighter elevators, access to exits etc.). The maximum number of tenants permitted within a lodging house is typically determined at the municipal level to properly capture local context and the wide variety of dwelling types that can accommodate lodging houses.

In addition to providing a definition for rooming houses, the Ontario Building Code and Fire Code also define the rooms rented to individuals as suites:

*Suite* means a single room or series of rooms of complementary use, operated under a single tenancy, and includes...individual guest rooms in motels, hotels, boarding houses, **rooming houses** and dormitories...

## 8.5 Lodging Housing Monitoring Programs in Other Municipalities

### 8.5.1 Defining Lodging Houses

At the municipal level, lodging houses can be defined in two ways: through the zoning by-laws and Ontario Building Code (OBC)/Fire Code. While the definition contained within municipal zoning by-laws are typically created by the municipality to reflect local context (e.g. neighbourhood characteristics, rental markets such as student populations), the definition provided by the OBC/Fire Code is utilized by the Building Department to ensure that the lodging house meets all applicable standards and regulations regarding building safety.

As shown on Table 8.2, London and Guelph created two separate classes of lodging houses based on the number of persons residing in the building. Based on feedback from staff, the intent of classification was to help differentiate it from the properties that fell under their respective rental unit or licensing programs. In large part, these programs were needed to due to the significant number of student rental units created within both municipalities. It should be noted that due to a recent lawsuit, the City of Guelph is no longer using the definition contained within its zoning by-laws and has instead adopted the definition from the OBC.

**Table 8.2: Lodging House Definitions in Selected Municipal Zoning By-laws**

	<b>Class. Types</b>	<b>Building Type Restrictions</b>	<b>Min/Max. Number of Persons/Units</b>	<b>Dwelling Unit<sup>44</sup> Permitted</b>
<b>London</b>	Class 1	• None provided	• Three or fewer persons	No
	Class 2	• None provided	• More than three persons	No
<b>Guelph</b>	Type 1	• None provided	• Five or more 'lodging' units • Max. 12 lodgers	No
	Type 2	• Townhouse and Apartment only	• Five or more 'lodging' units	No
<b>Hamilton</b>	None	None provided	• Four or more persons	No
<b>Oshawa</b>	None	None provided	• Three to 10 lodging units based on gross floor area	Yes
<b>St. Thomas</b>	None	None provided	• None Provided	No

<sup>44</sup> Refers to self-contained dwelling unit that is separate from the lodging units, common area etc.



Lodging house definitions in Hamilton and Oshawa's zoning by-laws only referred to the minimum and maximum number of lodgers living in the dwelling while St. Thomas appears to use the definition contained within the former Lodging House Licensing By-law (123-88).

Despite the variations, all the definitions outlined land uses that were not considered to be lodging houses such as correctional group homes, a nursing home, crisis care residences, residential or short-term care facilities etc. The definitions also included wording to the effect that rooms are "provided for hire or gain directly or indirectly to persons" and that the provision of services such as meals may or may not be provided to tenants.

### 8.5.2 Monitoring Programs

Of the five municipalities examined, four have programs which license lodging houses while Guelph operates a lodging house registry. Guelph's registry program, which also includes all rental buildings, is a one-time event in which lodging house owners must demonstrate that the building is permitted within the appropriate land use designation and meets all applicable regulations within the Ontario Building and Fire Codes, public health and the City's property standards by-laws. The City opted to have a registry rather than a licensing program due to some of the challenges it has experienced in trying to license rental and lodging houses in the past.

**Table 8.3: Requirements for Selected Lodging House Monitoring Programs**

	Guelph	Hamilton	London	Oshawa	St. Thomas (Previous)
<b>Program Used</b>	Certification	Licensing	Licensing – Only Class 2	Licensing	Licensing
<b>Renewal Period</b>		1 Year	1 Year	1 Year	1 Year
<b>Fees</b>					
<b>Zoning Review</b>	X	X	X	X	
<b>Building Code Review</b>	X	X	X	X	X
<b>Fire Code Inspection</b>	X	X	X	X	X
<b>Health Dept. Inspection</b>	X	X	X	X	X
<b>Property Standards Inspection</b>	X	X	X	X	X
<b>Police Check</b>		Required		Required	
<b>Training Course</b>		Required			

The remaining four municipalities all have licensing programs that require lodging house owners to obtain and renew a license from the respective municipality on a yearly basis. To initially obtain a license, lodging house owners must obtain and pass the required inspections and reviews as indicated on Table 8.3. Upon renewal, the lodging house must undergo a number of inspections to ensure that it still meets the regulations with the building and fire codes, public health and property standards by-laws. The intent of requiring owners to renew their license on a yearly basis is to ensure that lodging houses remain safe and continue to provide sanitary housing conditions for tenants.

In order to obtain a license, Hamilton and Oshawa also required that owner's undergo a police check to ensure that they have not been convicted of certain criminal offenses. The intent of the police checks is to help provide an additional level of safety for lodging house tenants. Hamilton also required prospective Lodging House owners undergo a training course to make them familiar with the Landlord Tenants Act and best practices in operating the lodging house.

### **8.5.3 Property Standards Requirements** **Kitchen Facilities**

To ensure that lodging house tenants have an adequate area for food preparation, all five of the municipalities outline minimum standards that a kitchen must adhere to. As shown on Table 8.4, all five by-laws had three common requirements that owners must provide: 1) a sink with hot and cold potable water, 2) countertop space, and 3) appropriate connections for cooking appliances.

**Table 8.4: Requirements for Lodging House Kitchen Facilities**

	By-law	Sink	Storage Space	Counter Space	Imperv. Surfaces	Provide Applian.	Utility Conn.
<b>Guelph</b>	Property Stand.	X	X	X	X	Optional	X
<b>Hamilton</b>	Property Stand.	X	X	X	X	Optional	X
<b>London</b>	Property Stand.	X		X	X	Optional	X
<b>Oshawa</b>	Property Stand.	X	X	X	X	Optional	X
<b>St. Thomas</b>	Lodging House	X	X	X		Req.	X

When outlining the requirements for food and utensil storage space, Guelph and St. Thomas provided simple language noting that storage space was required, Hamilton and Oshawa provided specific space requirements that had to be met. Hamilton required storage spaces have at least 0.8m<sup>2</sup> of interior space while Oshawa required owners to provide storage space to be at least 0.23m<sup>2</sup> deep and 1.8m<sup>2</sup> wide.

St. Thomas' existing lodging house by-law was the only one to:

- a) not specifically require that countertop space or backsplash around the sink be covered in a surface that was impervious to water and or grease; and
- b) not require that owners provide sufficient space for kitchen appliances such as fridges and stoves.

However, St. Thomas' existing lodging house by-law was the only one to require that lodging houses provide kitchen appliances, cooking and eating utensils for tenants. The other by-laws examined stated that owners did not have to provide kitchen appliances and made no mention to providing kitchen utensils.

Of interest is that only St. Thomas' Lodging House By-law was the only one to contain these requirements. The remaining municipalities provided these kitchen requirements in their respective property standards by-laws under a specific heading for lodging houses or in the case of Hamilton, no distinction was made between other dwellings and lodging houses.

### ***Washroom Facilities***

Municipalities have also provided requirements that lodging houses must meet for their washroom facilities. In general, the by-laws governing lodging houses provide two main standards that need to be complied with: the number of bathrooms per tenant and the requirements that a bathroom must meet. Table 8.5 shows that in Guelph, London and Oshawa, one bathroom must be provided for every 5 tenants. Hamilton and St. Thomas provide an alternative standard of one bathroom per 7 and 8 tenants respectively. Under section 3.7.4.6 of the Ontario Building Code, one bathroom can be provided for up to 9 tenants. Staff interviewed for this study were not familiar with the rationale for deviating from the OBC standard but believed that it may reflect feedback from lodging house tenants, community groups or councilors.

**Table 8.5: Number of Bathrooms per Tenant**

<b>Guelph</b>	One for every 5 tenants
<b>Hamilton</b>	One for every 7 tenants
<b>London</b>	One for every 5 tenants
<b>Oshawa</b>	One for every 5 tenants
<b>St. Thomas</b>	One for every 8 tenants

Regulations for the standards lodging house washrooms must meet were also provided in the municipalities' property standards and/or lodging house by-laws. All of the municipalities' examined required the washrooms have at minimum, the following plumbing fixtures/appliances:

- An operable sink (wash basin) with hot and cold running water;
- A toilet or water closet; and
- A shower or bathtub.

Beyond this, the extent of washroom requirements varied in the following areas:

- Guelph, London and Oshawa have provisions regarding access<sup>45</sup> to the washroom to ensure that certain levels of privacy were provided to tenants and to allow access to first responders if required;
- Guelph, London and Oshawa also have minimum provisions for lighting fixtures and or natural light to ensure washrooms were sufficiently lit;
- Hamilton and Guelph were the only municipalities whose property standards by-laws specifically mentioned that bathrooms could not be used for any other use (e.g. cooking); and
- Hamilton and St. Thomas required that lodging house owners or keepers provide bathroom supplies for tenants such as fresh towels, soap, toilet paper and cleaning supplies.

**Table 8.6: Standards for Lodging House Washrooms**

	By-law	Appliances	Surfaces	Access	Lighting	Supplies	Excl. Use
<b>Guelph</b>	Property Stand.	X	X	X	X		
<b>Hamilton</b>	Property Stand. & Lodging House	X				X	X
<b>London</b>	Property Stand.	X	X	X	X		
<b>Oshawa</b>	Property Stand. & Lodging House	X		X	X		X
<b>St. Thomas</b>	Lodging House	X				X	

## Laundry Facilities

St. Thomas' existing lodging house by-law has the most comprehensive requirements for lodging house laundry facilities of the five by-laws' examined. These requirements, which are in effect if laundry facilities are provided within the lodging house include:

- providing one washing machine, dryer and wash basin for every 8 tenants;
- an adequate supply of hot and cold running water;
- an approved energy source is used; and
- plumbing is connected so that waste water runs into the City's sewer system.

Of note is that Section 4.12.2 of St. Thomas' property standards requires that all buildings with at least one dwelling unit provide laundry facilities that are conveniently

<sup>45</sup> The requirement generally ensured that the door providing access to the washroom allowed tenants to lock it from the inside but opened from outside of the washroom in the case of an emergency.



located and accessible to all occupants. This requirement contradicts the language within the lodging house by-law where section 4.3.1 allows owners the option of not providing these services.

**Table 8.7: Standards for Lodging House Laundry Facilities**

	<b>By-law</b>	<b>Appliances</b>	<b>Surfaces</b>	<b>Lighting</b>	<b>Water</b>	<b>Venting</b>
<b>Guelph</b>	Property Stand.		X	X		
<b>Hamilton</b>	Property Stand.		X	X	X	
<b>London</b>	Property Stand.			X		X
<b>Oshawa</b>	Property Stand. & Lodging House		X	X		
<b>St. Thomas</b>	Property Stand. & Lodging House	X			X	

The remaining municipalities provide a variety of requirements within their respective property standards by-laws and in the case of Oshawa, within both the property standards and lodging house by-law. The requirements include requiring impervious surfaces for the flooring material, providing adequate lighting, water and venting for laundry rooms. Of note is that many of the requirements in Table 8.7 are also regulated in the Ontario Building Code (OBC)<sup>46</sup>. As a result, some municipalities may rely on the OBC and their municipal by-laws to outline the requirements for laundry rooms. Staff interviewed for this study could not indicate the rationale for this approach as many of the lodging house and property standards by-laws predated their arrival to being employed at the municipality.

### **Sleeping/Lodging Area Accommodation Requirements**

St. Thomas was the only municipality that required lodging house owners and keepers provide a bed, mattress and linens for the bed such as bed sheets, pillows, pillow cases and blankets. The existing by-law also requires that keepers launder bed sheets and pillow cases for each bed on a weekly basis and launder blankets on a monthly basis. Additional requirements for bedrooms (such as minimum size and artificial and natural light) were provided in the City's property standards by-law but also applied to all other dwelling types.

<sup>46</sup> This includes, not is not limited to laundry room ventilation (6.2.3.8. (7, 18)), utility connections (7.4.2.1. (1b)), floor surfaces (9.23.14.2. (4)), illumination (9.34.2.7. (3)) and laundry fixtures (9.31.4.2. (1)).

The remaining four municipalities also provided language on the minimum requirements for lodging house electrical systems and the minimum size of bedroom/lodging units. In general, these requirements were either taken directly from the Ontario Building Code and/or the Ontario Electrical Safety Code. For example, the only language on electrical systems in Hamilton's property standards by-law states that all dwellings must comply with the Ontario Electrical Safety Code as enforced by the Electrical Safety Authority.

All four remaining municipalities outlined the minimum size of bedrooms or lodging units, standards for electrical systems and providing natural and/or artificial light. It should be noted that Oshawa was the only municipality to provide specific size requirements for lodging units/bedrooms. The remaining municipalities did not make a distinction between bedrooms in lodging houses or other residential dwelling types for this or other requirements such as electrical systems, ventilation etc.

**Table 8.8: Standards for Lodging House Bedrooms**

	<b>By-law</b>	<b>Min. Size/ Dimension</b>	<b>Lighting/ Windows</b>	<b>Elec. Syst.</b>	<b>Beds/ Mattress</b>	<b>Linens</b>	<b>Linen Cleaning</b>
<b>Guelph</b>	Property Stand.	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>			
<b>Hamilton</b>	Property Stand.	X <sup>1</sup>		X <sup>1</sup>			
<b>London</b>	Property Stand.	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>			
<b>Oshawa</b>	Property Stand.	X	X <sup>2</sup>	X <sup>1</sup>			
<b>St. Thomas</b>	Property Stand. & Lodging House	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>	X	X	X

Notes: 1 General requirement for all units, 2 – applies specifically for Lodging Houses and all units

### ***Miscellaneous Requirements***

Some lodging house by-laws had provisions that were introduced by council or members of staff in response to feedback from lodging house tenants. In Hamilton, concerns about tenant privacy prompted the City to ensure that lodging house tenants had access to lockable mail boxes. Similarly, requiring lodging houses to have a working telephone in Oshawa's by-laws was to help lodging house tenants who may not otherwise have access to one. Of note is that all of the lodging houses by-laws examined had language that required owners/keepers to keep the building in clean and sanitary conditions.

**Table 8.9: Miscellaneous Requirements in Lodging House By-laws**

	Lockable Mail Box	Working Telephone	Clean and Sanitary Conditions	Max Occupancy
<b>Guelph</b>			X	
<b>Hamilton</b>	X		X	
<b>London</b>			X	X
<b>Oshawa</b>		X	X	
<b>St. Thomas</b>			X	

#### **8.5.4 Tenant Info and License Requirements**

A key component of the lodging house by-laws examined for this study was outlining where lodging houses licenses should be located and requiring lodging house owners to keep a register on current lodgers. The latter is an attempt to help identify and keep track of lodgers who may be considered to be vulnerable due to mental, physical or other health concerns. Table 8.10 shows that while the information required in the register varies in each municipality, they all require that lodging house owners provide the name and the location of their previous residence. Despite these differences, all four of the lodging house by-laws noted that the registers must be provided upon request by a police officer or a municipal inspector.

Of note is that only Oshawa and St. Thomas' by-laws provided by-laws on when the information could be removed from the ledger. In St. Thomas, owners were required to preserve all entries for at least one year from the date of entry while Oshawa's by-laws noted that the records in the register are the property of the lodger and that upon moving, it shall be returned to the Lodger upon request.

**Table 8.10: Lodger Register Requirements**

	Name of Lodger	Prev. Resid.	Date of Arrival/ Depart	Health Card Info/ Other ID	License Plate Info	Room/ Unit Number	Next of Kin/ER Contact
<b>Guelph</b>							
<b>Hamilton</b>	X	X	X	X			
<b>London</b>	X	X					
<b>Oshawa</b>	X	X		X			X
<b>St. Thomas</b>	X	X	X		X	X	

Hamilton, London, Oshawa and St. Thomas's lodging house by-laws also require owners to display their current license in a prominent location near the main entrance. Table 8.11 shows that only London did not require contact information for the owner or keeper to be provided alongside the lodging house license. While Hamilton also required information for emergency services to be provided, Oshawa was the only by-law to require that information also be provided showing the maximum number of

lodging units permitted and the date of the license's issuance and expiry. The intent of these posting and information requirements is to:

- ensure that tenants and municipal inspectors know that the lodging house is legal;
- ensure tenants and municipal are able to easily contact the lodging house owner/keeper; and
- allow municipal staff to easily determine whether the lodging house is still compliant with its license.

**Table 8.11: License Posting and Information Requirements**

	Posting Location	Owner/ Keeper Info	ER Contact Info	Max # of Lodging Units	Issue and Expiry Date
<b>Guelph</b>					
<b>Hamilton</b>	X	X	X		
<b>London</b>	X				
<b>Oshawa</b>	X	X		X	X
<b>St. Thomas</b>	X	X			

As Guelph does not have a licensing program, it does not require owners to post any documentation on the lodgers living currently living in the lodging house, owner information or documentation that it is registered with the City.

#### **8.5.5 Location of Requirements**

Table 8.12 shows that the requirements lodging houses must adhere to are contained in both the municipality's property standards and lodging house by-laws. However the extent to which these regulations are shared or split between the two by-laws varies. In London for example, all applicable property standards for lodging houses are contained within its respective property standards by-law. As a result, its Lodging House by-law only contains regulations related to the licensing process itself such as license posting requirements, information required in the lodger registry and outlining the various inspections that will occur during the initial application for and subsequent renewal of a lodging house license. London staff interviewed for this study noted that it was easier to amend both by-laws by keeping the property standards and licensing processes separate.

In contrast, the lodging house by-laws in Hamilton, Oshawa and St. Thomas contained requirements for the licensing process as well as minimum property standards. Staff interviewed in Hamilton and Oshawa believed that this was to help clarify or emphasize the most important requirements to lodging house owners during the license application process. However, as the by-laws in both of these municipalities predated the staff interviewed for this study, they were unsure if this was actually the rationale.

**Table 8.12: Location of Property Standard and Other Lodging House Requirements**

	<b>Kitchen Facilities</b>	<b>Washroom Facilities</b>	<b>Laundry Facilities</b>	<b>Bedrooms</b>	<b>Owner/Tenant Info</b>
<b>Guelph</b>	• Property Stand.	• Property Stand.	• Property Stand.	• Property Stand.	• N/A
<b>Hamilton</b>	• Property Stand.	• Property Stand. • Lodging House	• Property Stand.	• Property Stand.	• Lodging House
<b>London</b>	• Property Stand.	• Property Stand.	• Property Stand.	• Property Stand.	• Lodging House
<b>Oshawa</b>	• Property Stand.	• Property Stand. • Lodging House	• Property Stand. • Lodging House	• Property Stand.	• Lodging House
<b>St. Thomas</b>	• Lodging House	• Lodging House	• Property Stand. • Lodging House	• Property Stand. • Lodging House	• Lodging House

#### **8.5.6 Keeper vs. Owner Requirements/ Definitions**

A key difference in the by-laws examined is their approach to defining the roles and responsibilities of lodging house owners and keepers. Table 8.13 shows that only St. Thomas provides a definition for both the owner and keeper of a lodging house while Hamilton provided no definition for either. In general, the owner was generally considered to be the individual(s) who had title on the property and received rent from lodgers whereas keepers were individuals who operated or managed the lodging house. London's by-law was the most wide ranging definition of a "keeper" noting that it included:

"the owner, landlord, lessee, tenant or occupant responsible for the granting of permission for the occupancy of a lodging unit and for the collection of the fees or rent payable by the lodger."

**Table 8.13: Definition of Owner and Keeper in Lodging House By-laws**

	<b>Defn. of Owner</b>	<b>Defn. of Keeper</b>
<b>Guelph</b>		
<b>Hamilton</b>		
<b>London</b>		X
<b>Oshawa</b>	X	
<b>St. Thomas</b>	X	X

Table 8.14 shows that while some by-laws are prescriptive in the roles and responsibilities of both owner and keeper, others are not and allow the owner to determine who is responsible for ensuring that the lodging house meets the municipality's by-law. For example, St. Thomas and Hamilton's by-law's require that keepers ensure that:

- the building and all facilities are well maintained,
- that furniture and furnishings are in good repair and in clean and sanitary conditions;
- that the requirements for bathrooms (e.g. clean towels), bedrooms and other aspects of the house are provided to tenants.

**Table 8.14: Responsibilities of Lodging House Owners and Keepers**

	Own Property	Receive Rent	Rent Out Units	Maintain Good Repair	Meet By-law Req.
<b>Guelph</b>					
<b>Hamilton</b>				Keeper	Keeper
<b>London</b>		Keeper	Keeper		
<b>Oshawa</b>	Owner	Owner	Owner	Owner	Owner
<b>St. Thomas</b>	Owner	Owner	Keeper	Keeper	Keeper

### *8.5.7 Summary of Lodging House Tenants Consultations*

In January 2018, staff from TWC met with five individuals who are currently or had previously lived in lodging houses within St. Thomas. The intent of the meeting was to obtain a brief profile of lodging house tenants, gain an insight into the living conditions within lodging houses, their experiences living in lodging houses and what they would like to see within the City's future lodging house licensing by-law.

All five participants noted that they had been previously homeless and are still vulnerable to becoming homeless as are many of the inhabitants living within the city's lodging houses. Overall, the physical conditions of the lodging houses were generally good with the exception of one or two that were owned by an absentee landlord. For the participants, the majority of their concerns centered on the relations between tenants or the lack thereof. Due to problems with mental or physical health, some tenants did not speak to some of their fellow tenants or told stories of how unruly tenants damaged portions of the lodging house such as appliances or walls.

Despite these challenges, there was a fear among the participants that this type of affordable housing could be lost if the City's future licensing by-law was too onerous. With the limited amount of new affordable housing built in the community, especially for individuals who may require supports, lodging houses remain an important source of housing for this segment of the population.

