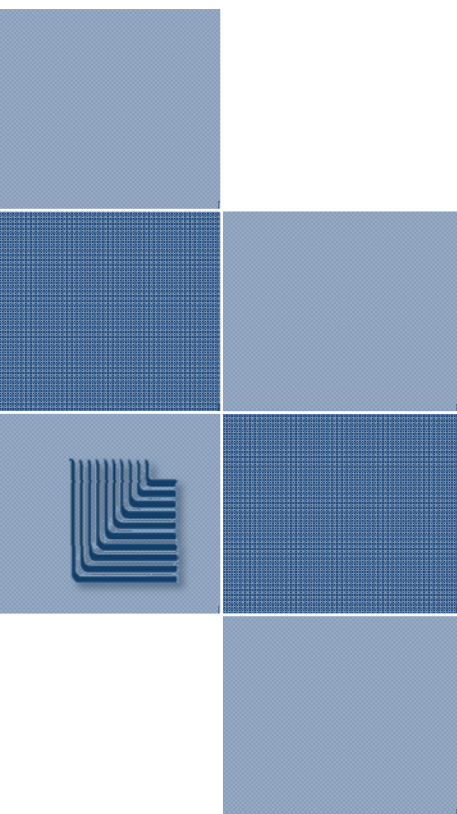


**County of Grey
Housing Study
PHASE 2: Programs and Policies Report**



N. Barry Lyon Consultants Limited

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EXECUTIVE SUMMARY

The County of Grey has one of the most diverse housing profiles of any region in Ontario, and as a result, has a complex range of housing needs. These needs range from significant affordability issues in the Town of the Blue Mountains, Meaford and Grey Highlands, to a relatively balanced supply in Hanover. The County's approach to managing housing issues must therefore be flexible and proactive.

The future need for a greater range of housing in terms of type, tenure and affordability, as well as for social and special needs housing, is likely not going to diminish. The continual aging of the population, modest economic growth and increasing development costs are just some of the factors that will make achieving various housing objectives more challenging over time.

Left unchecked, such housing needs can have a profoundly negative impact on the long term social and economic health of the County and its local municipalities, including: population decline, particularly of younger individuals and families; the inability to "age-in-place"; potential shortfall of labour and, as a result, services; restricted potential for economic growth; reduced tax assessment; loss of core community services and amenities, such as schools, libraries and community centres; and declining civic pride and public image.

The County of Grey recognizes that certain housing needs do exist and that programs and policies must be implemented at the County and local level to resolve these needs. Based on the analysis contained in the Phase One report, which provided a detailed housing needs analysis for the County and each local municipality, this report provides a comprehensive overview of policies, programs and incentives that could be used to help increase the supply of public and privately funded affordable, social and special needs housing in the County.

The suggested policies and programs contained in this report are just part of a complete strategy for housing a community. This work must be integrated into initiatives aimed at improving the economic base with view to increase local job creation and re-thinking community planning that will allow for more intensive and affordable forms of development.

In the short term, we recommend that a leadership role on housing issues for the County be established that would co-ordinate the development of a comprehensive policy framework based on the recommendations of this report. This will require co-ordination with the local municipalities but is critical in terms of establishing a policy basis by which to manage development towards achieving housing objectives. This co-ordination function should also help identify specific programs and projects within Grey communities that will further assist in focusing the resources of the County.

1.0 INTRODUCTION

N. Barry Lyon Consultants Limited (NBLC) was retained by the County of Grey to conduct a Housing Needs Study. The study was split into two phases. The first phase, completed in July 2010, provided a demographic, economic and housing overview of the County, specific analysis relating to the existing supply and demand of affordable and social housing in the County, and analysis of future housing needs in the County.

This report comprises the second phase of the Housing Needs Study. The report examines the existing housing policies and programs in the County and each local municipality, and presents strategies for addressing the identified existing and future housing needs in the County.