When asked about what they would like to see in a future lodging house licensing by-law the following themes emerged:

- **Balanced Approach:** There was an emphasis on not making the requirements on lodging house owners/keepers too onerous. If the requirements made it difficult or too costly to operate a lodging house, the participants felt that the owner would shutter the building. This concern about balancing the needs of tenants and owners was shared by many of the municipal staff interviewed for this study and in lodging house studies in other Canadian municipalities.
- **Better Linkages to Support Services:** Participants felt that many of the tenant related problems could be reduced if better support services were provided to those living in lodging houses. Some of the recommendations made by the participants included:
  - Provide direct payment (if they receive OW or ODSP) to the landlord to ensure continuity of residents. In some cases, tenants (through addiction or mental health issues) neglect to pay rent and are evicted;
  - Ensure that tenants who require support services are able to access them; and
  - Having on-site individual to ensure that everyone is “behaving” or screen prospective tenants to ensure that they have common personalities.
- **Build More Affordable Housing:** Building more affordable bachelor and one-bedroom units in St. Thomas was put forward as a way to help alleviate the significant need for lodging houses. Supportive housing was identified as a way to help address the challenges of tenants who have mental and or physical health challenges.

## 8.6 Recommendations

### 8.6.1 *Update the Existing Licensing By-law*

It is recommended that the City update its existing lodging house licensing by-law to reflect the best practices in other communities and the input from lodging house tenants. There are a number of ways in which the existing licensing by-law could be updated or changed including:

- **Location of Property Standard Requirements:** It is recommended that the property standards for lodging houses be moved from the lodging house by-law to the City’s existing property standards by-laws. As a result, the City’s lodging house by-law would only contain language and requirements related to the licensing and inspection processes (e.g. information and license posting requirements, inspections etc.). This would help to make future revisions to the lodging house by-law more streamlined and less frequent as any applicable changes to the Ontario Building Code would only require the property standards by-law to be updated. This approach is currently being used by London.
- **Property Standard Requirements:** Compared to the other lodging house by-laws examined, St. Thomas’ existing licensing by-laws are more demanding in what owners/keepers must provide for lodgers. For example, the property standards for lodging house bedrooms in the City’s existing by-law requires that



lodging house owners/keepers provides tenants with a bed, mattresses, linens (sheets, pillows, pillow cases) and laundry services. No other municipality requires lodging house owners/keepers to do these activities as they are more reflective of group homes or residential care facilities.

Based on the review of other lodging house by-laws, feedback from current and former lodging house tenants and studies from other Canadian municipalities, the property standards for lodging houses should seek to create a safe and healthy environment for lodgers while not placing onerous demands on owners/keepers. In part, this reflects the relatively small economic returns many lodging house owners receive from these types of properties which makes their tolerance for onerous requirements quite low. As a result, the property standards for lodging houses should primarily seek to ensure that they meet the applicable standards within the Ontario Building, Fire Codes, local medical officer of health and the City's property standards such as illumination, washrooms, kitchens, lodging units/rooms, health etc.

- **Licensing Requirements:** At minimum the lodging house licensing by-law should contain the following requirements related to the licensing process:
  - Stating that a lodging house shall not be operate a without a valid license from the City;
  - Authorize inspections of the lodging house from all applicable organizations or municipal departments such as the police, property standards officers, fire department, medical officer of health etc. It should be noted that Section 436(1) and 438 of the *Municipal Act (2001)* allows municipalities to undertake inspections of private property under the circumstances set out in a licensing by-law(s).
  - Outline the process for renewing a license (e.g. inspections required);
  - The Terms of the License which outline the provisions that cannot be breached. In the by-laws examined, these terms included placing the license in a prominent location, ensuring that maximum permitted occupancy was not exceeded, keeping and maintaining a register of all lodgers and ensuring the maximum number of lodging units in the lodging house did not exceed the permitted amount.
  - It is recommended that the licensing by-law also require that lodging house owner's contact information be provided to tenants and City staff. Similar to other jurisdictions, this information could be provided on the license itself or on a separate document beside the lodging house license so that tenants know who to contact for repairs or in an emergency. City staff should have this information on file as part of the initial lodging house license application and in subsequent renewals.
- **Definition of Owner/Keeper:** To help avoid potential confusion and to simplify the language within the lodging house by-law, it is recommended that the City

use a wide ranging definition for lodging house owners and keepers. A potential suitable example can be found in London's by-law which reads as follows: "lodging house keeper" includes the owner, landlord, lessee, tenant or occupant responsible for the granting of permission for the occupancy of a lodging unit and for the collection of the fees or rent payable by the lodger.

#### *8.6.2 Provide Capital Funding for Lodging House Owners*

In Hamilton, licensed lodging houses are eligible to receive up to \$25,000 in capital funding through the Ontario Renovates program to undertake renovations for basic health and safety items that are in contravention of the Ontario Building or Fire Codes and/or municipal property standard by-laws. To help preserve lodging houses in St. Thomas and encourage them to become and stay licensed, the City could provide this kind of funding, through an application process, to licensed lodging houses.

#### *8.6.3 Improve Support Service Delivery to Lodging House Tenants*

As noted above, one of the primary concerns of the lodging house tenants interviewed for this study noted that the behavior of other tenants was one of their primary concerns. While not a part of the licensing program per se, the City and applicable support services agencies in St. Thomas should explore ways of improving the way in which supports (and outreach/connections to support services) are provided to lodging house tenants. One way in which this could occur is to invite owners of licensed lodging houses to participate in the City's existing Residential Care Homes Network. By participating in this network, owners could help their tenants identify and obtain the support services they need and which they cannot currently obtain.

## 9.0 Informal Residential Care Facility Licensing By-law

### 9.1 Introduction

Within the housing continuum, Residential Care Facilities (RCF) are considered to be a form of supportive housing as they are a permanent form of housing and provide support services to the tenants who live there. The level and type of supports provided to tenants depends on the needs of each individual. For example, while some individuals may require periodic counselling and life skills training, others may require 24/7 supervision for their disabilities. Within Ontario and elsewhere, RCF's can range in size from single detached dwellings to large scale buildings such as long term care homes and retirement facilities.

Within Ontario, the majority of RCF's are licensed and regulated by the province or adhere to standard of care policies that are created by a support service agency (such as the Canadian Mental Health Association, CMHA) or a local municipality. These provincial regulations and local standards of care outline the minimum requirements that RCF's must meet regarding their operations, administration and physical conditions. In exchange for adhering to these standards, RCF providers can obtain funding from the province or through a service agency such as the CMHA. In St. Thomas, RCF's that are licensed and or meet the City's Standards of Care (2013) are provided a maximum per bed subsidy of \$1,300 a month (with the resident paying their maximum shelter allowance from government assistance). RCF's however, do not need to be licensed by the province or adhere to the City's Standard of Care policy in order to operate. Of note is that some beds within licensed facilities may not be regulated by the province. In these cases, RCFs are expected to adhere to a municipality's standard of care policies.

Over the past few years there has been growing concern over the living conditions and quality of care being provided to tenants in unregulated RCFs. The growing concern reflects a number of high profiles cases where poor living and unsafe housing contributed to the poor health of RCF tenants in Toronto, London and Hamilton. In 2017, a private member's bill was discussed in the Ontario legislature to put in place licensing rules for unregulated RCFs. At present, the legislature has not passed this bill<sup>47</sup>.

To help ensure that RCF tenants are provided safe and stable housing and with the proper support services, this chapter of the affordable housing strategy will explore the possibility of implementing a licensing system for unlicensed/unregulated Residential Care Facilities within St. Thomas. To guide the discussion, this chapter will review how formal and informal residential care facilities are defined, applicable provincial legislation, an environmental scan of how other municipalities have approached this situation and recommendations for the City.

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<sup>47</sup> Bill 48, Protecting Vulnerable Persons in Supportive Living Accommodation Act, 2018

## 9.2 Defining Residential Care Facilities

While there are a number of ways in which RCF's can be described or defined, at its core, RCF's provide permanent housing to individuals who require assistance to undertake daily activities and remain in the community. Although the type and intensity of supports varies depending on individual needs, the most common form of supports are meals, administration of medicine, bathing, and supervision among others. RCFs can be in a wide variety of settings such as a single family dwelling (sometimes referred to as boarding or group homes) to large-scale facilities. Most often, small scale RCFs are used to provide supportive housing for non-seniors who have mental health challenges, physical disabilities or addictions treatment. Seniors or those with significant support needs for physical disabilities tend to be housed in long-term care or retirement homes.

Within St. Thomas' Residential Care Homes Standard of Care (2013) policy, RCF's are defined as:

any residence, rest home, retirement home or boarding and lodging home which, for a fee:

- Provides housing as per the Residential Care Home Standards;
- Accommodates persons who are unable to fully care for themselves due to disabilities created as a result of aging, mental health and addiction issues, brain injury or physical and developmental challenges;
- Accommodates persons who require 24-hour supportive care and adult supervision; and
- Provides personal care, and/or supervision and assistance with activities of daily living.

Within the *Ontario Building Code (332/12)*, there is no specific definition for residential care facilities or group homes. Instead, these facilities fall under a number of different classifications. For example, small scale care facilities may be considered as boarding houses provided that they adhere to the following criteria:

- a) that has a *building height* not exceeding three storeys and a *building area* not exceeding 600 m<sup>2</sup>,
- b) in which lodging is provided for more than four persons in return for remuneration or for the provision of services or for both, and
- c) in which the lodging rooms do not have both bathrooms and kitchen facilities for the exclusive use of individual occupants.

While these criteria are also used to define lodging houses, boarding houses have different building standards that they must adhere to including sewage system design flows, hazard index and food premises among others. Depending on the size and

services provided, some care facilities may also be defined as retirement homes in the Ontario Building Code.

Within Ontario and elsewhere, RCFs can be considered to be formal or informal. Those in the former are either licensed and regulated by the province or state authority (for RCF's in the United States) or are recognized by a local municipality and/or support service provider to adhere to local standards of care policies. Informal RCFs are those that are neither licensed nor regulated by the province/state and do not adhere to any local standards of care policies.

### 9.3 Importance of Residential Care Facilities (RCF)

Although providing affordable housing is an important step in preventing high risk or vulnerable populations from becoming homeless, they also often require support services in order to maintain their housing. RCF's provide both as tenants typically only pay the maximum shelter allowance to the facility and are provided supports that enable them to undertake daily activities. Providing this type of housing provides a number of benefits to the individual and community at large including<sup>48, 49</sup> :

- Reduced emergency room and hospital visits;
- Reductions in the rate of incarceration;
- Preventing homelessness by providing a stable housing situation;
- Allowing tenants to receive supports that are holistic for their needs; and
- Permitting individuals to live in the community rather than becoming institutionalized.

While there is no consensus on if supportive housing can pay for itself, in general, most studies<sup>50</sup> agree that the cost offsets from decreased hospital visits combined with the benefits to high needs populations mean that it is a far more efficient allocation of resources compared to other traditional approaches.

### 9.4 Residential Care Facilities (RCF) in St. Thomas

At present there are a number of formal and informal RCFs operating within St. Thomas. Table 9.1 shows that there are 189 beds within the four formal RCFs that provide a wide range of support services for their clientele. As noted earlier, not all of the beds within formal facilities are licensed by the province. At the moment, it is unknown how many unlicensed beds are currently within formal RCFs. In comparison, there are only two facilities (that City staff are aware of) within St. Thomas that are not

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<sup>48</sup> Larimer, M.E., Malone, D.K., Garner, M.D., et al. (2009). Health care and public service use and costs before and after provision of housing for chronically homeless persons with severe alcohol problems. *The Journal of the American Medical Association*, 301(13), 1349-1357.

<sup>49</sup> O'Campo, P., Stergiopoulos, V., Nir, P., Levy, M., Misir, V., Chum, A., ... & Hwang, S. W. (2016). How did a Housing First intervention improve health and social outcomes among homeless adults with mental illness in Toronto? Two-year outcomes from a randomised trial. *BMJ open*, 6(9), e010581.

<sup>50</sup> Ly, A., & Latimer, E. (2015). Housing first impact on costs and associated cost offsets: a review of the literature. *The Canadian Journal of Psychiatry*, 60(11), 475-487.

licensed by the province. It should be noted however that New Beginnings receives per bed funding from CMHA Elgin as it meets the City's Standards of Care.

**Table 9.1: Formal Residential Care Facilities in St. Thomas, 2018**

<b>Name</b>	<b>Clientele, Supports Provided</b>	<b># of Beds</b>
<b>Chester Residence</b>	Assisted living services for adults 18 yrs. and over with long term care needs, generally with a mental illness	43
<b>Gate House</b>	Supports for persons with a primary mental health diagnosis	10
<b>Kuipers Residential Home</b>	Assisted living services for adults 18 yrs. and over, generally with a mental illness. Services include housekeeping, assistance with daily living activities, cooking, laundry and medical transportation	10
<b>Southern Residential Home</b>	Assisted living services for persons with a mental health or psychiatric diagnosis	8
<b>St. George Residence</b>	Daily living assistance and supports to persons with cognitive difficulties, impairments or psychiatric diagnosis	58
<b>Victoria's Home</b>	Support with the activities of daily living for primarily adults with a psychiatric illness, or children in the care of CAS (no age restrictions).	20
<b>Wallis Residential Homes</b>	Provides daily living assistance and support for persons with mental illness and adults with disabilities, Housing Allowances help people with affordable rents. (Homes for Special Care)	38 <sup>51</sup>

**Table 9.2: Informal Residential Care Facilities in St. Thomas, 2018**

<b>Name</b>	<b>Clientele, Supports Provided</b>	<b># of Beds</b>
<b>Walnut Manor</b>	Facility for individuals that require support for daily activities related to psychiatric illness or age	30
<b>New Beginnings</b>	Provides long-term stays for persons with special medical needs including severe or mild mental illness, persons with developmental delays and seniors	36

While RCF provide supportive housing to a wide range of the population, they have noticed an emerging trend in who is using their services. Historically, the main users of RCFs were out-patients from the psychiatric hospital. Although they were discharged, they were able to live in the community due to the care services provided by RCFs. Over the past four years, RCF staff have seen a younger population of individuals

<sup>51</sup> Also includes 17 apartments and 10 semi-independent units in St. Thomas. 38 beds are located in two locations

access these services, many of whom have complex needs that include concurrent disorders, dual diagnosis, acquired brain injuries, criminal justice involvement. Due to the aging population in St. Thomas and the greater demand from younger demographic groups there appears to be a greater need not only for more RCFs but for ones that provide more privacy and rely less on shared rooms.

## 9.4 Regulating Residential Care Facilities

### 9.4.1 Provincial Regulations

Overall, the majority of residential care facilities in Ontario are licensed and regulated by the province through three main pieces of legislation:

- Long-Term Care Homes Act, 2007;
- Retirement Homes Act, 2010; and
- Homes for Special Care Act.

These legislations provide guidance on a number of key operational and physical aspects of residential care facilities including the:

- Physical environment (e.g. fire and safety regulations, bedrooms, heating, lighting, furnishings);
- General health of tenants (nutrition, personal/medical/dental/eye care)
- Resident lifestyles (race and culture, privacy, religious expression);
- Resident life skills, social and recreation programs;
- Licensing process;
- Staffing duties/training;
- Record-keeping/confidentiality/reporting; and
- Licensing process.

For an RCF owner, one of the key benefits of being licensed and regulated by the province is obtaining monthly per bed subsidies. As the majority of RCF tenants are reliant on government assistance, the absence of these subsidies would force operators to rely on the maximum shelter allowance from Ontario Works, Ontario Disability Support Program or pension programs for their facilities' revenue. For most operators, this would not be a financially viable option. Bed subsidies, therefore, help low-income residents' secure supported housing and help operators increase revenues to be able to provide supportive services.

### 9.4.2 Licensing Unregulated Group Homes

Section 163 of the *Municipal Act (2001)* provides municipalities with the authority to license group homes provided that they are a permitted land use within a municipality's zoning by-laws. This section also clarifies the extent of licensing activities that municipalities can undertake to the following:

- The [municipal licensing] by-law may require the payment of license fees; and



- The [municipal licensing] by-law may require a licensee or an applicant for a license to give the municipality such information as the municipality considers appropriate concerning the business name, ownership and method of contacting the licensee or applicant.

What is important to note is that the definition of group homes within the Municipal Act is limited to only those that are licensed or funded from the provincial or federal governments:

“group home” means a residence ***licensed or funded under a federal or provincial statute*** for the accommodation of three to 10 persons, exclusive of staff, living under supervision in a single housekeeping unit and who, by reason of their emotional, mental, social or physical condition or legal status, require a group living arrangement for their well being. 2006, c. 32, Sched. A, s. 82.

Beyond these conditions, there are no other regulations that authorize or prohibit municipalities from licensing group homes and or other forms of RCFs. Of particular relevance is that there are no regulations that restrict municipalities from licensing group homes that are not regulated by the province or receive funding from a senior government.

#### ***9.4.3 City of St. Thomas' Current Approach to Unlicensed Care Facilities***

At present, St. Thomas does not have a licensing by-law to regulate the activities of beds or residential care facilities that are not regulated by the province. Instead, the City relies on a Standards of Care (2013) policy to outline the minimum requirements that RCFs should meet in the following areas:

- **Program Administration** (intake process, confidentiality, tenant files, personal needs benefits, staff qualifications etc.);
- **Residential Care Home Operations** (physical condition of building, standards for bedrooms, telephones, furnishings, common areas etc.); and
- **Residential Care Home Supports** (tenant well-being, tenancy agreements, privacy, meals/nutrition, rights/responsibilities etc.).

To help ensure that the City's standards were closely aligned with the province's Homes for Special Care (HSC) regulations and did not impose new requirements upon operators, special attention was paid to ensure that they would match the HSC standards. As the City does not have a licensing by-law for RCF's, it is not able to enforce the provisions within the Standards of Care. However despite being voluntary, CMHA Elgin regularly inspects RCFs for compliance with the City's Standards of Care. If an RCF is not in compliance does not address contraventions, the subsidies administered by CMHA to that facility may be revoked. Beyond this, there are no repercussions or penalties for RCF owners.

#### *9.4.4 Other Approaches to Unlicensed/Unregulated Care Facilities*

A number of other communities within Ontario and Canada have made efforts to help improve the living conditions within informal residential care facilities such as London, ON, Hamilton, ON, Edmonton, AB and Richmond, BC. Whereas Edmonton and Richmond's respective licensing programs focus primarily on zoning and building/fire code enforcement, London and Hamilton's licensing programs also examine the standards of care being provided for tenants. As St. Thomas is interested in creating a mechanism to enforce its existing Standards of Care, this section will primarily focus on the licensing programs found in London and Hamilton and compare them to St. Thomas' existing Standards of Care policy.

#### **Defining Informal Care Facilities**

Each municipality uses a slightly different set of criteria to define what exactly constitutes the residential care facilities that are subject to licensing (Table 9.3 – following page). Whereas London is explicit in stating that licensing only applies to informal RCF's, Hamilton and St. Thomas' respective policies do not make a distinction between formal and informal facilities. Similarly, while London and Hamilton have different thresholds for the minimum number of persons living in a care facility, St. Thomas does not. All three definitions are explicit in stating that the primary purpose of the facility is to provide care services for individuals.

**Table 9.3: Definitions of Residential Care Facilities**

<b>Municipality</b>	<b>Definition</b>
<b>London</b>	<p><b>“Informal Residential Care Facility”</b> means a residential facility that is occupied or intended to be occupied by three or more persons for the purpose of receiving Informal Care Services, whether or not receiving the services is the primary purpose of the occupancy but does not include a residential facility <u>that is funded or licensed by the federal or provincial government or regulated under one of the following:</u></p> <ul style="list-style-type: none"> <li>(a) <i>Long-Term Care Homes Act, 2007;</i></li> <li>(b) <i>Retirement Homes Act, 2010;</i></li> <li>(c) <i>Homes for Special Care Act;</i></li> <li>(d) <i>Public Hospitals Act;</i></li> </ul>
<b>Hamilton</b>	<p><b>“residential care facility”</b> means a residential complex that is:</p> <ul style="list-style-type: none"> <li>(a) occupied or intended to be occupied by four or more persons for the purpose of receiving care services, whether or not receiving the services is the primary purpose of the occupancy; or</li> <li>(b) licensed or required to be licensed under the Retirement Homes Act, 2010, and the term “facility” has a corresponding meaning.</li> </ul>
<b>St. Thomas</b>	<p>A Residential Care Home shall be defined as any residence, rest home, retirement home or boarding and lodging home which, for a fee:</p> <ul style="list-style-type: none"> <li>• Provides housing as per the Residential Care Home Standards;</li> <li>• Accommodates persons who are unable to fully care for themselves due to disabilities created as a result of aging, mental health and addiction issues, brain injury or physical and developmental challenges;</li> <li>• Accommodates persons who require 24-hour supportive care and adult supervision; and</li> <li>• Provides personal care, and/or supervision and assistance with activities of daily living.</li> </ul>

## Licensing Process

Table 9.4 (following page) shows the general requirements that London and Hamilton require from RCF owners during the licensing application process. While St. Thomas does not have a licensing system in place, its Standards of Care shares a number of similarities with the regulations in London and Hamilton. Some key highlights of these policies include:

- Police checks are required for owners and staff in London and St. Thomas to help protect the wellbeing and create a safe environment for tenants;
- Proof of insurance is required in all three municipalities to help protect owners and tenants in the case of accidents or malpractice. The insurance required by each municipality (e.g. type and liability amount) varies and is discussed in greater detail on page 9.10;
- Hamilton and London require that the care facility license and the owner’s contact information is posted in a public area. The intent is to allow tenants,

City/RCF staff and City inspectors to quickly determine whether or not a care facility is licensed and how to contact the owner;

- Hamilton and St. Thomas both provide regulations on how tenants can lodge complaints pertaining to care or conditions within RCFs. While Hamilton has established a confidential phone line and requires owners post this information, St. Thomas requires owners have an internal process to deal with complaints. To help ensure that these complains are addressed, RCF owners must forward these complains, along with a proposed resolution, to the Director of Ontario Works within 24 hours of receiving the complaint; and
- London is the only municipality to publicly list the penalties that will be enforced against care facility owners in the case of non-compliance. More information on these penalties can be found in page 9.11.

**Table 9.4: RCF Licensing Process Requirements**

	<b>London</b>	<b>Hamilton</b>	<b>St. Thomas</b>
<b>Length of License</b>	One Year	Not provided	Not applicable
<b>Inspections</b>	<ul style="list-style-type: none"> <li>• Health</li> <li>• Fire</li> <li>• Building</li> <li>• By-law</li> </ul>	<ul style="list-style-type: none"> <li>• Health</li> <li>• Fire</li> <li>• Building</li> <li>• By-law</li> <li>• Police</li> </ul>	<ul style="list-style-type: none"> <li>• Health</li> <li>• Fire</li> <li>• Fire equip.</li> <li>• HVAC</li> </ul>
<b>Police Check</b>	X		X
<b>Proof of Insurance</b>	X	X	X
<b>License Posting Req.</b>	X	X	
<b>Owner Contact Posting Req.</b>	X	X	
<b>Tenant Complaint Info</b>		X	X
<b>Penalties</b>	X		

## Facility Administration

Overall, each of the three by-laws and policies provide regulations on the overall administration of an RCF and the level of care provided to a tenant. The approach to regulating tenant care slightly differs between the three municipalities. While Hamilton and St. Thomas clearly outline the requirements for tenant nutrition (meal plans), medical care and medication in their by-law and policies, London does not. Instead, London requires that owners submit a service plan outlining the level of care that will be provided for each tenant. Upon receiving tenant service plans, the City's Social Services department reviews them and either approves the plan or amends it to meet the needs of a tenant and provincial regulations. Although the service plans are required for the license application and subsequent renewal process, City staff may request them for a review at any time.

The remaining regulations for the administration of the care facility were fairly consistent among the three policies and were generally put in place to help regulate the standards

of employees, provide clear standards for tenant privacy, ensure that standard protocols were followed for serious incidents at care facilities and that all staff and care facilities were properly trained to handle and prepare food. In many cases, these regulations were copies from the province's former Domicile Hostel standards and by consulting RCF operators and tenants.

**Table 9.5: RCF Program Administration Requirements**

	London	Hamilton	St. Thomas
<b>Service Plan</b>	X		
<b>Tenant Info</b>	X	X	X
<b>Employee Stand.</b>	X	X	X
<b>Serious Incidents</b>	X	X	X
<b>Food Handling</b>	X	X	X
<b>Nutritional Care</b>		X	X
<b>Medication</b>		X	X
<b>Tenant Privacy/ Records</b>	X	X	X
<b>Medical Care</b>		X	X
<b>Tenant Finances</b>			X

### **Building/Property Standards**

In terms of regulating building and property standards, the only areas that all three policies are similar is their requirement that tenants have access to a working telephone at all times and the requirement to keep the care facility in a sanitary condition. Beyond this, only Hamilton and St. Thomas provide detailed regulations on the RCF building itself. In London, those standards are provided through the City's Property Standards by-law.

**Table 9.6: RCF Building and Property Standards**

	London	Hamilton	St. Thomas
<b>Cleaning Schedule/ Sanitary Conditions</b>	X	X	X
<b>Water Supply</b>		X	X
<b>Bedrooms</b>		X	X
<b>Dining Area</b>		X	X
<b>Common Area</b>		X	X
<b>Washrooms</b>		X	X
<b>Waste</b>		X	X
<b>Lighting</b>		X	X
<b>Ventilation</b>		X	X
<b>Ramps/Stairways</b>		X	X
<b>Floors/Balconies</b>		X	X
<b>Working Telephone</b>	X	X	X

## Insurance

As part of the licensing process (initial and renewing), applicants must demonstrate that the care facility has proper insurance. While all three policies require general liability insurance, the amount required varies from \$1 million in Hamilton to \$5 million in London. The range in liability insurance requirements largely reflects municipal staff's and/or departments (e.g. Risk Management in London) feedback on these processes. The feedback from municipal departments also prompted London to require property insurance in an amount that equaled the full replacement value of the facility and that the insurance company recognized the building as a care facility. St. Thomas' policy was also the only one to jointly list the City as jointly insured.

In all three municipalities, applicants are required to provide proof of insurance to the licensing department.

**Table 9.7: Insurance Requirements for RCF's**

	<b>General Liability</b>	<b>Prop. Insur.</b>	<b>Identified Use</b>	<b>Expiration</b>	<b>City jointly insured</b>
<b>London</b>	\$5 million	Full value incl. furniture and fixtures	Res. Care Facility	Notify License Manager within 60 days	
<b>Hamilton</b>	\$1 million				
<b>St. Thomas</b>	\$3 million				Yes

## Penalties

To enforce its licensing by-law, the City of London uses a number of approaches. For matters pertaining to the Ontario Building and Fire Code, inspectors can issue warnings, fines and if the conditions are unsafe for habitation, close the RCF. For all other infractions, the City issues warnings, fines and if necessary, summons owners to Court. The fees issued for licensing by-law infractions are shown on Table X.X. and are based on the City's penalties from other municipal by-laws.

**Table 9.8: Penalties for Non-Compliance with Licensing By-laws**

<b>Location</b>	<b>Extent of Penalty</b>	
<b>London</b>	Individual	First Offense: \$500 – 25,000 Subsequent Offense: Max \$50,000
	Corporation	First Offense: \$500 – 50,000 Subsequent Offense: Max \$100,000
	A court may make an order to impose penalties on the owner if fines fail	
<b>Hamilton</b>	None prescribed	
<b>St. Thomas</b>	None prescribed	

## 9.5 Recommendations

### 9.5.1 *Implement a Licensing Program*

As noted earlier, without a licensing by-law there is no mechanism to ensure that RCF operators adhere to the City's existing Standards of Care (2013). To help protect the health and well-being of tenants, it is recommended that the City create a by-law to license residential care facilities and beds that are not formally licensed or regulated by the Province of Ontario. Similar to Hamilton and London, St. Thomas should have separate licensing by-laws for lodging housing and residential care facilities due to the different characteristics and nature of both dwelling types. It is also recommended that a license be valid for only one year to help ensure that inspections occur on a regular basis and infractions are addressed as soon as possible.

### 9.5.2 *Potential Structure of the Licensing By-law*

As discussed earlier, the structure and content of the licensing by-laws in Hamilton and London are different. Whereas the former includes policies on the licensing process and operating/administration/building standards, London's by-laws focus primarily on the licensing process as well as high level administration policies such as staff requirements (e.g. criminal records, food handling) and tenant information. If additional operating standards need to be implemented, Section 7.9 of by-law CP-21 allows London's license manager to do so<sup>52</sup>. Similarly, London's licensing by-law does not provide property standards related to the Fire or Building Code and instead, relies on their existing property standards by-law.

While the structure of London's by-law makes it easier to update or amend, it may not be user friendly for those that are unfamiliar with the City's licensing system. City staff should explore whether or not they would like to create a licensing by-law that makes reference to the existing Standards of Care (2013) or if the latter should be updated to include the language and policies that outline the licensing process in a manner that is similar to Hamilton's approach.

### 9.5.3 *Recommended Changes to Existing Policies*

While the City already has an existing standard of care policy, it should be amended to include some of the best practices found in Hamilton and London. Some of these changes include:

- Having the building department conduct annual inspections of care facilities to ensure there are no contraventions with the Ontario Building Code. At the moment, there is no language within the Standards of Care that allows building inspections;
- Including posting requirements for the license itself as well as the owner's contact information. Similar to Hamilton and London's by-laws, St. Thomas

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<sup>52</sup> Regulation CP-21/2017-01 added a number of operating standards that RCF operators must adhere to in order to obtain and maintain a license from the City of London.



should require this information to be provided in a public location that care facility staff, tenants and city staff/inspectors can easily see and reference;

- Provide a telephone line or mechanism that allows tenants to confidentially file complaints with the City. Under the current Standards of Care, owners are required to inform the Director of Ontario Works of any written or verbal complaints received and the proposed resolution within 24 hours of receiving the complaint. Having a confidential process, and making the process of submitting a complaint publicly available, could encourage or make tenants more comfortable with filing complaints;
- Include financial penalties for owners who do not comply with the City's licensing by-law and associated Standard of Care. The penalties and levels of escalation could be modeled on the existing fee structures for non-compliance with other City by-laws or use a different method;

#### *9.5.4 Consult with Residential Care Facilities*

While the main focus of the proposed by-law is to regulate un-licensed residential care facilities, there are beds within licensed facilities that are not subject to provincial regulations. Licensing these beds should be a priority to help identify where these beds are located, the total number of these beds and to ensure that the standard of care for these tenants is being maintained. As noted earlier, St. Thomas' present Standards of Care was based off the provinces Homes for Special Care regulations to avoid imposing new restrictions or standards on RCFs. On account of the differences in regulating an entire RCF compared to unregulated beds in formal facilities, the City should consult with the latter prior to implementing a licensing by-law to ensure that it does not impose any undesirable externalities on their operations.

#### *9.5.5 Administration and Enforcement*

It is recommended that the City Licensing Department administer the RCF licensing by-law and ensure that all applicable inspections and requirements are met. Compliance with portions of the Standards of Care dealing with tenant care such as nutrition and medication could remain with CMHA Elgin or be transferred to City staff in the social services department. To help recover the costs of administering the licensing process administrative and inspections, it is recommended that a fee be implemented during when a license application is received. For example, the City of London's licensing fee is \$750.00 per RCF and Hamilton's is \$277.88 plus \$31.11 for each permitted resident.

## 10.0 Inclusionary Zoning

The shortage of affordable housing for low and moderate income households is not a new phenomenon nor is it confined to Ontario. To address the shortage, many municipalities, particularly in the United States, have implemented inclusionary zoning policies within their jurisdiction. Seeing the success of these programs, the Province of Ontario implemented inclusionary zoning legislation in April 2018. Although any municipality in Ontario can implement inclusionary zoning, it may not be feasible to do so based on local real estate market conditions. This section will explore the province's recent inclusionary zoning legislation, its potential applicability in St. Thomas and Elgin County and provide recommendations on next steps.

### 10.1 What is Inclusionary Zoning?

Inclusionary zoning (also known as inclusionary housing) refers to municipal programs that require private developers to reserve a portion of housing units for lower and moderate income households in new residential developments. In exchange for these affordable units, private developers are typically offered financial or other incentives such as expedited approvals or increases in the height and density permitted on a site. Depending on the municipal program, the tenure of affordable units created through these programs can be either owner, rental or a combination of both.

### 10.2 Benefits of Inclusionary Zoning

While the explicit intent of inclusionary zoning policies is to increase the number of affordable market and rental units to low and moderate income households, they are also designed to help create complete communities. Their rationale for the latter is to help ensure that affordable housing creates vibrant and healthy neighbourhoods and avoid the stigmatization that previous affordable and social housing developments have on their tenants and the surrounding area. Reflecting this goal, the key principles behind inclusionary zoning include<sup>53</sup>:

- Providing an adequate supply of safe and affordable housing is a societal responsibility. As such, both the government and private sector provide resources to fund new affordable units;
- Affordable rental and ownership housing options should be available in all neighbourhoods of a community;
- Reduce the stigma of affordable housing by mixing incomes within developments;

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<sup>53</sup> Gladki, J. & Pomeroy, S. (2007) *Implementing Inclusionary Policy to Facilitate Affordable Housing Development in Ontario*(Toronto: Ontario Non-Profit Housing Association.

Singh, Nisha S, (2016). Effectiveness of Density Bonusing in Securing Affordable Housing: A Study of Toronto Downtown and Waterfront area. Ryerson University, Toronto, ON.

- Avoid the socio-economic problems that are commonly associated when affordable housing is concentrated in one or two neighbourhoods by mixing market and affordable units in new or existing developments; and
- Ensuring that affordable housing units remain, whether through preservation or new construction, in areas that are gentrifying.

### 10.3 Ontario's Proposed Inclusionary Zoning Legislation

The recent capital funding programs from the provincial and federal government have been modest when compared to the housing needs in many of Ontario's communities. To help meet the growing need for affordable housing, the Province of Ontario has been working to create legislation that would allow municipalities to implement inclusionary zoning and create more affordable ownership and rental housing. The *Promoting Affordable Housing Act*, which included the provision of Inclusionary Zoning, was passed in late 2016. In April 2018, the province passed legislation on Inclusionary Zoning which included the following provisions:

- **Municipal Assessment Report:** An assessment report is **required prior to adopting OP policies and implementing zoning by-law standards**. The intent of the report is to provide information on:
  - Socio-economic and population trends (e.g. household income, demographics);
  - Present and projected housing needs (housing types, average market prices etc.);
  - Potential impact on the housing market and potential financial viability of development from inclusionary zoning by-laws (number of affordable units, length of affordability, incentives, construction and sale prices etc.); and
  - A written opinion of the impact analysis from a person independent from the municipality.
- **Official Plan Policies:** OP policies are required to outline the provide the following information regarding a municipality's inclusionary zoning policy:
  - **Eligible Projects:** Projects shall be no less than 10 residential units in size;
  - **Location:** Identify the locations and areas where inclusionary zoning by-laws would apply;
  - **Eligible Households:** The range of household incomes which affordable housing units would be provided to;
  - **Housing Types:** The range of housing types and sizes of units that would be authorized as affordable housing units;
  - **Affordable Units:** Determine the number of affordable housing units, or the gross floor area to be occupied by the affordable housing units that are required;
  - **Length of Affordability:** Determine the length of time that the units would remain affordable for;

- **Incentives:** How measures and incentives would be determined to offset the costs of making housing units affordable;
- **Offsite Units:** Outlining the criteria for allowing offsite units and identifying in which affordable units would be considered “in proximity to the development from which they are being transferred to and on lands that are subject to an inclusionary zoning by-law (Section 5 of O. Reg 232/18);
- **Distribution of Proceeds:** Provide a criteria for determining the net proceeds that are payable from the sale of an affordable unit prior to its end of the affordability period;
- **Monitoring Procedures:** Approaches to monitor and ensure that the required affordable housing units are maintained as per the city’s agreement for required period of time.
- **Inclusionary Zoning By-laws:** Municipalities must also update their zoning by-laws. Based on O. Reg. 232/18, the zoning by-law amendment “shall or may include” the following standards:
  - **Affordable Units:** Outline the number of units to be set aside as affordable housing units;
  - **Length of Affordability:** Determine the length of time that the units would remain affordable for;
  - **Unit Requirements/Standards:** Outline the requirements or standards that affordable units must meet such as size, number of bedrooms, design standards etc.
  - **Incentives:** How measures and incentives would be determined to offset the costs of making housing units affordable
  - **Affordability:** The price at which an affordable housing unit is sold or rented for
  - **Affordability Agreements:**
- **Reporting Requirements:** Municipalities are required to provide a report every two years from the date of the implementation of the first inclusionary zoning by-law to outline the following information:
  - Number and type of affordable units secured and the incomes of the households occupying these units;
  - Location of the affordable units;
  - Number of affordable units that returned to market units; and
  - Total share and amount of proceeds obtained by the municipality due to the sale of affordable units before the affordability period expired.
- **Restrictions on the use of s. 37:** Section 6 of O. Reg. 232/18 restricts the use of s. 37 benefits for the height and density of a development that is associated with the affordable housing units required by municipal policies. It also restricts the use of s. 37 in areas where a community planning permit system is established.

- **Exempted Developments:** Developments exempt from inclusionary zoning by-laws include:
  - Those with fewer than 10 residential units;
  - Developments proposed by a non-profit housing provider or proposed by a partnership in which a non-profit provider has an interest of greater than 51% or where 51% of all on-site residential units are intended as affordable housing;
  - Developments that submitted development approval applications on or before the day an official plan amendment to authorize inclusionary zoning is passed by the council of the municipality

### ***10.3.1 Applicability of the Province's Inclusionary Zoning Regulations in St. Thomas***

Although the province's inclusionary zoning policies can be implemented across all of Ontario, the ability of this legislation to produce affordable units varies considerably. The ability for St. Thomas and Elgin County's area municipalities to create new affordable rental and ownership units depends largely on local real estate markets.

As noted in Section 8.3, Inclusionary zoning requirements would only apply to developments that have 10 or more residential units. Between 2007 and 2017, 16 building permits for apartments were issued with 8 permits have 10 or more dwelling units. Of these, the majority are affordable rental buildings funded in part through the federal/provincial capital funding programs. Based on these trends, affordable units funded through inclusionary zoning provisions would primarily occur from new residential subdivisions. Given the modest rate of growth in St. Thomas, the overall number of inclusionary units created may be modest.

Policies that speak to the necessity of providing incentives to help offset the cost of creating affordable units are provided in Section 35.2 (e) of the *Planning Act* which states that:

Official plan policies...shall provide for the measures and incentives specified in the regulations to support the policies described in subsection 16 (4) or, in the absence of such regulations, may provide for measures and incentives to support those policies.

Based on this language and a review of relevant provincial policy, it appears that the providing incentives for inclusionary units is at the discretion of the municipality. As many home builders indicated that they are not interested in building or operating rental housing, it is likely that some incentives will be required to help create this type of housing and that if a building were to be constructed, it would be owned and operated by a separate development company. Existing home builders however may be interested in providing affordable home ownership dwellings if the City was interested in producing these kind of units.

## 10.4 “Inclusionary Zoning” Practices in Ontario

Prior to the passing of inclusionary zoning legislation in 2018, some Ontario municipalities have been using existing planning policies to promote the ideals of inclusionary zoning such as increasing the number of affordable rental and ownership units and creating mixed income neighbourhoods. This section will provide examples of how municipalities are using existing planning tools to achieve the goals of inclusionary zoning and explore their applicability in St. Thomas and Elgin County.

### 10.4.1 Height and Density Bonuses

Under Section 37 of Ontario's *Planning Act*, municipalities are permitted to authorize increases in the height and density of a development from what is otherwise permitted in a zoning by-law in return for community facilities. There are a wide range of community interests that are eligible for Section 37 funding including the construction of public art, recreation centres, park and streetscape improvements and affordable housing. Benefits are secured by municipalities through two methods: in-kind contributions (where the developer provides the benefits directly) or cash-in-lieu.

The use of Section 37 benefits to construct or secure affordable housing has been used primarily in Toronto due to the scale of the developments being constructed in that city. Since 1984, it is estimated that over 1,200<sup>54</sup> units of affordable rental and ownership housing have been constructed (either in-kind or cash-in-lieu) through Section 37 agreements (Singh, 2016). Some recent examples in Toronto of affordable housing Section 37 benefits include:

- \$175,000 for artists' affordable housing/workspace, development or construction of Lisgar Park, or renovation/restoration of Carnegie Library building at 1115 Queen Street West for use as a performing arts hub and community meeting space (1155 Queen St. W. development);
- \$500, 000 for one or more of the following: affordable live/work or work spaces for artists, owned/operated by the City or non-profit artspace management organization (1171 Queen St. W. development);
- 190 units of affordable housing in Phase 1, in a separate building (180 Sudbury Street) including 27 artists' live-work units and 280 square metres of contiguous workshop space (48 Abell Street development)

Outside of Toronto, there has been considerably fewer opportunities to construct affordable housing with Section 37 benefits. These include:

- Transferring five units from two separate condo developments to Housing York Inc, York Region's Municipal Housing Corporation;
- Ottawa has raised \$800,000 through two Section 37 agreements; and
- Ensuring that 27% of all ownership units are affordable by Halton Region standards for the Berkerly Condo development in Burlington.

The number of units or funding provided varies due to a wide range of factors including the size of the development and the extent of other benefits negotiated through the Section 37 agreement.

It is unlikely that Section 37 benefits could be obtained in any new developments within St. Thomas or the County due to the scale of development that is needed to offset these additional costs. As highlighted in this section, the majority of Section 37 benefits have occurred in the city of Toronto due to the high density of numerous residential tower and redevelopment projects.

#### **10.4.2 Affordable Housing Targets** **Town of Cobourg – Official Plan**

When updating its Official Plan, the Town of Cobourg (population 19,440) identified and made the creation of affordable rental and market housing a priority. The importance of helping to stimulate new affordable housing in the town reflected the desire to keep its neighbourhoods inclusive to all households regardless of their income. A number of local factors also impacted the ability of local households to purchase or rent housing including the loss of higher paying employment when local employers closed during the recession of 2008-2009 and increasing real estate prices. Many seniors also found it difficult to downsize in the community due to the lack of affordable and appropriate housing available to them.

These factors led the Town to implement affordable housing targets in three ways:

1. Provide a full range of housing types and densities to ensure that all residential areas have a minimum of 25% affordable housing (Section 12.2.3 – Residential Areas);
2. Creating an affordable housing target of 10% for all new residential developments in excess of 25 units; and
3. Ensuring that 10% of all residential units in developments in excess of 25 units within the Elgin-Densmore Secondary Area are affordable housing.

Cobourg's OP uses the definition of affordable rental and ownership housing found in the province's Provincial Policy Statement.

As the policy sections for items 1 and 2 came into effect in May 2017, the Town's planning department has not had any experience in specifically enforcing these policies. It should be noted the affordable units required by item 2 may be built either off or on-site.

Within Cobourg's Elgin-Densmore Secondary Area, the Town was successful in attaining its affordable housing target by helping to persuade the subdivision's developer to construct alternative forms and more affordable housing. While initially hesitant, the developer found considerable success by constructing accessible fourplex bungalows for senior households who were still mobile and wanted to remain in the community. As the initial phase of this affordable ownership housing was successful,



the developer built an additional 24 units in the subdivision and used this housing type in their development in Port Hope.

### **Township of Woolwich Official Plan**

To encourage the creation of affordable ownership and rental housing, its Official Plan has established targets for the creation of affordable ownership and rental housing. These targets, which are established at the Township level and for each settlement area, are as follows:

To require as part of development, a range and mix of housing to provide opportunity for a minimum of 25% of the housing stock, calculated on a Township-wide basis, as affordable, and to provide opportunities through the designation and zoning of land, for a minimum of 30% of new housing to be smaller-lot single detached units, semi-detached units, plexes, townhouses and apartments.

To help support these targets, the OP also provides clear language that the approval of draft plans of subdivisions depends in part on their provision of affordable housing within their proposal.

Using these policies and providing some incentives (e.g. permitting the apartments to go above the subdivision's annual allocation of units that can be constructed per year), Township planners were able to secure two blocks of land that would only permit apartment dwellings to be constructed. Although not explicitly designated as affordable housing, planners interviewed for this study noted that due to local real estate conditions, any apartments constructed (particularly if they were rental), would be affordable in comparison to other forms of housing being constructed.

One downside of this approach is that there is no mechanism to initiate the construction of market or affordable rental dwellings on these parcels of land. At present, the developer is currently 'sitting' on the two blocks as they are focused on developing their lower density forms of housing. While the Township has connected various groups with the developer to purchase other blocks of land for affordable housing, there has been no indication that the current owner is actively interested in selling the parcels of land to a non-profit group or other developer.

As the affordable housing and dwelling type mixture targets are not legally binding or enforceable by Provincial policy, both Cobourg and Woolwich Township had to provide incentives and/or entice developers to meet these targets. In Cobourg, town planning staff had to persuade the developer in the Elgin-Densmore Secondary Plan area to construct affordable ownership housing for seniors by outlining the need in the community. Likewise, in Woolwich Township, staff had did not count the apartment units against the developers proposed density and increased the number of units that could be built annually.

## 10.5 Potential Models – Burlington, VT

Within the United States and Canada, the use of inclusionary zoning has been primarily confined to larger urban centers where large developments are able to absorb the cost of providing affordable units. Nevertheless some small and medium sized urban centers such as Burlington, Vermont (pop. 42,000; Metro Area pop. 108,740) and Sante Fe, New Mexico (pop. 67,000) have successfully implemented inclusionary zoning policies. **It is important to note that due to the legislative differences between Canada and the United States, St. Thomas' ability to implement a similar strategy is likely not possible.** Nevertheless, Burlington's model provides a window into the potential number of units that could be built in St. Thomas if inclusionary zoning policies were enacted.

Burlington, VT's program applies to all new market-rate developments with 5 or more units and converted non-residential structures that create 10 or more dwelling units. New developments at or above these thresholds must set aside the following percentages of their owner and rental dwelling units based on the following criteria:

- 15% of dwelling units if they are affordable to households at or below 139% of the area median income (AMI);
- 20% of dwelling units if they are affordable to households between 140% and 179% of AMI; and
- 25% of dwelling units if the development is in a waterfront district or the average unit is affordable at 180% AMI

Some other key features of Burlington's Inclusionary Zoning policies include:

- **Cost Offsets:** Developers that comply with the policy are entitled to density and lot coverage bonuses of 15% - 25%, a waiver of up to 50% of the required parking spaces for the total number of units and a waiver of a portion of the municipal fees tied to the affordable units;
- **Compliance Options:** If a developer can demonstrate that site conditions prevent the inclusion of the affordable unit in the proposed development, they may be built offsite but at 1.5 the on-site quantity. Developers may also, at Council's discretion, accept a cash in lieu of payment of \$115,000 per unit;
- **Unit Comparability:** Affordable units must be comparable to their market rate counterparts. To ensure compliance, the inclusionary zoning policies set minimum unit sizes for affordable units;
- **Affordability Period:** Inclusionary units have deed restrictions which make them affordable for 99 years;
- **Right to Purchase:** When market units are created, the City has the right of first refusal to purchase these units for a 120 day period. Funds to purchase these units are provided through the city's Housing Trust Fund.

Since the implementation of Burlington's inclusionary zoning policy, 270 affordable units (approximately 11 per year) have been created. These affordable units have been

created in a number of different dwelling types and tenures including 95 condo units; 155 rental units, 19 co-op units and 1 single family unit.

The affordable units created are priced for two income thresholds: 65% AMI for rental housing and 75% AMI for ownership housing. In 2017, the affordable rents for a single person household was \$956 per month in rent or \$933 per month (where landlords pay utilities). As a result, unless further subsidies are provided, the inclusionary zoning units are not available to low income households (e.g. those making less than \$37,505 for a single person)

Recently, the City initiated a review of its inclusionary zoning policies to identify how they can be improved to create more affordable housing. Some of the findings of the review include:

- There was insufficient monitoring activities to ensure that inclusionary units are re-rented and re-sold to qualified households;
- The current cost offsets need to be applied to on a more consistent basis to provide some predictability in their application for developers;
- The minimum square footage requirement is inflexible and should be replaced with one that requires general comparability between market and affordable units in size, appearance, bedroom mix;
- The payment in lieu and offsite options for developers are rarely utilized due to their high cost and undercuts the policy's potential to provide revenue to the city's Housing Trust Fund; and
- The existing threshold of 5 units is too small for the current housing market environment. It was recommended that the threshold be increased to 10 units to help stimulate smaller developments and acknowledge the limited land supply in Burlington, VT.

## 10.6 City of St. Thomas Recommendations

### *10.6.1 Implement Housing Type and Affordability Targets*

The City's Official Plan includes a number of policies within Section 6.2, Housing, that seek to increase the number of affordable units and the mixture of dwelling types.

These policies include:

- Adopting 20-year and annual housing targets by tenure (6.2.4);
- Implementing zoning by-law standards to ensure that an affordable mixture of housing is available (6.2.5);
- Ensure that a portion of new ownership and rental housing is affordable as defined by the Provincial Policy Statement (6.2.6); and
- Monitoring the provision and production of affordable housing in consultation with local housing providers (6.2.7).

While these are important, it may be beneficial to have targets that specifically outline the required amount of affordable housing and dwelling types in new residential

developments. As shown in the case studies from Town of Cobourg and Woolwich Township, defined targets have helped produce affordable ownership housing or have set aside land for future rental apartments.

Although it appears to utilize the *Provincial Policy Statement's* (2014) definition, the Official Plan should provide explicit language to define what constitutes affordable housing. At present, no formal definition of affordable housing appears to be within the OP and instead, references the definition found in the 2008 Affordable Housing Targets study by Lapointe Consulting Inc. It is also important that the definition of affordable housing be consistent throughout the City's other housing related by-laws and policies such as the Housing Facilities By-law.

It is important to note that in order that while Section 1.4.3 of the PPS requires municipalities to establish and implement minimum targets for the provision of affordable housing, these targets are not mandatory for developers to follow. To help meet their own affordable housing and dwelling mixture targets, Woolwich Township needed to provide some policy incentives (e.g. greater density) in order to secure land for future apartment buildings. It is likely that St. Thomas would have to provide incentives or encourage developers to meet the City's dwelling mixture targets within the Official Plan or zoning by-laws (e.g. smaller lot sizes and different dwelling types).

### Complete the Municipal Assessment Report

O. Reg. 232/18 requires that municipalities complete an assessment report prior to adopting inclusionary zoning policies within their respective Official Plans. This affordable housing strategy has met the following requirements of the assessment report:

- Demographic and population trends;
- Household incomes;
- Existing housing supply by type;
- Planning housing supply (provided by Watson in their population projections);
- Current average market price and rent for each housing type; and
- Housing types and sizes needed as affordable units.

The one remaining component to complete the assessment report is examining the potential impacts on the housing market and potential viability of development or redevelopment from inclusionary zoning by-laws (e.g. number of units, affordability length, affordability of units etc.). It is recommended that the City undertake this last portion of work to complete the assessment report and to determine if home builders would support inclusionary zoning policies and the incentives required to implement the policies.

### Amend the City's Official Plan and Zoning By-laws

If determined to be feasible, the City should amend its Official Plan and Zoning By-laws to implement inclusionary zoning policies as outlined in the assessment report.

## 10.7 Elgin County Recommendations

### 10.7.1 Strengthen Existing Affordable Housing Targets

At present, Section C1.3.3 of the County's OP (2015) provides a target stating that "the minimum target for the provision of housing which is affordable in Elgin County is 20%." To help strengthen this target, additional requirements, similar to the examples provided for the City, could be included to promote a greater variety of ownership dwelling types and promote rental housing.

Official Plans in the County's Lower Tier municipalities should also adopt similar targets and languages to help support the County's OP and provide further incentive and educational opportunities for developers to construct different and more affordable dwelling types.

### 10.7.2 Complete the Municipal Assessment Report

O. Reg. 232/18 requires that municipalities complete an assessment report prior to adopting inclusionary zoning policies within their respective Official Plans. This affordable housing strategy has met the following requirements of the assessment report:

- Demographic and population trends;
- Household incomes;
- Existing housing supply by type;
- Planning housing supply (provided by Watson in their population projections);
- Current average market price and rent for each housing type; and
- Housing types and sizes needed as affordable units.

The one remaining component to complete the assessment report is examining the potential impacts on the housing market and potential viability of development or redevelopment from inclusionary zoning by-laws (e.g. number of units, affordability length, affordability of units etc.). It is recommended that area municipalities undertake this last portion of work to complete the assessment report and to determine if home builders would support inclusionary zoning policies and the incentives required to implement the policies.

### 10.7.3 Amend Area Municipalities Official Plan and Zoning By-laws

If determined to be feasible, the area municipalities should amend their respective Official Plans and Zoning By-laws to implement inclusionary zoning policies as outlined in the assessment report.

## Appendices

## Appendices



## Appendix A: Sample Site Specific Municipal Housing Facilities By-law

**THE REGIONAL MUNICIPALITY OF YORK**

BILL NO. \_\_\_\_

BY-LAW NO. XXXX-XX

A By-law to authorize the entering into of municipal housing project facilities agreements for the provision of affordable housing.

**WHEREAS** subsection 110(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25 provides that the council of a municipality may enter into agreements for the provision of municipal capital facilities with any person;

**AND WHEREAS**, Regional Council enacted By-law 2010-28 (the “Municipal Housing Facilities By-law”) to permit the Region to enter into municipal housing project facilities agreements under subsection 110(1) of the *Municipal Act, 2001*;

**AND WHEREAS** the Municipal Housing Facilities By-law sets out the terms and conditions to be included in a municipal housing project facilities agreement;

**AND WHEREAS** a municipal housing project facilities agreement may provide financial assistance to a housing provider with respect to the provision of facilities that are subject to the agreement;

**AND WHEREAS** prior to entering into a municipal housing project facilities agreement, the Municipal Housing Facilities By-law requires that Regional Council enact a site specific by-law in respect of those facilities;

**AND WHEREAS** Regional Council is desirous of entering into a municipal housing project facilities agreement with DeafBlind Ontario Services for the provision of municipal housing project facilities, namely, a municipal affordable housing project, to be located at 22 St. George Street, in the Town of Georgina.

**NOW THEREFORE**, Council of The Regional Municipality of York HEREBY ENACTS as follows:

1. The Regional Municipality of York is authorized to enter into a municipal housing project facilities agreement pursuant to subsection 110(1) of the *Municipal Act, 2001* with DeafBlind Ontario Services for the provision of municipal housing project facilities, namely, a municipal

affordable housing project called to be located at 22 St. George Street, in the Town of Georgina providing for a grant equal to the amount of Regional development charges payable in respect of the affordable housing project; and

2. The Regional Clerk shall give written notice of this by-law to the Minister of Education

ENACTED AND PASSED this \_\_\_\_ day of June, 2013.

Dennis Kelly  
Regional Clerk

Bill Fisch  
Regional Chair

*Authorized by Clause , Report , of the Finance and Administration Committee on the \_\_\_\_ day of June, 2013.*

**THE REGIONAL MUNICIPALITY OF YORK**

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**AND WHEREAS** the Municipal Housing Facilities By-law sets out the terms and conditions to be included in a municipal housing project facilities agreement;

**AND WHEREAS** a municipal housing project facilities agreement may provide financial assistance to a housing provider with respect to the provision of facilities that are subject to the agreement;

**AND WHEREAS** prior to entering into a municipal housing project facilities agreement, the Municipal Housing Facilities By-law requires that Regional Council enact a site specific by-law in respect of those facilities;

**AND WHEREAS** Regional Council is desirous of entering into a municipal housing project facilities agreement with Crescent Village Seniors Housing Corporation for the provision of municipal housing project facilities, namely, a municipal affordable housing project, to be located at 138 Yorkland Steet, in the Town of Richmond Hill.

**NOW THEREFORE**, Council of The Regional Municipality of York HEREBY ENACTS as follows:

1. The Regional Municipality of York is authorized to enter into a municipal housing project facilities agreement pursuant to subsection 110(1) of the *Municipal Act, 2001* with Crescent Village Seniors Housing Corporation for the provision of municipal housing project facilities, namely, a municipal

affordable housing project called to be located at 138 Yorkland Street, in the Town of Richmond Hill providing for a grant equal to the amount of Regional development charges payable in respect of the affordable housing project; and

2. The Regional Clerk shall give written notice of this by-law to the Minister of Education

ENACTED AND PASSED this \_\_\_\_ day of June, 2013.

Dennis Kelly  
Regional Clerk

Bill Fisch  
Regional Chair

*Authorized by Clause , Report , of the Finance and Administration Committee on the \_\_\_\_ day of June, 2013.*

Appendix B: St. Thomas Update of the Population Forecast,  
Housing Demand and Residential Land Need



CITY OF THOMAS

# Update of the Population Forecast, Housing Demand and Residential Land Need

Final Report





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# Executive Summary

This update of the City of St. Thomas Population Forecast, Housing Demand and Residential Land Need review is being undertaken to proactively plan for its long term housing needs and is one component of the City's municipal comprehensive review of its official plan. An update of forecasted population growth and housing demand over a 20-year planning horizon for the City of St. Thomas was carried out and has been used to update the 20-year residential land supply requirement within this report. The applicable recommendations from this study will result in policy changes in the City of St. Thomas Official Plan.

## Population Forecast and 20-Year Housing Demand

Future population and housing growth within the City of St. Thomas has been largely determined by measuring the competitiveness of the export-based economy within the City and the surrounding market area. Due to the aging of the City's population base, population growth from natural increase (i.e. births less deaths) is forecast to represent a declining share of forecast population growth over the next 25 years. Accordingly, a greater emphasis is increasingly placed on net migration to support future population growth within the City and surrounding area.

Forecast trends in labour force growth and labour force participation represent a key driver of forecast population growth. The aging of the City's labour force base is anticipated to result in a gradual decline in the labour force participation rates over the first half of the forecast period (2016 to 2026) from 57% to 51%. By 2031, labour force participation rates are forecast to stabilize, followed by a slight increase in the labour force participation rate to approximately 53% by 2041.

Over the long term, the revised (2018) City of St. Thomas population is anticipated to grow at a slightly faster rate relative to the 2015 projections with forecasted population growth to 50,600 by 2041.

## 20-Year Resident Land Supply

St. Thomas's existing supply of residential units comprises units in the Draft Approved Plans and Registered Plans of Subdivision and the estimated units generated on the Vacant Greenfield Land and through intensification of sites in the Built-up Area of the city. The following outlines the major findings of this analysis:

- **Greenfield Draft Approved and Registered Plans:** A total of 527 units were in Draft Approved Plans and 341 units in Registered Plans.
- **Vacant Greenfield Land:** Based on a land area of 155 ha, there is potential for 2,637 units on the City's vacant greenfield lands.

- **Intensification Potential:** All sites with intensification potential are located throughout the Urban Built Area. Clusters of these sites can be found along Talbot Street in the downtown, and along former railway or other industrial lands. There are 969 units with potential for intensification.

St. Thomas's existing housing supply comprises a total of 4,475 potential residential units of which 3,299 units are low density (74%), 461 units are medium density (10%), and 715 units are high density (16%). The Draft Approved Plans contribute 12% and the Registered Plans 8% of the total amount of potential housing units available. The Vacant Greenfield Lands would generate 59% (2,637 units) of the existing housing supply and intensification could generate 22% (969 units) of the existing housing supply.

Based on the comparison of forecasted housing demand with estimated housing supply, the City has a shortfall of greenfield lands to accommodate 1,048 low and medium dwelling density units. This translates to a residential land need for an additional 76 ha gross/49 ha net of residential designated lands.

### Recommendations

Based on the findings of this study, it is recommended that the City of St. Thomas Official Plan be amended to include the updated Population Forecast, Housing Demand and Residential Land Supply Requirements as follows:

- 2017 to 2041 Population Forecast: 38,900 to 50,600 population
- 20-Year (2018 – 2038) Housing Demand of 5110 units (3,975 low density; 567 medium density and 568 high density)
- 20-Year (2018 – 2038) Housing Mix of 78% low density; 11% medium density; and 11% high density residential units
- 20-Year (2018 – 2038) Residential Land Supply Requirement of 76 hectares of residential designated lands in the Official Plan.

## 1.0 Introduction

This Update of the City of St. Thomas Population Forecast, Housing Demand and Residential Land Need has been prepared as a technical support document to the St. Thomas-Elgin County Social and Affordable Housing Strategy being prepared by Tim Welch Consulting Inc. This Report documents the results of the:

- a) updating of the population projections for the City of St. Thomas for the period 2016-2041;
- b) updating of the 20-year housing demand (2018-2038) for the City; and
- c) updating of the 20-year residential land supply requirements (2018-2038) to accommodate the needed housing to satisfy the above noted 20-year housing demand.

This Report supports the findings, conclusions and recommendations contained in the St. Thomas-Elgin County Social and Affordable Housing Strategy Study Report pertaining to the above-noted matters. Together these studies will be the basis for policy recommendations to the St. Thomas Official Plan and Zoning By-Law.

### 1.1 Purpose of the Residential Lands Review

This Review is being undertaken by the City of St. Thomas to proactively plan for its long term housing needs. It addresses the Provincial Policy Statement, 2014 which requires a municipality to:

- Provide sufficient land to accommodate an appropriate range and mix of land uses to meet its 20-year projected needs including housing;
- Project its 20-year population growth;
- Project its 20-year housing demand;
- Designate a 20-year residential land supply in its official plan to meet its projected housing demand; and
- Identify locations for intensification within the built area of the city which are to be taken into account when calculating its residential land supply requirement.

This Population Forecast, Housing Demand and Residential Land Need Review is one component of the City's municipal comprehensive review (MCR) of its official plan. This MCR includes the:

- St. Thomas-Elgin County Social and Affordable Housing Strategy Study;
- St. Thomas Population Forecast, Housing Demand and Residential Land Need Review;
- St. Thomas Employment Lands Review;
- St. Thomas Retail Commercial Study.

The applicable recommendations from these studies will result in policy changes in the City of St. Thomas Official Plan.

## 1.2 Study Process

As shown in **Figure 1-1**, this project was conducted in four primary phases. Background research was conducted in Phase 1 which included a review and characterization of the residential land supply and existing demographic conditions. Analysis of the supply and how it links to the demand was conducted in Phase 2. Phase 3 included the drafting of this report and an assessment of residential land need (supply vs demand). Based on the findings and conclusions of the study, Policy Recommendations were developed as part of Phase 4.

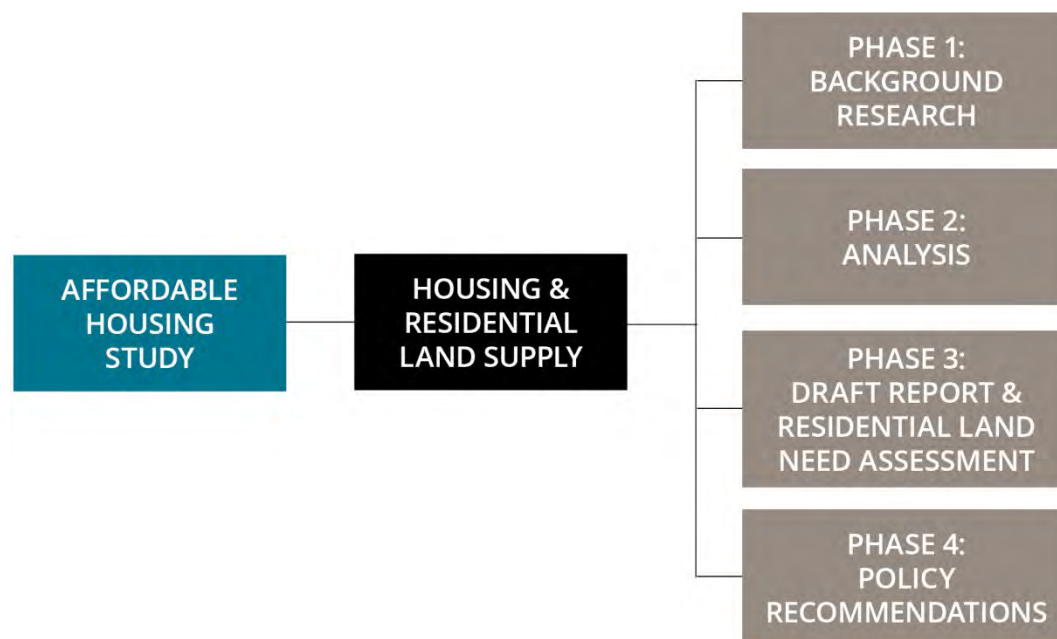


Figure 1-1: Project Process

## 1.3 Report Structure

Chapter 1 introduces the project and describes the purpose and process of the study. Chapter 2 outlines the planning policy context for the study. Chapter 3 describes the approach and updating of the population forecast (2016 to 2041) and the 20-year housing demand (2018 – 2038) for the City. Chapter 4 describes the existing residential land supply and the approach and updating of the 20-year residential land supply requirements. Chapter 5 identifies the recommended policy changes to the City's Official Plan to incorporate the key findings and conclusions of this population forecast, housing demand and residential land supply review.

## 2.0 Planning Policy Context for this Review

This Chapter provides an overview of the relevant Provincial and City official plan policies which apply to residential land planning in St. Thomas. The policies discussed in this chapter frame the scope of the analysis and recommendations presented in later chapters of this report.

### 2.1 Provincial Policy Context

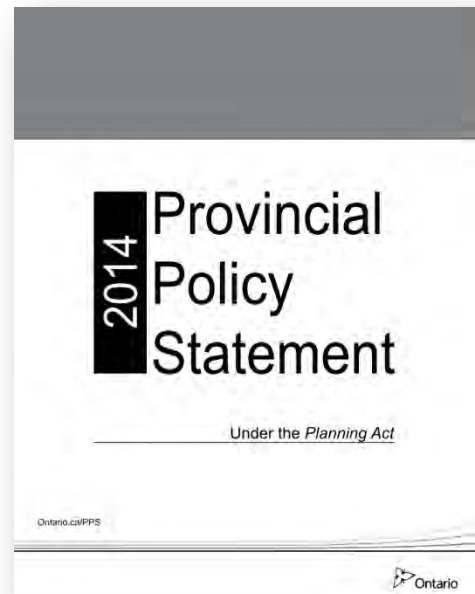
The Provincial Policy Statement, 2014 (PPS) provides policy direction on matters of provincial interest relating to land use planning and regulating the development and use of land. The PPS is issued under the authority of the Planning Act and came into effect on April 30, 2014. Under Section 3 of the *Planning Act*, local planning decisions shall be “consistent” with the Provincial Policy Statement and shall “conform” to provincial plans (*Planning Act*, R.S.O 1990, P.13 s. 3).

Section 1 of the PPS outlines policies on “Building Strong Healthy Communities.” This section promotes strong, liveable and healthy communities and requires that municipalities:

- Protect the environment, public health and safety;
- Provide the appropriate mix and range of residential (including second units, affordable housing and housing for older persons);
- Promote economic development and competitiveness;
- Ensure that development and land use patterns promote efficient expansion of settlement areas;
- Improve accessibility for persons with disabilities and older persons;
- Encourage compact, cost-effective development patterns; and,
- Ensure that necessary infrastructure is made available.

Review of residential lands occurs only through a comprehensive review of the official plan. A comprehensive review is defined in the PPS (Section 6.0 Definitions):

- a) *For the purposes of policies 1.1.3.8 and 1.3.2.2, an official plan review which is initiated by a planning authority, or an official plan amendment which is initiated or adopted by a planning authority, which:*
  - i. *is based on a review of population and employment projections and which reflect projections and allocations by upper-tier municipalities and provincial plans, where*





- applicable; considers alternative directions for growth or development; and determines how best to accommodate the development while protecting provincial interests;*
- ii. utilizes opportunities to accommodate projected growth or development through intensification and redevelopment; and considers physical constraints to accommodating the proposed development within existing settlement area boundaries;*
- iii. is integrated with planning for infrastructure and public service facilities, and considers financial viability over the life cycle of these assets, which may be demonstrated through asset management planning;*
- iv. confirms sufficient water quality, quantity and assimilative capacity of receiving water are available to accommodate the proposed development;*
- v. confirms that sewage and water services can be provided in accordance with policy 1.6.6; and*
- vi. considers cross-jurisdictional issues.*

*b) for the purposes of policy 1.1.6, means a review undertaken by a planning authority or comparable body which:*

- i. addresses long-term population projections, infrastructure requirements and related matters;*
- ii. confirms that the lands to be developed do not comprise specialty crop areas in accordance with policy 2.3.2; and*
- iii. considers cross-jurisdictional issues.*

*In undertaking a comprehensive review the level of detail of the assessment should correspond with the complexity and scale of the settlement boundary or development proposal.*

With regards to the range and mix of housing, the PPS directs municipalities to (PPS, s.1.4.3): *provide for an appropriate range and mix of housing types and densities to meet projected requirements of current and future residents of the regional market area by:*

- a) the ability to accommodate residential growth for a minimum of 10 years through residential intensification and redevelopment, and, if necessary, lands which are designated and available for residential development; and,*
- b) where new development is to occur, land with servicing capacity sufficient to provide at least a three-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.*

Further housing policies in the PPS include (PPS, s.1.4.3):

*Planning authorities shall provide for an appropriate range and mix of housing types and densities to meet projected requirements of current and future residents of the regional market area by:*

- a) establishing and implementing minimum targets for the provision of housing which is affordable to low and moderate income households. However, where planning is conducted by an upper-*

- tier municipality, the upper-tier municipality in consultation with the lower-tier municipalities may identify a higher target(s) which shall represent the minimum target(s) for these lower-tier municipalities;*
- b) permitting and facilitating:*
- 1. all forms of housing required to meet the social, health and well-being requirements of current and future residents, including special needs requirements; and*
  - 2. all forms of residential intensification, including second units, and redevelopment in accordance with policy 1.1.3.3;*
- c) directing the development of new housing towards locations where appropriate levels of infrastructure and public service facilities are or will be available to support current and projected needs;*
- d) promoting densities for new housing which efficiently use land, resources, infrastructure and public service facilities, and support the use of active transportation and transit in areas where it exists or is it to be developed; and*
- e) establishing development standards for residential intensification, redevelopment and new residential development which maximize the cost of housing and facilitate compact form, while maintaining appropriate levels of public health and safety.*

## 2.2 Local Policy Context

### 2.2.1 City of St. Thomas Official Plan

The City of St. Thomas Official Plan (OP) as amended provides land use policy direction for the entire municipality. Section 3.3 of the OP provides general policy direction for residential which includes the recognition that as the population increases and its composition changes and ages, the demand for housing will be for 63% owner-occupied and 37% rental accommodation over the 20-year planning period to 2026. The target ratio of ownership versus rental accommodation will be updated based on the results of the St. Thomas-Elgin County Social and Affordable Housing Strategy Study.

**Figure 2-1** presents the land use designations within the St. Thomas Official Plan. Within the OP, the Residential designation means the predominant use of land shall be for low, medium and high density residential use. Certain other uses are permitted subject to policies within the OP. The target housing mix for the City will comprise about 81% low density, 8% medium density, and 11% high density residential development on greenfield or vacant lands. The target housing mix will be updated based on the results of this study.

The OP contains three Residential land use categories:

- Low density Residential permits a residential use to a maximum of twenty-five (25) residential dwelling units per net hectare. The main permitted uses include single detached, semi-detached, duplex and triplex residential dwellings with accessory apartments being permitted in single detached, semi-detached, and duplex dwellings. Intensification will be encouraged by Council as

- a means of contributing to the Provincial objective of providing housing that is affordable to moderate and lower income households.
- Medium density Residential use permits residential uses with a density of between twenty-five (25) and seventy-five (75) residential dwelling units per net hectare. The main permitted uses include townhouses, boarding and lodging houses, triplexes, fourplexes, sixplexes, low rise apartments or other forms of low-rise multiple dwellings. Medium density dwellings are meant to function as a transition between low and high density residential uses and provide an increased variety of alternative dwelling types.
  - High density Residential permits a residential use with a density greater than seventy-five (75) residential dwellings per net hectare. The main permitted uses are apartments or other forms of multiple dwellings exceeding four storeys in height. The maximum permitted density is 250 units per net hectare.

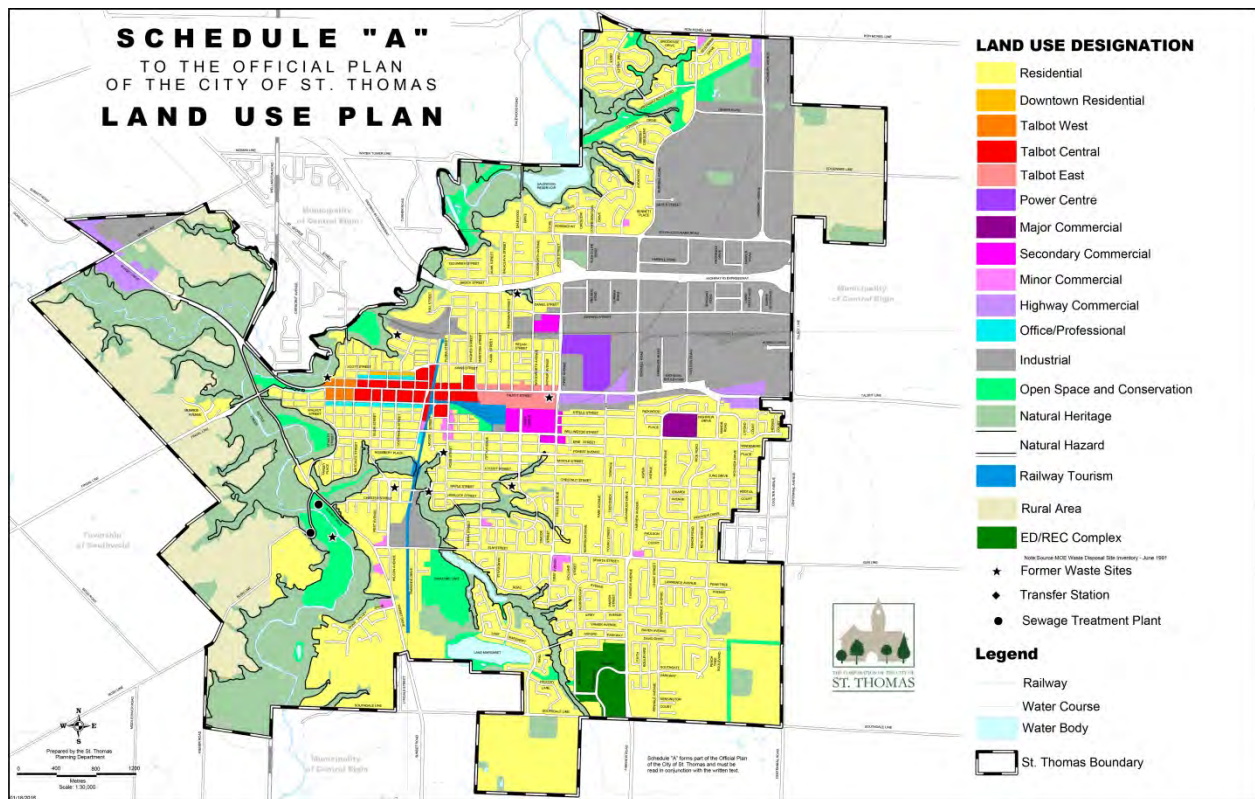


Figure 2-1: Residential Land Context (OP Designations)

## 2.3 Review of Relevant Population, Housing and Planning Reports

### 2.3.1 City of St. Thomas Population, Housing, and Employment Projections (2015)

Twenty year (2011 to 2031) projections for population, housing, and employment were prepared for the City of St. Thomas by Lapointe Consulting in April 2015. Low, medium, and high-growth scenarios were developed. The population projections are presented in **Error! Reference source not found..** Council

adopted the Medium Growth scenario which projected that the City will grow by 11,530 people over the 25-year period (2011 to 2036), with the highest proportion of growth being among the seniors (65 years and over).

**Table 2-1: Population Projections, 2011 to 2036, Lapointe Consulting, April 2013**

Year	High Growth	Medium Growth	Low Growth
2011	37,905	37,905	37,905
2016	39,365	39,365	39,365
2021	41,842	41,586	41,231
2026	44,524	44,035	43,328
2031	47,089	46,413	45,318
2036	49,433	48,591	47,141

As part of this MCR, these projections were reviewed and updated by Watson.

### 2.3.2 City of St. Thomas Intensification & Redevelopment Capacity Assessment Report for the Built Up Area (2008)

In the 2005 update of the PPS, key changes were made in Provincial policy directions. One important change was the promotion of residential intensification as a means of satisfying long term housing demand. The updated PPS required intensification and redevelopment opportunities in existing building stock or areas (including brownfield sites), and the availability and suitability of existing or planned infrastructure and public service facilities to be taken into account in the assessment of projected needs. The PPS directed planning authorities to incorporate minimum intensification targets into their local official plans.

The purpose of this report (prepared by Dillon Consulting Limited) was to address the PPS by analysing residential intensification opportunities in St. Thomas and developing an intensification target for the city. The report recommended that the City adopt an intensification target of 597 units for the 20-year planning period, which represented approximately 10 percent of the City's long term housing growth (Table 2-2).

**Table 2-2: Intensification Target, Summary Table**

	Low – Singles & Semis	Medium – Towns	High – Apartments	Total
Projected 20-Year Housing Demand	4,826 units	494 units	633 units	5,953 units
Intensification Target	307 units	43 units	247 units	597 units (10%)

As part of this MCR, these projections and targets were reviewed and updated.

### 2.3.3 City of St. Thomas Downtown Planning Implementation Strategy (2015)

The City of St. Thomas embarked on the Downtown Planning Implementation Strategy (completed by Dillon Consulting Limited) to update its Official Plan policies and zoning by-law regulations for its Downtown and adjacent railway lands in an effort to promote revitalization, intensification and redevelopment. The report's recommendations included:

- updating the official plan land use schedules for the properties in the Downtown;
- inclusion of new designations and policies, and a zoning category and regulations for Tourist Railway Lands;
- updating zoning by-law mapping for properties in the Downtown to align Official Plan designations with zoning regulations;
- updating regulations in the by-law (height, massing, setbacks, access for Talbot St frontage) in Talbot Central and Talbot West;
- updating the Community Improvement Plan for Downtown, along with its CIP policies and design policies;
- development of a monitoring program to track development and redevelopment in the Downtown; and,
- the consideration of a comprehensive secondary plan for the Downtown if development pressure exceeds planned expectations.

## 3.0

## Population Forecast and 20-Year Housing Demand

The methodology, analysis and findings/conclusions for the updating of the Population Forecast and the 20-Year Housing Demand for the City of St. Thomas is summarized below.

## 3.1

### Methodology

An update of forecasted population growth and housing demand over a 20-year planning horizon for the City of St. Thomas was carried out. The population and housing forecast methodology is briefly summarized below. The updated 20-year housing demand has been used to update the 20-year residential land supply requirement in Chapter 4 of this report.

Future population and housing growth within the City of St. Thomas has been largely determined by measuring the competitiveness of the export-based economy within the City and the surrounding market area. The growth forecast model recognizes that labour force growth is a key driver of population as new job opportunities (both locally and within the City's commuter-shed) support growth in net migration to the City. Due to the aging of the City's population base, population growth from natural increase (i.e. births less deaths) is forecast to represent a declining share of forecast population growth over the next 25 years. Accordingly, a greater emphasis is increasingly placed on net migration to support future population growth within the City and surrounding area.

The City's housing forecast has been generated based on a review of historical and forecast household formation patterns (i.e. headship rates) by age of household maintainer. This analysis has been used to develop long-term trends in forecast housing occupancy relative to population growth by age. Forecast housing growth by structure type has been developed based on a review of historical demand, housing supply by dwelling type in active development applications and anticipated demand associated with forecast population growth by age. The forecast approach is illustrated schematically in **Figure 3-1**.



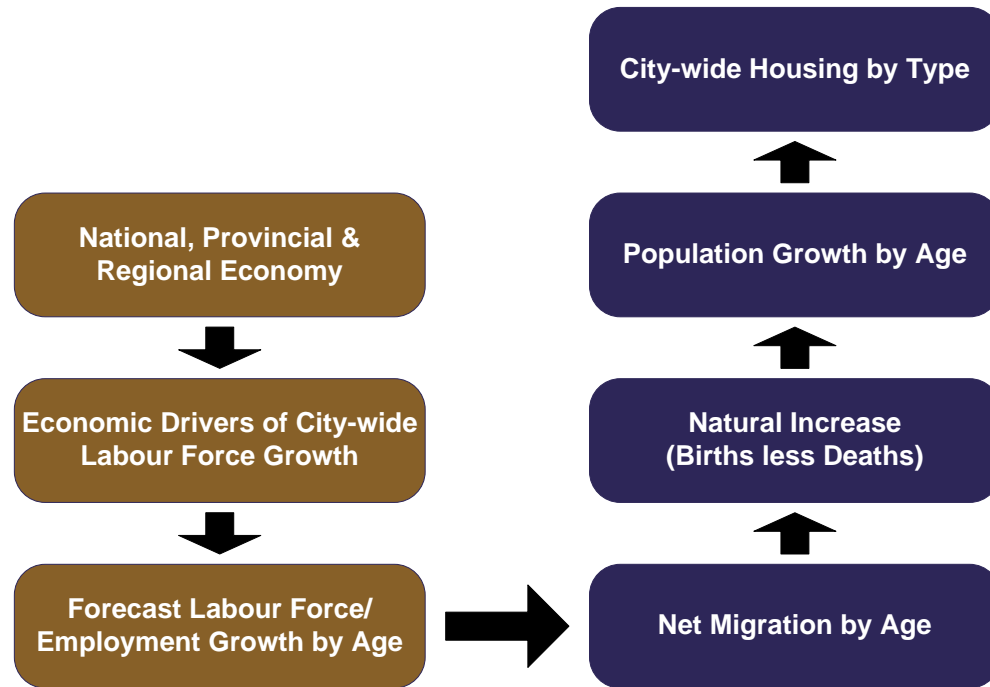


Figure 3-1: Population and Household Project Model

### 3.1.1 Analysis and Preliminary Findings

As previously mentioned, the population forecast for the City of St. Thomas considers recent population growth trends and long-term population growth forecasts for the London CMA (refer to **Figure 3-2a**) and Elgin County (refer to **Figure 3-2b**). It is noted that for the purpose of this analysis Elgin County includes the City of St. Thomas. Over the forecast period, the City of St. Thomas' share of population relative to the London CMA is anticipated to remain relatively stable. Relative to Elgin County, St. Thomas' forecast share of population is anticipated to gradually increase. For comparative purposes, the results of the 2015 St. Thomas Population, Housing and Employment Projections and Ministry of Finance (MOF) 2017 population forecast for Elgin County are also provided in Figures 3-2a and 3-2b.<sup>1, 2</sup>

<sup>1</sup> St. Thomas Population, Housing and Employment Projections, 2011-2036. Lapointe Consulting. April 13, 2015.

<sup>2</sup> Ministry of Finance, Spring Projections, 2017.



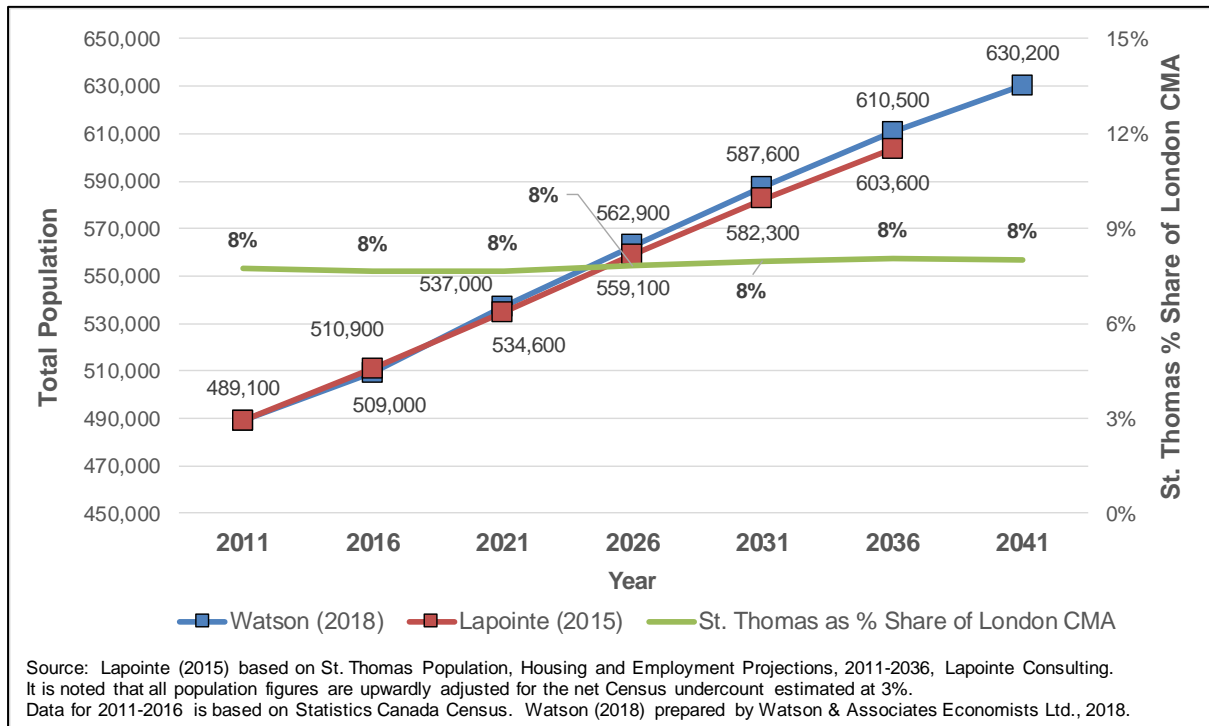


Figure 3-2a: London CMA, Population, Forecast, 2011 to 2041.

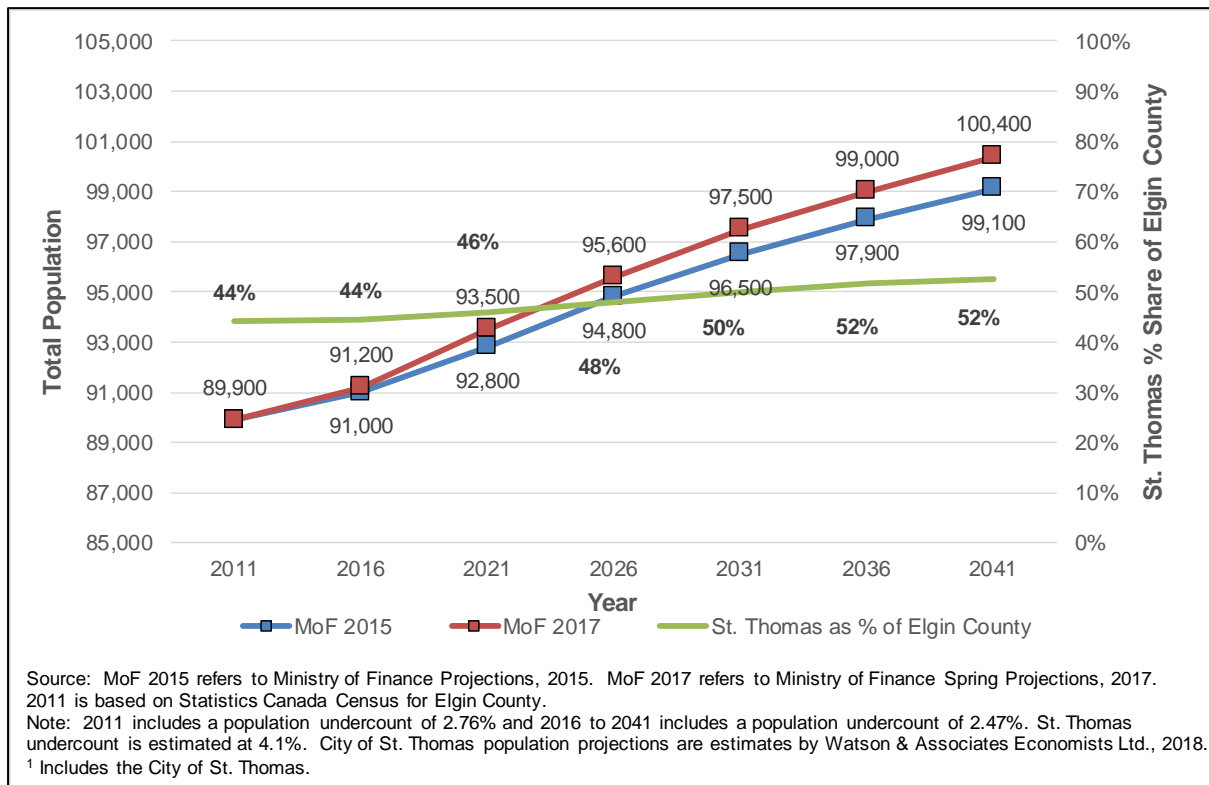
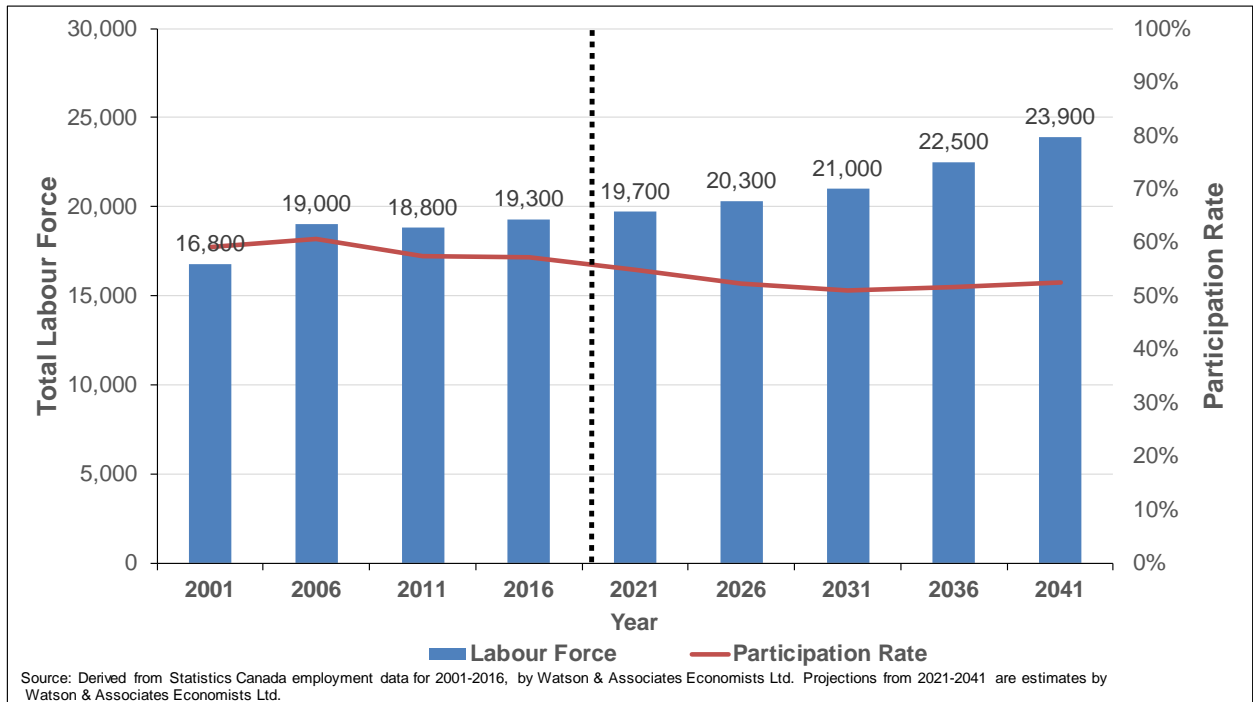


Figure 3-2b: Elgin County<sup>1</sup>, Population Forecast, 2011 to 2041.

**Figure 3-3** summarizes forecast labour force growth for the City between 2016 and 2041. The aging of the City's labour force base is anticipated to result in a gradual decline in the labour force participation rates over the first half of the forecast period (2016 to 2026) from 57% to 51%. By 2031, labour force participation rates are forecast to stabilize, followed by a slight increase in the labour force participation rate to approximately 53% by 2041. This forecast increase in the labour force participation rate is anticipated to be largely driven by a higher labour force participation in the 55+ age group over the long term. As previously mentioned, forecast trends in labour force growth and labour force participation represent a key driver of forecast population growth.



	Historical Period				Forecast Period				
	2001	2006	2011	2016	2021	2026	2031	2036	2041
(1) St. Thomas Total Labour Force	16,800	19,000	18,800	19,300	19,700	20,300	21,000	22,500	23,900
(2) Total Population	35,100	38,200	39,600	40,500	42,800	45,800	48,800	51,200	52,700
(3) Total Population 15 Years and Older	28,400	31,400	32,800	33,700	35,900	38,800	41,200	43,500	45,500
(4 = 1/3) Total Labour Force Participation Rate	59%	61%	57%	57%	55%	52%	51%	52%	53%

Source: Derived from Statistics Canada employment data for 2001-2016 by Watson & Associates Economists Ltd. Projections from 2021-2041 are estimates by Watson & Associates Economists Ltd., 2018.

**Figure 3-3: City of St. Thomas, Labour Force Forecast, 2016 to 2041.**

**Figure 3-4** summarizes the revised population forecast against the previous forecast prepared by Lapointe Consulting in 2015. In summary, the City's existing 2016 population base is tracking slightly lower than the previous 2016 population estimate. Over the long term, however, the revised (2018) City of St. Thomas population is anticipated to grow at a slightly faster rate relative to the 2015 projections. This slightly higher rate of forecast population growth for the City is consistent with the relatively higher

long-term population projected for the London CMA and Elgin County (including St. Thomas), as projected in the most recent growth forecasts for these areas.

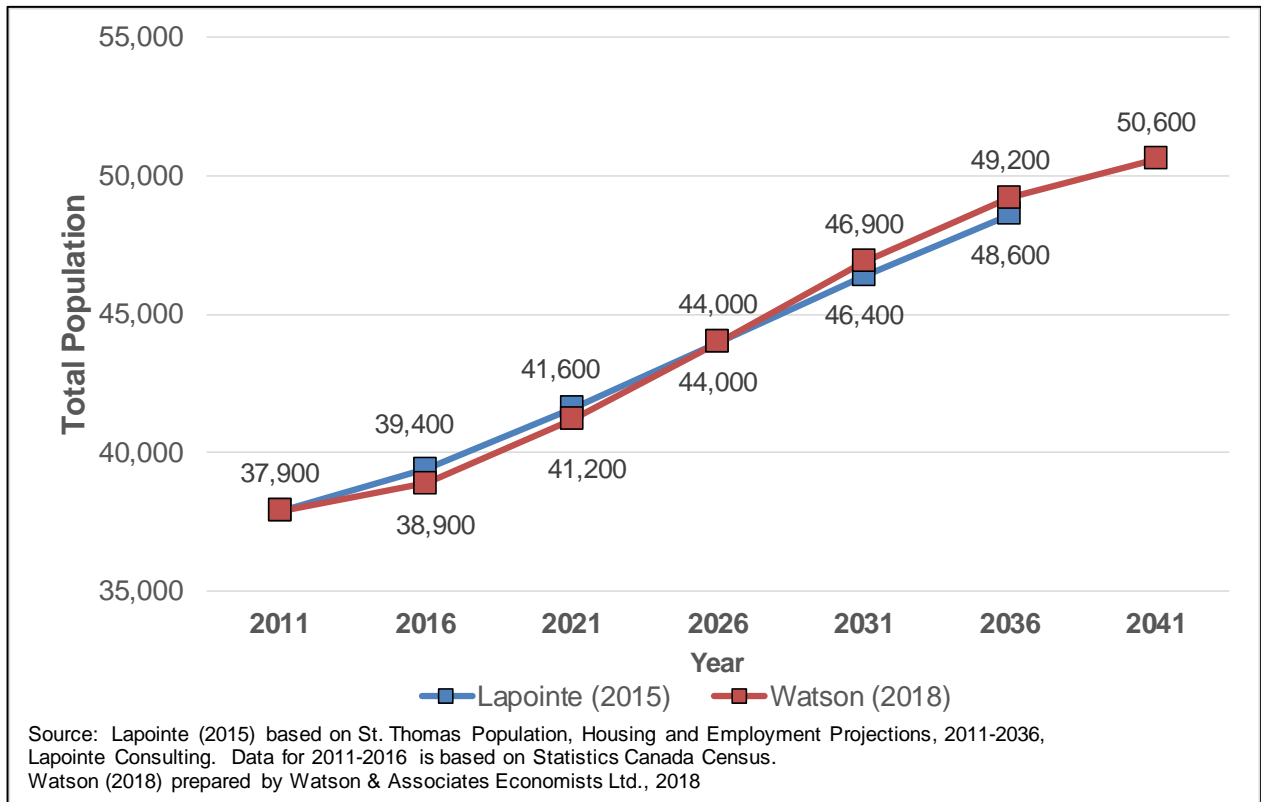


Figure 3-4<sup>3</sup>: City of St. Thomas, Population Forecast, 2011 to 2041.

**Figure 3-5** summarizes forecast population, housing by structure and average household occupancy from 2016 to 2041. Over the 2016 to 2041 forecast period, the housing base in the City of St. Thomas is forecast to increase by 6,155 units, or approximately 246 units per year. Forecast housing growth by structure type has been based on a review of the following:

- Historical development activity over the past decade;
- Housing supply in the development approvals process; and
- Forecast housing propensities by dwelling type and age of household maintainer.<sup>4</sup>

<sup>3</sup> Refer to Appendix B for a more detailed comparison between the Lapointe (2015) and Watson (2018) population forecasts.

<sup>4</sup> Headship rate or head of household by major age groups (i.e. cohorts). Each household is represented by one household maintainer.

Year		Including Census Undercount <sup>1</sup>	Excluding Census Undercount			Households <sup>4</sup>					
		Population	Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi-Detached	Multiple Dwellings <sup>2</sup>	Apartments <sup>3</sup>	Other	Total Households	Person Per Unit (P.P.U.)
Historical	Mid 2006	37,500	36,100	810	35,300	10,260	1,160	3,230	75	14,730	2.45
	Mid 2011	39,400	37,900	840	37,100	11,395	1,110	3,165	20	15,690	2.42
	Mid 2016	40,500	38,900	780	38,120	12,010	1,135	3,410	25	16,580	2.35
Forecast	Mid 2021	42,800	41,200	830	40,400	13,060	1,235	3,550	25	17,870	2.31
	Mid 2026	45,810	44,000	880	43,100	14,185	1,395	3,690	25	19,295	2.28
	Mid 2031	48,800	46,900	940	46,000	15,255	1,560	3,845	25	20,685	2.27
	Mid 2036	51,200	49,200	990	48,200	16,140	1,700	3,985	25	21,850	2.25
	Mid 2041	52,700	50,700	1,020	49,700	16,805	1,805	4,100	25	22,735	2.23
Incremental	Mid 2016 - Mid 2026	5,310	5,100	100	4,980	2,175	260	280	0	2,715	
	Mid 2016 - Mid 2036	10,700	10,300	210	10,080	4,130	565	575	0	5,270	
	Mid 2016 - Mid 2041	12,200	11,800	240	11,580	4,795	670	690	0	6,155	
	Mid 2018 - Mid 2038					3,975	567	568		5,110	

Source: Watson & Associates Economists Ltd., 2018.

<sup>1</sup> Census undercount estimated at approximately 4%. Note: Population Including the Undercount has been rounded.

<sup>2</sup> Includes townhouses and apartments in duplexes.

<sup>3</sup> Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

<sup>4</sup> Based on the City of St. Thomas historical building permit data.

**Figure 3-5: Residential Growth Forecast Summary<sup>5</sup>.**

<sup>5</sup> Refer to Appendices B and C for additional details about the City of St. Thomas' population and housing forecast.

The City-wide 20-year housing forecast was further allocated between the built-boundary (based on the City's 2008 built boundary layer) and remaining greenfield area (refer to **Figure 3-6**). This allocation was based on a review of historical development activity over the past 10-years and consideration of available future housing supply opportunities within the City by geographic area.

Forecast Period	Housing Forecast by Structure Type				Percentage Growth Allocation
	Low-Density	Medium-Density	High-Density	Total	
Built-up Area					
2018-2028	106	63	202	372	14%
% Growth	28%	17%	54%	100%	
2018-2038	202	113	338	654	13%
% Growth	31%	17%	52%	100%	
Greenfield Area					
2018-2028	2,079	218	86	2,383	87%
% Growth	87%	9%	4%	100%	
2018-2038	3,773	454	230	4,457	87%
% Growth	85%	10%	5%	100%	
Total Households					
	85%	10%	5%	100%	
2018-2028	2,185	281	288	2,754	100%
% Growth	79%	10%	10%	100%	
2018-2038	3,975	567	568	5,110	100%
% Growth	78%	11%	11%	100%	

Source: Watson & Associates Economists Ltd., 2018

**Figure 3-6: 20-Year Housing Forecast Between Built-up Area<sup>6</sup> and Greenfield Area.**

<sup>6</sup> Based on the Urban Built Area as identified by the City of St. Thomas in 2008.

## 4.0 20-Year Residential Land Supply

The purpose of the analysis is to determine whether there is sufficient “Residential” designated land in the City’s Official Plan to meet the forecasted 20-year housing demand identified in Chapter 3 of this report. This analysis of the 20-year residential land supply requirements relied on four sources of information, as follows:

- 1) St. Thomas land supply data (provided by the City);
- 2) The updated population projections and 20-year housing demand;
- 3) Official Plan (OP) policies pertaining to permitted residential land use categories, building types and densities.
- 4) City Planning Department staff input on sites being assessed for residential intensification potential.

This chapter includes the methodology used to determine the residential land supply requirements, the results of the land supply analysis and the key findings and conclusions.

### 4.1 Methodology

The data for the residential land was provided by the City of St. Thomas in Fall 2017, and included four sources of supply data which were analyzed to identify greenfield supply and intensification potential to estimate the City’s existing housing supply:

- Greenfield supply through:
  - Draft Approved Plans;
  - Registered Plans;
  - Development potential on vacant greenfield lands.
- Sites with intensification potential located within the built up boundary (defined in 2008).

### 4.2 Existing Supply of Residential Units

St. Thomas’s existing supply of residential units comprises units in the Draft Approved Plans and Registered Plans of Subdivision and the estimated units generated on the Vacant Greenfield Land and through intensification of sites in the Built-up Area of the city (shown in **Appendix A-1**).

#### Greenfield Supply

##### *Draft Approved and Registered Plans*

The Draft Approved and Registered Plans data included the total number of units for each mapped parcel (shown on **Appendix A-2**). The units were allocated by unit types (i.e., single-detached, semi-detached, townhouse, or apartment) into the applicable low-, medium-, or high-density residential

category as defined in the Official Plan.<sup>7</sup> The detailed analysis is found in **Appendix A-3 and A-4**. The residential in the Draft Approved Plans and Registered Plans were summarized into low-, medium-, and high as shown in **Figure 4-1**. This resulted in a total of 527 units in Draft Approved Plans and 341 units in Registered Plans.

	Draft Approved Plans (units)			Registered Plans (units)		
	Low Density	Medium Density	High Density	Low Density	Medium Density	High Density
	425	102	0	337	4	0
<b>Total</b>	<b>527</b>			<b>341</b>		
<b>Unit Mix</b>	81%	19%	0%	99%	1%	0%
<b>% of Total</b>	<b>12%</b>			<b>8%</b>		

**Figure 4-1: Draft Approved Plans and Registered Plans.**

### ***Vacant Greenfield Land***

The vacant greenfield lands data provided by the City included those lands identified as Vacant Greenfield Lands shown in **Appendix A-5**. These lands are located within the southernmost boundaries of the City. For each of the identified sites, a gross to net conversion was applied based on the size of the site resulting in a net developable area. This conversion allows for a consideration of internal site needs such as infrastructure or community facilities such as a parkette. A unit mix adjustment was made to account for the land area need variability across the different densities. This included a factor for the target unit mix as identified within the OP (81% low density, 8% medium density, and 11% high density). The detailed analysis is found in **Appendix A-6** and the results are summarized in **Figure 4-2**. Based on a land area of 155 ha, there is potential for 2,637 units on the City's vacant greenfield lands.

	Vacant Greenfield Lands (units)		
	Low Density	Medium Density	High Density
	2,136	211	290
<b>Total</b>	<b>2,637</b>		
<b>Unit Mix</b>	81%	8%	11%
<b>% of Total</b>	<b>59%</b>		

**Figure 4-2: Vacant Greenfield Lands.**

<sup>7</sup> As defined in the City of St. Thomas OP, low density is defined as "single detached, semi-detached, duplex and triplex residential dwellings"; medium density as "townhouse, boarding and lodging houses, triplexes, fourplexes, sixplexes, low rise apartments or other forms of low rise multiple dwellings"; and high density as "apartments or other forms of multiple dwellings exceeding four storeys in height." As the 2008 *Intensification* study differentiated between single detached dwellings at 18uph and semi-detached at 22uph, but the St. Thomas OP combines single- and semi-detached into low-density housing, the average of the single- and semi-detached was used (20uph).



### Intensification Potential

The intensification data provided by the City included those lands identified as Intensification Potential shown in **Appendix A-7**. Some sites were considered as part of the 2008 *Intensification Study* with additional sites added or removed through a municipal review and update of this list. All sites with intensification potential are located throughout the Urban Built Area. Clusters of these sites can be found along Talbot Street in the downtown, and along former railway or other industrial lands. The site context (e.g., location within proposed Heritage Conservation District, potential for environmental soils constraints, etc.) informed the unit mix assumptions applied to the sites with Intensification Potential. It should be noted that some potential intensification sites may have constraints related to environmental soil conditions. These sites have not had a unit mix applied due to the uncertainty in the timing of these sites to be remediated to permit residential uses.<sup>8</sup> The detailed analysis is found in **Appendix A-8** and the results are summarized in **Figure 4-3**. There are 969 units with potential for intensification.

	Intensification Potential (units)		
	Low Density	Medium Density	High Density
	401	144	425
<b>Total</b>	<b>969</b>		
<b>Unit Mix</b>	41%	15%	44%
<b>% of Total</b>	<b>22%</b>		

**Figure 4-3: Intensification Potential.**

St. Thomas's existing housing supply shown on Table 4-4 comprises a total of 4,475 potential residential units of which 3,299 units are low density (74%), 461 units are medium density (10%), and 715 units are high density (16%). The Draft Approved Plans contribute 12% and the Registered Plans 8% of the total amount of potential housing units available. The Vacant Greenfield Lands would generate 59% (2,637 units) of the existing housing supply and intensification could generate 22% (969 units) of the existing housing supply.

Of the Greenfield Land Supply, 941 units in the Draft Approved Plans and Registered Plans are close to shovel ready and could be available for construction within a short time frame. The supply generated on the Vacant Greenfield Lands and through Intensification Potential would contribute to meeting medium- and high-density housing targets.

<sup>8</sup> In addition, the City is currently conducting an Employment Lands Review study which includes a conversion analysis (i.e., request to convert lands from Industrial designation to non-Industrial designation). Final recommendations on proposed land use designations for conversion sites have not yet been completed as part of this study. The impact of the recommendations on the supply should be assessed.



### 4.3 Residential Land Supply Requirement

St. Thomas's projected 20-year Housing Demand was compared to the Estimated Housing Supply to determine the residual need for Residential Land Supply. Based on the comparison of forecasted housing demand with estimated housing supply, the City has a shortfall of greenfield lands to accommodate 1,048 low and medium dwelling density units. This translates to a residential land need or an additional 76 ha gross/49 ha net of residential designated lands (**Figure 4-5**).

Greenfield Residential Land Needs	Households by Structure Type			
	Low-Density	Medium-Density	High-Density	Total
Residential Demand				
2018 to 2038 Total Housing Demand	3,975	567	568	5,110
2018 to 2038 Greenfield Housing Demand	3,773	454	230	4,457
Percentage Greenfield Housing Demand	95%	80%	40%	87%
Greenfield Residential Supply				
Greenfield Residential Land Supply, 2018 <sup>1</sup>	2,866	313	290	3,469
Greenfield Residential Land Needs				
Housing Deficit, 2018-2038	(907)	(141)		(1,048)
Net Density (Units per Net ha) <sup>2</sup>	20	35		
Net Residential Land Area Requirement	45	4		49
Gross Land Area Requirement - 65% Net to Gross Ratio <sup>3</sup>	70	6		76

Source: Watson & Associates Economists Ltd./Dillon Consulting Limited, 2018.

**Figure 4-5: Residential Land Needs, 2018-2038.**

## 5.0 Policy Recommendations

### 5.1 Policy Recommendations

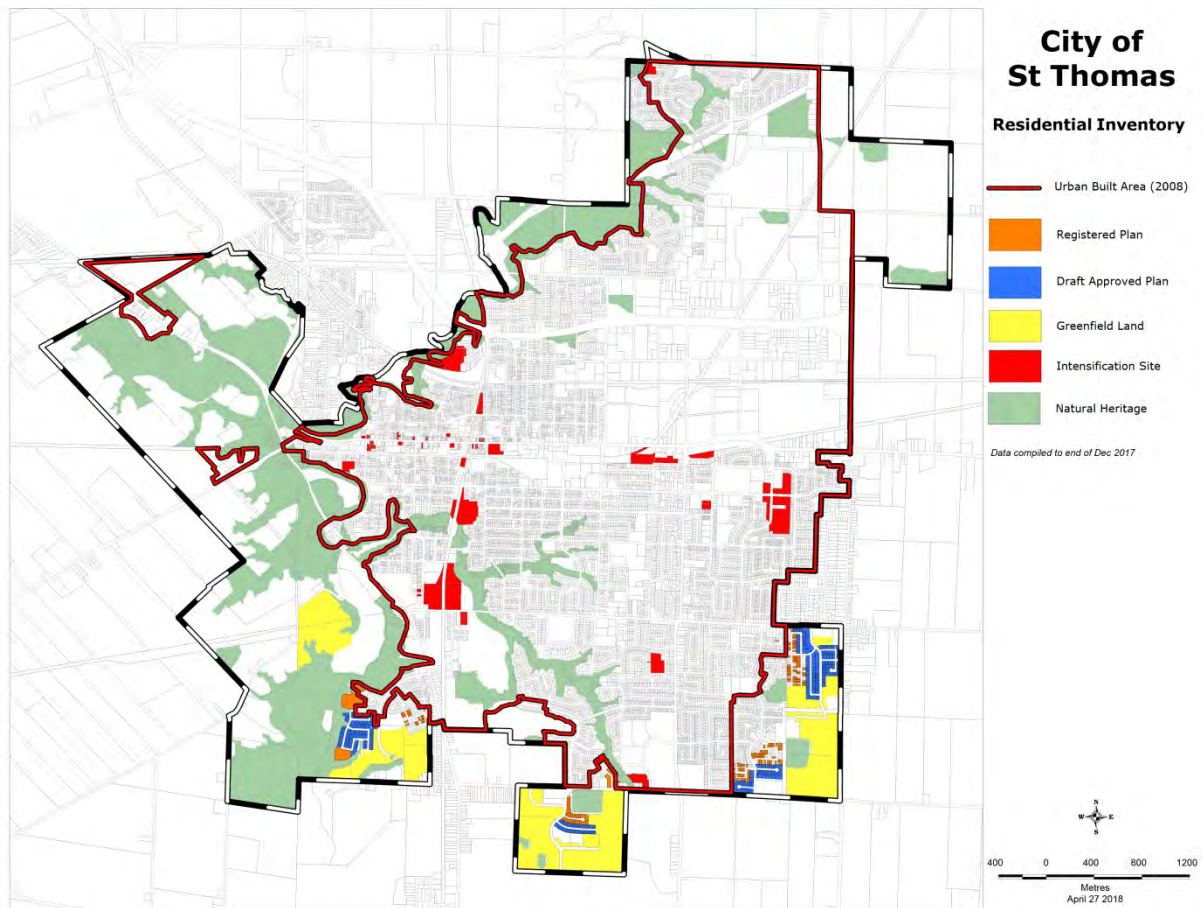
Based on the findings of this study, it is recommended that the City of St. Thomas Official Plan be amended to include the updated Population Forecast, Housing Demand and Residential Land Supply Requirements as follows:

- 2017 to 2041 Population Forecast: 38,900 to 50,600 population
- 20-Year (2018 – 2038) Housing Demand of 5110 units (3,975 low density; 567 medium density and 568 high density)
- 20-Year (2018 – 2038) Housing Mix of 78% low density; 11% medium density; and 11% high density residential units
- 20-Year (2018 – 2038) Residential Land Supply Requirement of 76 hectares of residential designated lands in the Official Plan.

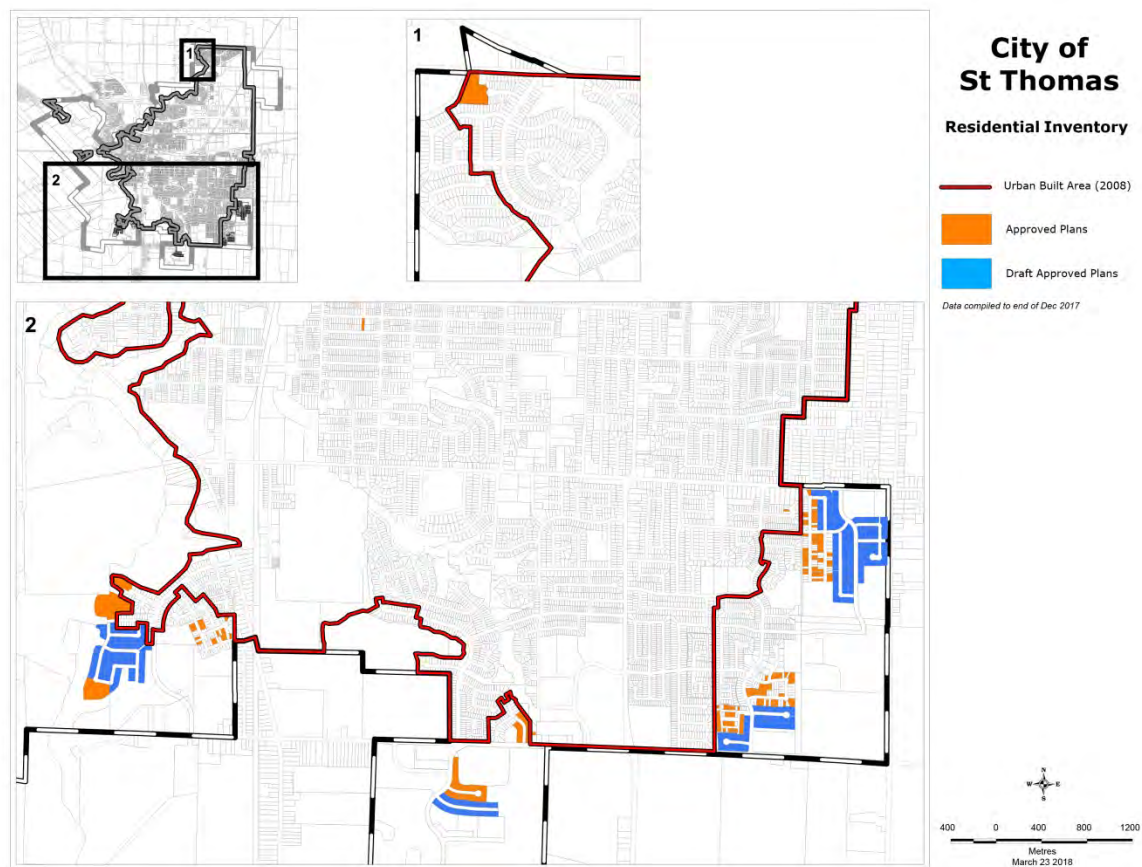
## Appendix A

### *Residential Supply Maps and Tables*

## Appendix A-1. St. Thomas Map of Draft Approved Plans, Registered Plans, Greenfield/Vacant Lands, and Lands with Intensification Potential



## Appendix A-2. St. Thomas Draft Approved and Approved Plans Residential Inventory Map





## Appendix A-3. St. Thomas Draft Approved Plans Residential Inventory

Supply Data	
Total Units	Unit Type
0	Apartment
30	Semi-Detached
395	Single-Detached
5	Townhouse
5	Townhouse
4	Townhouse
5	Townhouse
4	Townhouse
4	Townhouse
4	Townhouse
4	Townhouse
5	Townhouse
4	Townhouse
4	Townhouse
4	Townhouse
4	Townhouse
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4	Townhouse
4	Townhouse
3	Townhouse
3	Townhouse
3	Townhouse

Draft Approved Plans (units) RESULTS			
	Low Density	Medium Density	High Density
	425	102	0
<b>Total</b>	<b>527</b>		
<b>Unit Mix</b>	81%	19%	0%

**Notes:**

1. Single-detached and Semi-detached = Low Density; Townhouse = Medium Density; Apartment = High Density

## Appendix A-4. St. Thomas Approved Plans Residential Inventory

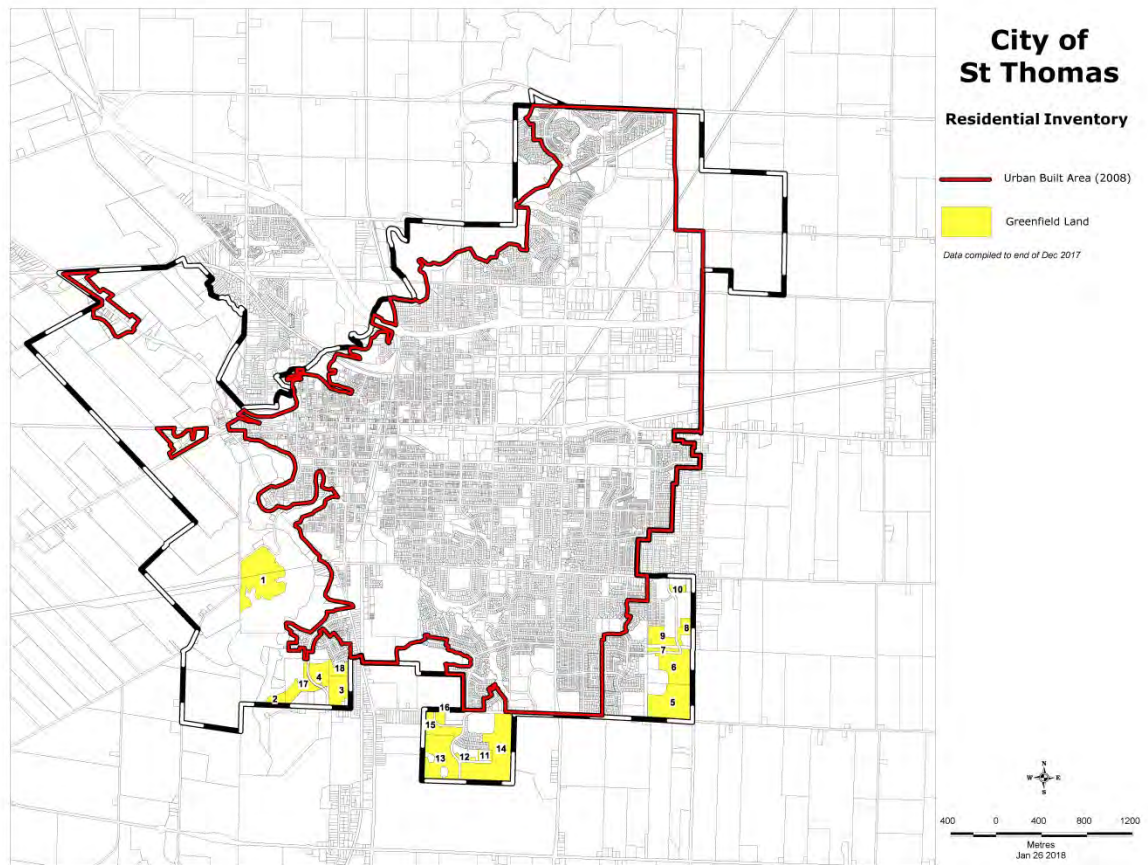
Supply Data Analysis	
Total Units	Unit Type
297	Single
0	Duplex
40	Semi
4	Townhouse
0	Apartment

Registered Plans (units) RESULTS			
	Low Density	Medium Density	High Density
	337	4	0
<b>Total</b>	<b>341</b>		
<b>Unit Mix</b>	99%	1%	0%

**Notes:**

1. Single, semi, and duplex = Low Density; Townhouse = Medium Density; Apartment = High Density

## Appendix A-5. St. Thomas Greenfield/Vacant Residential Land Inventory Map



## Appendix A-6. St. Thomas Greenfield/Vacant Residential Land Inventory

### Attachment 4 - St. Thomas Vacant Greenfield Lands

ID	OLD ID	AREA_HA	Gross to Net	Developable	Unit Mix Adjustment				Vacant Greenfield Land Unit Results			
					Low (ha.)	(ha.)	High (ha.)	TOTAL (ha.)	Low (units)	(units)	High (units)	(units)
1	1	23.62	75%	17.72	16.35	0.92	0.44	17.72	327.0	32.3	44.4	403.7
2	2	2.40	90%	2.16	1.99	0.11	0.05	2.16	39.9	3.9	5.4	49.2
3	3	7.77	90%	6.99	6.45	0.36	0.18	6.99	129.1	12.7	17.5	159.3
4	4	5.14	90%	4.63	4.27	0.24	0.12	4.63	85.4	8.4	11.6	105.4
5	5	17.38	80%	13.90	12.83	0.72	0.35	13.90	256.6	25.3	34.9	316.8
6	6	12.42	80%	9.94	9.17	0.52	0.25	9.94	183.4	18.1	24.9	226.4
7	7	1.35	100%	1.35	1.25	0.07	0.03	1.35	24.9	2.5	3.4	30.8
8	8	3.40	80%	2.72	2.51	0.14	0.07	2.72	50.2	5.0	6.8	62.0
9	9	4.90	90%	4.41	4.07	0.23	0.11	4.41	81.4	8.0	11.1	100.5
10	11	1.50	100%	1.50	1.38	0.08	0.04	1.50	27.7	2.7	3.8	34.2
11	14	2.02	100%	2.02	1.86	0.11	0.05	2.02	37.3	3.7	5.1	46.0
12	16	0.88	100%	0.88	0.81	0.05	0.02	0.88	16.2	1.6	2.2	20.1
13	18	17.44	75%	13.08	12.07	0.68	0.33	13.08	241.4	23.8	32.8	298.0
14	19	27.94	75%	20.96	19.34	1.09	0.53	20.96	386.8	38.2	52.5	477.5
15	20	6.35	70%	4.45	4.10	0.23	0.11	4.45	82.0	8.1	11.1	101.3
16	21	1.40	70%	0.98	0.90	0.05	0.02	0.98	18.1	1.8	2.5	22.3
17	22	6.08	80%	4.86	4.49	0.25	0.12	4.86	89.8	8.9	12.2	110.8
18	23	3.56	90%	3.20	2.96	0.17	0.08	3.20	59.1	5.8	8.0	73.0
		146		115.74	106.81	6.03	2.90	115.74	2,136	211	290	2,637

Vacant Greenfield Lands (units)			
Low Density	Density	Density	
2,136	211	290	
<b>Total</b>	<b>2,637</b>		
<b>Unit Mix</b>	81%	8%	11%

#### Gross to Net Assumptions

Parcel	Gross to Net Adj.	Rationale
Less than 2 ha.	100%	No local roads or additional infrastructure.
2-5 ha.	90%	local roads.
5-10 ha.	80%	local roads.
		major greenfield sub-division development, potential for storm water controls on site, possibility of large park.
Greater than 10 ha.	75%	

Note: Sites 15 and 16 are planned to include a mix of uses including residential and commercial uses. Detailed proportion of respective uses are not known. To account for the intended mixed use of these sites, a gross to net adjustment of 70% has been applied.

#### Unit Mix Adjustment

	Low	Medium	High	Sub-Total
Units Per Hectare	20.00	35.00	100.00	n/a
Hectares per 1 Unit	0.05	0.03	0.01	0.09
Target Mix	81.00	8.00	11.00	100.00
No of Ha. 100 Unit Develop.	4.05	0.23	0.11	4.39
Standard Hectare Mix	92.3%	5.2%	2.5%	

CITY OF THOMAS

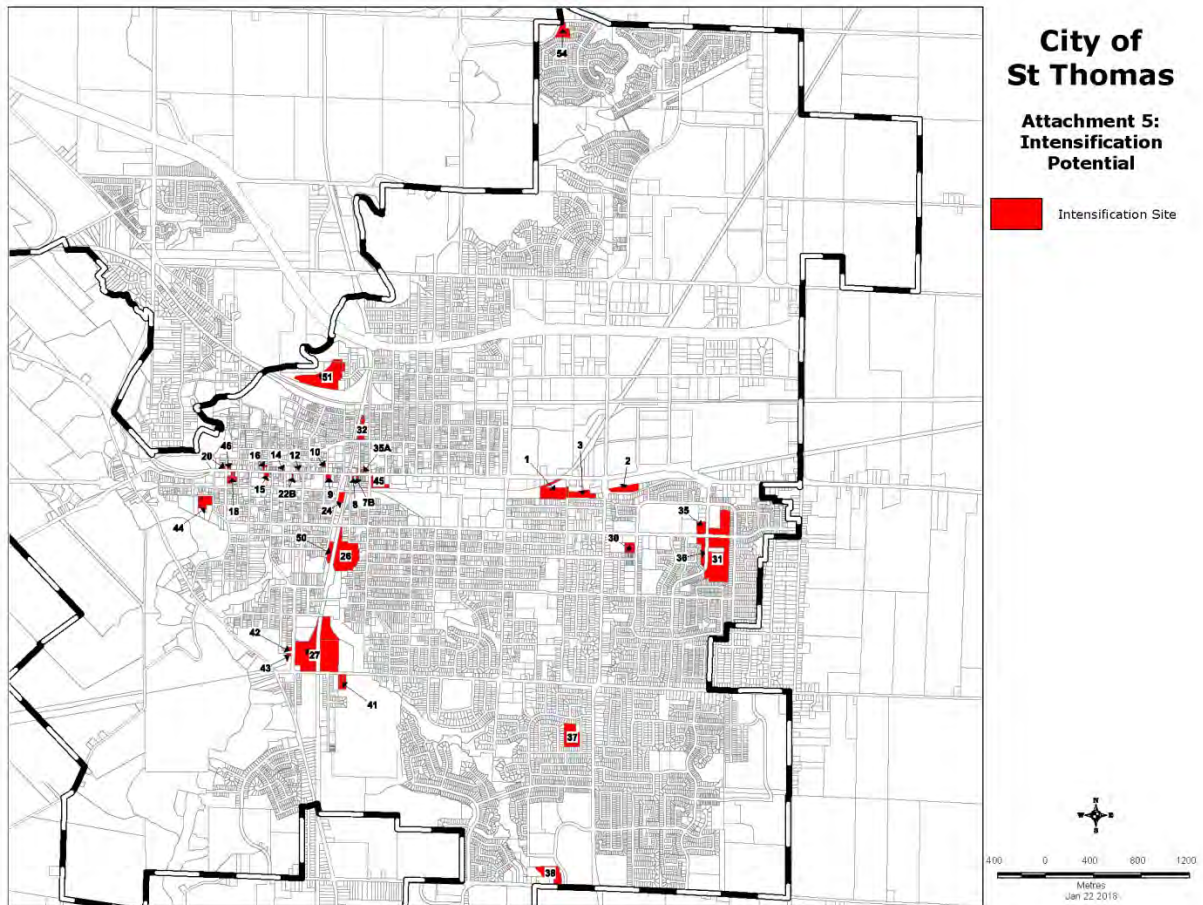
Update of the Population Forecast, Housing Demand, and Residential Land Need – Final Report

June 2018 – 17-6408

**Watson**  
& Associates  
ECONOMISTS LTD.








**DILLON**  
CONSULTING




## Appendix A-7. St. Thomas Intensification Potential Residential Land Inventory Map
















Appendix A-8. St. Thomas Intensification Potential Residential Land Inventory

Site #	Address	Description	Photos	Type of Intensification	Area (ha)	UNIT MIX ASSUMPTION			RESULTING UNITS			TOTAL # of Potential Units	Source	Comments	Estimated Time Frame for Development
						Low	Med	High	Low	Med	High				
2	no street address	Railway Land south of Talbot St., north of Sinclair Ave, west of Fairview.		Brownfield	1.09	100%	0%	0%	22	0	0	22	2008 Intensification Study	As identified in the 2008 study, this site is bounded by a stable residential neighbourhood (single-detached) to the south and east. There is an opportunity for low-density development including good access.  The portion of this property designated as Industrial is currently being reviewed as part of the Employment Lands Review Conversion Analysis.	Short to Mid
8	606 Talbot St.	Sutherland Press Building. Site. Building has been removed.		Infill	0.08	0%	100%	0%	0	9	0	9	2008 Intensification Study	Site is located within the identifiedDowntown Heritage Conservation Study Area. Any intensification that takes place is likely to do so within the existing built form. The 2008 study identified the potential for 12 residential units. Potential units adjusted to 9 (averaged between 6 units for two-storey and 12 units for three-storey) as directed by City.	Short to Mid
16	325 Talbot St.	Vacant land.		Infill	0.14	0%	50%	50%	0	2	7	9	2008 Intensification Study	The building identified within the 2008 study has been demolished. This now reflects an infill opportunity which provides the opportunity to have a higher density while respecting the existing built form within theDowntown Heritage Conservation Study Area. Once the policies have been established for the HCD, the number of units that are feasible for this site may need to be reviewed.	Mid to Long
18	230 Talbot St	Site includes four vacant parcels between Talbot and Centre St. as well as vacant lots on the south side of Talbot Street.		Infill	0.50	0%	100%	0%	0	28	0	28	2008 Intensification Study	Site has a proposed plan in place for the use of a social housing office and 28 residential units.	Short to Mid
24	31 Princess Ave	Former lumber yard site with rail line running through the site.		Brownfield	0.38	0%	0%	0%	0	0	0	0	2008 Intensification Study	In close proximity to downtown which has potential environmental constraints. As identified in the 2008 study, due to uncertainty surrounding the condition of the site, no unit projection has been assigned.	Mid to Long
26	96 Moore St.	Alma College site		Redevelopment	2.80	50%	0%	50%	125	0	125	250	2008 Intensification Study	Redevelopment requires facade to be replicated. Large site could potentially accommodate a large number of units. The unit mix assumption has applied 50/50 split between low and high density, as in the 2008 study. Potential units adjusted to 250 as directed by City.	Mid to Long
27	Wilson Ave and Elm St	C&O lands at Elm and Wilson Ave.		Brownfield	8.16	0%	0%	0%	0	0	0	0	2008 Intensification Study	Site has potential environmental constraints, but it large enough to accommodate a range of dwelling types and densities.  This site is currently being reviewed as part of the Employment Lands Review Conversion Analysis.	Long

Site #	Address	Description	Photos	Type of Intensification	Area (ha)	UNIT MIX ASSUMPTION			RESULTING UNITS			TOTAL # of Potential Units	Source	Comments	Estimated Time Frame for Development
						Low	Med	High	Low	Med	High				
30	East side of Highview Dr, Between Forest Ave and Manor Rd	Two parcels located west of Highview Drive South, south of Wellington.		Infill	0.69	0%	0%	100%	0	0	69	69	2008 Intensification Study	Site has potential for higher density infill recognizing adjacent built form and proximity to Elgin Mall and other institutional uses.	Short to Mid
31	Large parcel east of Highview Dr, north and south of Wellington St	Vacant infill lot located on both the south and north side of Wellington in between Manor Road and Highview Drive.		Infill	7.69	100%	0%	0%	154	0	0	154	2008 Intensification Study	As identified within the 2008 study, the adjacent built form of stable residential neighbourhoods characterized by single-detached dwellings suggests that low-density development is suitable on this site. The site area differs from the 2008 study to account for an existing stormwater management pond.	Short to Mid
32	21 Kains St.	Vacant industrial lot located north of Kains Street, east of Station Street, west of Flora Street		Brownfield	0.89	0%	0%	0%	0	0	0	0	2008 Intensification Study	Site is surrounded by low-density residential uses. Due to potential for environmental constraints on the site, no unit mix has been applied.	Long
34	VICTOR DR E/S	Abandoned land with remnants of industrial uses on site.		Brownfield	1.75	0%	0%	0%	0	0	0	0	Additional Site	Site has potential environmental constraints, but it large enough to accommodate a range of dwelling types and densities. This site is currently being reviewed as part of the Employment Lands Review Conversion Analysis.	Long
3	no street address	Land between Fairview Ave and First Avenue, north of Warehouse Street to northern end of rail ROW.		Brownfield	1.13	0%	0%	0%	0	0	0	0	Additional Site	This site is bounded by Highway Commercial uses to the north and stable, low-density residential uses to the south. Since former railway lands have potential environmental constraints, the timing of redevelopment could be impacted. This site is currently being reviewed as part of the Employment Lands Review Conversion Analysis.	Long
1	no street address	Land between Fairview Ave and First Avenue, north of Warehouse Street to northern end of rail ROW.		Brownfield	2.42	0%	0%	0%	0	0	0	0	2008 Intensification Study	This site is bounded by Highway Commercial uses to the north and stable, low-density residential uses to the south. Since former railway lands have potential environmental constraints, the timing of redevelopment could be impacted. This site is currently being reviewed as part of the Employment Lands Review Conversion Analysis.	Long
35	300 MANOR RD	Vacant land.		Infill	0.69	0%	0%	100%	0	0	54	54	Additional Site	A plan has been proposed for the addition of 54 residential units on this site.	Short to Mid
36	WELLINGTON ST S/S	Vacant land.		Infill	0.91	100%	0%	0%	18	0	0	18	Additional Site	Site is adjacent to stable, low-density residential uses.	Mid to Long



Site #	Address	Description	Photos	Type of Intensification	Area (ha)	UNIT MIX ASSUMPTION			RESULTING UNITS			TOTAL # of Potential Units	Source	Comments	Estimated Time Frame for Development
						Low	Med	High	Low	Med	High				
37	15 PARISH ST	Site contains school building with two out buildings.		Infill	2.16	100%	0%	0%	43	0	0	43	Additional Site	Site is located closer to the southern boundary of the municipality and is bounded by stable, low-density residential uses on four sides. A low-density residential unit mix has therefore been assumed for this site.	Mid to Long
38	43320 SOUTHDALÉ LINE	Site with barn and garage.		Infill	1.78	20%	80%	0%	7	50	0	57	Additional Site	Site is located on the southern boundary of the municipality adjacent to institutional uses including Fanshawe College. A unit mix of low-density and medium-density has therefore been applied.	Mid to Long
41	79, 81, 83 ELM ST	Vacant land.		Infill	0.78	0%	50%	50%	0	14	39	53	Additional Site	Site is located south of currently designated residential lands and east of a mix of low-density and medium-density residential use. Adjacent to Pinafore Park.	Mid to Long
42	91-93 WILSON AVE	Vacant land.		Infill	0.11	0%	100%	0%	0	4	0	4	Additional Site	Site is smaller in size and located on a major arterial adjacent to stable, low-density residential uses to the north and west.	Mid
43	95 WILSON AVE	Vacant land.		Infill	0.08	0%	100%	0%	0	3	0	3	Additional Site	Site is smaller in size and located on a major arterial adjacent to stable, low-density residential uses to the north and west.	Mid
44	59 WALNUT ST	Corner lot with frontage on Walnut, and Stanley St. Adjacent to Natural Heritage features, VA Barrie Park and Kettle Creek		Infill	0.99	100%	0%	0%	20	0	0	20	Additional Site	Site is located close to Downtown and is adjacent to stable, low-density residential uses.	Mid to Long
45	672 TALBOT ST	Vacant land designated Commercial.		Infill	1.20	0%	0%	100%	0	0	120	120	Additional Site	Site is centrally located within the Downtown at a major intersection (Ross Street and Talbot Street) with potential for high-density residential uses	Mid to Long
46	217, 223, and 227 TALBOT ST	Vacant land.		Infill	0.11	0%	0%	100%	0	0	11	11	Additional Site	Site is located at the western gateway of the downtown. Opportunity for infill of high-density development.	Mid to Long

Site #	Address	Description	Photos	Type of Intensification	Area (ha)	UNIT MIX ASSUMPTION			RESULTING UNITS			TOTAL # of Potential Units	Source	Comments	Estimated Time Frame for Development
						Low	Med	High	Low	Med	High				
50	71-89 Princess	Vacant Lot		Draft Approved Plan	0.56	100%	0%	0%	12	0	0	12	Additional Site	Site is planned for a 12 unit condominium.	Short to Mid
51	Hill & Barwick St Area	Vacant Lot		Draft Approved Plan	4.73	100%	0%	0%	0	0	0	0	Additional Site	Site is planned for a subdivision with 70 low-density residential units. Access challenges of this neighbourhood over rail lines impacts the timing of this development. For this reason, no unit mix has been applied.	Long
54	20 Tamarack Crt	Vacant Lot		Plan of Subdivision	0.97	0%	100%	0%	0	34	0	34	Additional Site	Site is planned for the development of 34 townhouse units and is included in the Registered Approved Plans.	Short
42.8									401	144	425	969			

**Notes**

1. The following densities have been assumed for intensification sites and the build-out of the vacant land: 20 upnh for low; 35 upnh for med; 100 upnh for high.
2. Target unit mix for vacant land layer based on City's Official Plan target mix (81% low; 8% med; 11% high)
3. Build out of vacant lands layer assumes a netting out of lands for local roads, neighbourhood parks and other municipal infrastructure based on a sliding scale

4. Sources include the 2008 St. Thomas Intensification Study and recommendations made by City of St. Thomas staff
5. Downtown Heritage Conservation Study is currently being undertaken by the City.

## Appendix B

### *Population by Age Comparison*

# Appendix B-1 City of St. Thomas Summary of Population by Age Cohort Including Census Undercount

Age	Lapointe (2015)						Watson (2018)						Difference (Watson 2018 - Lapointe 2015)			
	2011		2031		2011-2031		2011		2031		2011-2031		2011		2031	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
0-4	2,400	6%	2,300	5.0%	-100	-1.1%	2,400	6.1%	2,400	4.9%	0	-1.1%	0	0%	100	0%
5-9	2,200	6%	2,500	5.4%	300	-0.2%	2,200	5.6%	2,500	5.1%	300	-0.4%	0	0%	-	0%
10-14	2,200	6%	2,600	5.6%	400	0.0%	2,200	5.6%	2,600	5.3%	400	-0.2%	0	0%	-	0%
15-19	2,600	7%	2,500	5.4%	-100	-1.2%	2,600	6.6%	2,500	5.1%	-100	-1.4%	0	0%	-	0%
<b>0-19</b>	<b>9,400</b>	<b>24%</b>	<b>9,900</b>	<b>21.3%</b>	<b>500</b>	<b>-2.4%</b>	<b>9,400</b>	<b>23.7%</b>	<b>10,100</b>	<b>20.7%</b>	<b>700</b>	<b>-3.0%</b>	<b>0</b>	<b>0%</b>	<b>200</b>	<b>-1%</b>
20-24	2,500	6%	2,300	5.0%	-200	-1.4%	2,500	6.3%	3,000	6.1%	500	-0.2%	0	0%	700	1%
25-29	2,100	5%	2,200	4.7%	100	-0.6%	2,100	5.3%	2,600	5.3%	500	0.0%	0	0%	400	1%
30-34	2,400	6%	2,500	5.4%	100	-0.7%	2,400	6.1%	2,500	5.1%	100	-0.9%	0	0%	-	0%
35-39	2,800	7%	2,900	6.3%	100	-0.8%	2,800	7.1%	2,700	5.5%	-100	-1.5%	0	0%	(200)	-1%
40-44	2,800	7%	2,600	5.6%	-200	-1.5%	2,800	7.1%	2,700	5.5%	-100	-1.5%	0	0%	100	0%
<b>20-44</b>	<b>12,600</b>	<b>32%</b>	<b>12,500</b>	<b>26.9%</b>	<b>-100</b>	<b>-4.9%</b>	<b>12,600</b>	<b>31.8%</b>	<b>13,500</b>	<b>27.7%</b>	<b>900</b>	<b>-4.2%</b>	<b>0</b>	<b>0%</b>	<b>1,000</b>	<b>1%</b>
45-49	3,200	8%	2,700	5.8%	-500	-2.3%	3,200	8.1%	3,000	6.1%	-200	-1.9%	0	0%	300	0%
50-54	3,000	8%	2,900	6.3%	-100	-1.3%	3,000	7.6%	3,000	6.1%	0	-1.4%	0	0%	100	0%
55-59	2,500	6%	3,200	6.9%	700	0.6%	2,500	6.3%	3,100	6.4%	600	0.0%	0	0%	(100)	-1%
60-64	2,600	7%	3,200	6.9%	600	0.3%	2,600	6.6%	3,100	6.4%	500	-0.2%	0	0%	(100)	-1%
<b>45-64</b>	<b>11,200</b>	<b>28%</b>	<b>12,000</b>	<b>25.9%</b>	<b>800</b>	<b>-2.4%</b>	<b>11,200</b>	<b>28.3%</b>	<b>12,200</b>	<b>25.0%</b>	<b>1,000</b>	<b>-3.3%</b>	<b>0</b>	<b>0%</b>	<b>200</b>	<b>-1%</b>
65-69	2,100	5%	3,300	7.1%	1,200	1.8%	2,100	5.3%	3,400	7.0%	1,300	1.7%	0	0%	100	0%
70-74	1,500	4%	3,000	6.5%	1,500	2.7%	1,500	3.8%	3,200	6.6%	1,700	2.8%	0	0%	200	0%
75-79	1,100	3%	2,400	5.2%	1,300	2.4%	1,100	2.8%	2,600	5.3%	1,500	2.6%	0	0%	200	0%
80-84	900	2%	1,900	4.1%	1,000	1.8%	900	2.3%	2,100	4.3%	1,200	2.0%	0	0%	200	0%
85+	800	2%	1,600	3.4%	800	1.4%	800	2.0%	1,700	3.5%	900	1.5%	0	0%	100	0%
<b>65+</b>	<b>6,400</b>	<b>16%</b>	<b>12,100</b>	<b>26.1%</b>	<b>5,700</b>	<b>9.9%</b>	<b>6,400</b>	<b>16.2%</b>	<b>12,900</b>	<b>26.4%</b>	<b>6,500</b>	<b>10.3%</b>	<b>0</b>	<b>0%</b>	<b>800</b>	<b>0%</b>
<b>TOTAL</b>	<b>39,600</b>	<b>100%</b>	<b>46,400</b>	<b>100.0%</b>	<b>6,800</b>	<b>0.0%</b>	<b>39,600</b>	<b>100.0%</b>	<b>48,800</b>	<b>100.0%</b>	<b>9,200</b>	<b>0.0%</b>	<b>0</b>	<b>0%</b>	<b>2,400</b>	<b>0%</b>

Source: Lapointe (2015) based on St. Thomas Population, Housing and Employment Projections, 2011-2036, Lapointe Consulting. Watson (2018) based on projections by Watson & Associates Economists Ltd.  
Note: Lapointe (2015) forecast has been adjusted for the Census undercount which is approximately 4%. Numbers may not add up precisely due to rounding.

2016 Population <sup>1</sup>	
Lapointe Estimate	39,365
2016 Census	38,909
Difference (Lapointe less 2016 Census)	456

<sup>1</sup> Census population figures shown do not include the Census undercount estimated at 4%.

# **Appendix B-1** **City of St. Thomas** **Summary of Population by Age Cohort** **Including Census Undercount**

Age	Lapointe (2015)						Watson (2018)						Difference (Watson 2018 - Lapointe 2015)			
	2011		2031		2011-2031		2011		2031		2011-2031		2011		2031	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
0-4	2,400	6%	2,300	5.0%	-100	-1.1%	2,400	6.1%	2,400	4.9%	0	-1.1%	0	0%	100	0%
5-9	2,200	6%	2,500	5.4%	300	-0.2%	2,200	5.6%	2,500	5.1%	300	-0.4%	0	0%	-	0%
10-14	2,200	6%	2,600	5.6%	400	0.0%	2,200	5.6%	2,600	5.3%	400	-0.2%	0	0%	-	0%
15-19	2,600	7%	2,500	5.4%	-100	-1.2%	2,600	6.6%	2,500	5.1%	-100	-1.4%	0	0%	-	0%
<b>0-19</b>	<b>9,400</b>	<b>24%</b>	<b>9,900</b>	<b>21.3%</b>	<b>500</b>	<b>-2.4%</b>	<b>9,400</b>	<b>23.7%</b>	<b>10,100</b>	<b>20.7%</b>	<b>700</b>	<b>-3.0%</b>	<b>0</b>	<b>0%</b>	<b>200</b>	<b>-1%</b>
20-24	2,500	6%	2,300	5.0%	-200	-1.4%	2,500	6.3%	3,000	6.1%	500	-0.2%	0	0%	700	1%
25-29	2,100	5%	2,200	4.7%	100	-0.6%	2,100	5.3%	2,600	5.3%	500	0.0%	0	0%	400	1%
30-34	2,400	6%	2,500	5.4%	100	-0.7%	2,400	6.1%	2,500	5.1%	100	-0.9%	0	0%	-	0%
35-39	2,800	7%	2,900	6.3%	100	-0.8%	2,800	7.1%	2,700	5.5%	-100	-1.5%	0	0%	(200)	-1%
40-44	2,800	7%	2,600	5.6%	-200	-1.5%	2,800	7.1%	2,700	5.5%	-100	-1.5%	0	0%	100	0%
<b>20-44</b>	<b>12,600</b>	<b>32%</b>	<b>12,500</b>	<b>26.9%</b>	<b>-100</b>	<b>-4.9%</b>	<b>12,600</b>	<b>31.8%</b>	<b>13,500</b>	<b>27.7%</b>	<b>900</b>	<b>-4.2%</b>	<b>0</b>	<b>0%</b>	<b>1,000</b>	<b>1%</b>
45-49	3,200	8%	2,700	5.8%	-500	-2.3%	3,200	8.1%	3,000	6.1%	-200	-1.9%	0	0%	300	0%
50-54	3,000	8%	2,900	6.3%	-100	-1.3%	3,000	7.6%	3,000	6.1%	0	-1.4%	0	0%	100	0%
55-59	2,500	6%	3,200	6.9%	700	0.6%	2,500	6.3%	3,100	6.4%	600	0.0%	0	0%	(100)	-1%
60-64	2,600	7%	3,200	6.9%	600	0.3%	2,600	6.6%	3,100	6.4%	500	-0.2%	0	0%	(100)	-1%
<b>45-64</b>	<b>11,200</b>	<b>28%</b>	<b>12,000</b>	<b>25.9%</b>	<b>800</b>	<b>-2.4%</b>	<b>11,200</b>	<b>28.3%</b>	<b>12,200</b>	<b>25.0%</b>	<b>1,000</b>	<b>-3.3%</b>	<b>0</b>	<b>0%</b>	<b>200</b>	<b>-1%</b>
65-69	2,100	5%	3,300	7.1%	1,200	1.8%	2,100	5.3%	3,400	7.0%	1,300	1.7%	0	0%	100	0%
70-74	1,500	4%	3,000	6.5%	1,500	2.7%	1,500	3.8%	3,200	6.6%	1,700	2.8%	0	0%	200	0%
75-79	1,100	3%	2,400	5.2%	1,300	2.4%	1,100	2.8%	2,600	5.3%	1,500	2.6%	0	0%	200	0%
80-84	900	2%	1,900	4.1%	1,000	1.8%	900	2.3%	2,100	4.3%	1,200	2.0%	0	0%	200	0%
85+	800	2%	1,600	3.4%	800	1.4%	800	2.0%	1,700	3.5%	900	1.5%	0	0%	100	0%
<b>65+</b>	<b>6,400</b>	<b>16%</b>	<b>12,100</b>	<b>26.1%</b>	<b>5,700</b>	<b>9.9%</b>	<b>6,400</b>	<b>16.2%</b>	<b>12,900</b>	<b>26.4%</b>	<b>6,500</b>	<b>10.3%</b>	<b>0</b>	<b>0%</b>	<b>800</b>	<b>0%</b>
<b>TOTAL</b>	<b>39,600</b>	<b>100%</b>	<b>46,400</b>	<b>100.0%</b>	<b>6,800</b>	<b>0.0%</b>	<b>39,600</b>	<b>100.0%</b>	<b>48,800</b>	<b>100.0%</b>	<b>9,200</b>	<b>0.0%</b>	<b>0</b>	<b>0%</b>	<b>2,400</b>	<b>0%</b>

Source: Lapointe (2015) based on St. Thomas Population, Housing and Employment Projections, 2011-2036, Lapointe Consulting. Watson (2018) based on projections by Watson & Associates Economists Ltd.

Note: Lapointe (2015) forecast has been adjusted for the Census undercount which is approximately 4%. Numbers may not add up precisely due to rounding.

	2016 Population <sup>1</sup>
Lapointe Estimate	39,365
2016 Census	38,909
Difference (Lapointe less 2016 Census)	456

<sup>1</sup> Census population figures shown do not include the Census undercount estimated at 4%.

## Appendix C

### *Housing Headship Rate and Household Formation Comparison*



**Appendix C-1**  
**City of St. Thomas**  
**Household Headship Rates Housing Forecast**

Year	Household Headship Rates							
	Under 25	25-34	35-44	45-54	55-64	65-74	75+	TOTAL
2016	0.03613	0.47036	0.50607	0.51749	0.65299	0.80470	0.57371	<b>0.65806</b>
2031	0.03620	0.47130	0.50708	0.51853	0.65429	0.80631	0.57485	<b>0.65938</b>
2041	0.03620	0.47130	0.50708	0.51853	0.65429	0.80631	0.57485	<b>0.65938</b>

Year	Total Household by Age of Primary Maintainer							
	Under 25	25-34	35-44	45-54	55-64	65-74	75+	TOTAL
2016	395	1,955	2,611	2,906	3,558	3,515	1,641	16,580
2031	452	2,273	2,611	2,963	3,862	5,041	3,481	20,683
2041	452	2,573	2,820	2,977	3,943	5,132	4,842	22,738

Source: 2016 Headship rate data provided by Statistics Canada. Headship rate forecast prepared by Watson & Associates Economists Ltd.



## Appendix C-2 City of St. Thomas Housing Comparison

Housing Type	Lapointe (2015)					
	2016		2031		2016-2031	
	Total	%	Total	%	Total	%
Low <sup>1</sup>	12,090	76%	14,910	77%	2,820	83%
Medium <sup>2</sup>	560	4%	640	3%	80	2%
High <sup>3</sup>	3,200	20%	3,710	19%	510	15%
<b>Total</b>	<b>15,850</b>	<b>100%</b>	<b>19,260</b>	<b>100%</b>	<b>3,410</b>	<b>100%</b>

Housing Type	Watson (2018)					
	2016		2031		2016-2031	
	Total	%	Total	%	Total	%
Low <sup>1</sup>	12,010	73%	15,255	74%	3,245	79%
Medium <sup>2</sup>	1,135	7%	1,560	8%	425	10%
High <sup>3</sup>	3,410	21%	3,845	19%	435	11%
<b>Total</b>	<b>16,555</b>	<b>100%</b>	<b>20,660</b>	<b>100%</b>	<b>4,105</b>	<b>100%</b>

Housing Type	Difference (Watson - Lapointe)					
	2016		2031		2016-2031	
	Total	%	Total	%	Total	%
Low <sup>1</sup>	-80	-4%	345	-4%	425	-4%
Medium <sup>2</sup>	575	3%	920	4%	345	8%
High <sup>3</sup>	210	0%	135	-1%	-75	-4%
<b>Total</b>	<b>705</b>	<b>0%</b>	<b>1,400</b>	<b>0%</b>	<b>695</b>	<b>0%</b>

Source: Lapointe (2015) based on St. Thomas Population, Housing and Employment Projections, 2011-2036, Lapointe Consulting. Watson (2018) prepared by Watson & Associates Economists Ltd.

<sup>1</sup> Includes singles and semi-detached.

<sup>2</sup> Includes townhouses and apartments in duplexes.

<sup>3</sup> Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

## Appendix D

### *Housing Propensity by Household Maintainer, Structure, and Age Group, 2016*

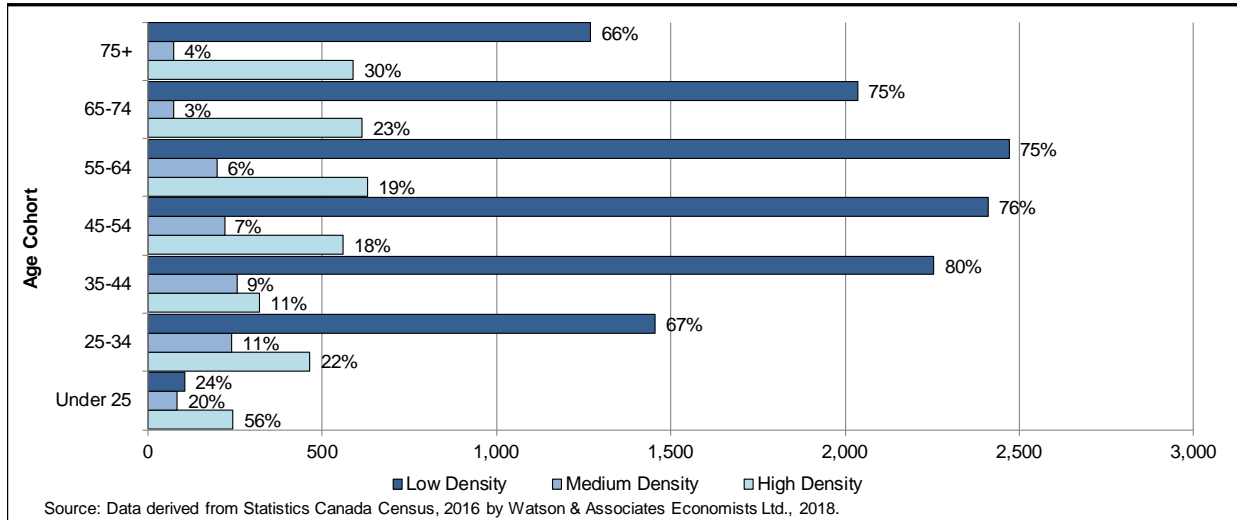
CITY OF THOMAS

*Update of the Population forecast, Housing  
Demand, and Residential Land Need – Final Report*  
June 2018 – 17-6408

 **Watson**  
& Associates  
ECONOMISTS LTD.

  
**DILLON**  
CONSULTING

## Appendix D-1 City of St. Thomas Housing Preferences by Structure Type by Population Age



### City of St. Thomas 2016 Housing Preference by Type and Age Group

Age Cohort	Low Density <sup>1</sup>		Medium Density <sup>2</sup>		High Density <sup>3</sup>		Total
Under 25	105	24%	85	20%	245	56%	435
25-34	1,455	67%	240	11%	465	22%	2,160
35-44	2,255	80%	255	9%	320	11%	2,830
45-54	2,410	76%	220	7%	560	18%	3,190
55-64	2,470	75%	200	6%	630	19%	3,300
65-74	2,035	75%	75	3%	615	23%	2,725
75+	1,270	66%	75	4%	590	30%	1,935
<b>Total Households</b>	<b>12,025</b>	<b>73%</b>	<b>1,140</b>	<b>7%</b>	<b>3,415</b>	<b>21%</b>	<b>16,580</b>

<sup>1</sup> Represents single and semi-detached units.

<sup>2</sup> Represents townhomes and apartments in duplexes.

<sup>3</sup> Represents apartments 5+ storeys.