1.1 Major Findings & Conclusions of Phase 1: Housing Needs Report

The following provides a summary of the core findings of the Phase One Housing Study:

- Overall, the County's population is aging and is relatively old in comparison to most other areas of the province. The aging of the County's population is expected to continue, with the proportion of those aged over 55 expected to increase from 33% to 42% by 2031.
- The County is dominated by low density housing types, with the majority of higher density housing (primarily apartment units) located in Owen Sound and Hanover, and to a lesser degree The Blue Mountains and Meaford.
- The housing stock in the County, particularly the rental stock, is quite old, with a large portion of units built prior to 1970, and in poor condition.
- Individual and household income in the County are relatively low compared to other areas of Ontario, although a significant range in terms of both average incomes and by household percentiles exists between the local municipalities.
- Based on household incomes, the maximum affordable price for a home in the County, before exceeding the Provincial definitions of ownership affordability is estimated to be \$192,700, and ranging between \$151,600 and \$246,700 in the local municipalities.
- At the County and local level, affordable rental rates are considered to be between \$500 and \$800 a month depending on unit type/size, in line with market rates. Only the Town of The Blue Mountains has average rental rates outside of this range.
- Affordability issues are most pronounced in the municipalities of Town of The Blue Mountains, Grey Highlands, Georgian Bluffs and Meaford. There exist only slight affordability issues in Chatsworth, West Grey and Southgate, with no significant issues in The Town of Hanover and the City of Owen Sound.
- Throughout the County demand for social housing units is on the rise, with the number of applications and the number of units on the waiting list both increasing, and the turn-over rate remaining relatively stable.
- It is forecast that over 7,000 additional ownership and rental affordable units, as well as 600 new social housing units, will be required throughout the County by 2031.
- This demand is equal to over 50% of all new housing units forecast for the County by 2031.
- The Town of the Blue Mountains, Meaford and Grey Highlands are the three municipalities most in need of additional affordable housing. The three municipalities most in need of social housing are the Blue Mountains, Grey Highlands and Owen Sound.

- Finally, consideration should also be given to the provision of various forms of seniors housing, the rehabilitation and upgrading of the rental stock, student housing in Owen Sound and the provision of rural homes/lots in specific communities/areas.

1.2 County's Role in Housing

Since 2001, the provision, maintenance and administration of social and special needs housing in Grey County has been the responsibility of the County, through Grey County Housing, with the vast majority of funding coming from various Provincial and Federal housing programs.

The Planning Act, through the Provincial Policy Statement, requires that municipalities establish targets for housing which is affordable to low and moderate income households. In meeting this requirement the County has the following primary roles:

1. Establish the appropriate targets for affordable housing based on the Provincial definitions;
2. Embed these targets along with implementing policies in the County Official Plan and ensure that lower tier Official Plans are in conformity with these policies; and,
3. Programming and/or support the programs of lower tier municipalities aimed at improving the supply of affordable housing.

1.3 Structure of Phase Two: Programs & Policies Report

This report is structured as follows:

- An overview of a typical housing policy framework, commonly used programs, tools and policies in Ontario, as well as various government programs;
- Observations related to existing housing policies and programs in the County and local municipalities, primary included within official plans, zoning by-laws, housing studies, community improvement plans and development charge by-laws;
- Recommended policies, tools and programs for the County and local municipalities to consider for implementation in order to best address the housing needs identified in the Phase One report; and,
- Summary and short-term plan.

2.0 POLICY, PROGRAMS & TOOLS

There are a variety of methods in which local and regional housing issues have, and can be, addressed in Ontario. For the most part, these methods can be divided into four: a policy framework; specific policy options; programs and tools; and, through government funded programs.

The policy framework constitutes the broad housing vision under which specific policy options, programs and tools, and government programs operate. A housing policy framework and policy options are typically contained within local/county official plans, whereas programs and tools, while outlined and provided for through official plans, are largely enacted through various by-laws.

This chapter provides a brief overview of a typical housing policy framework; various policy options, commonly used programs and tools; and, various government programs.

2.1 Housing Policy Framework

Contained within a local or upper-tier official plan, a typical housing policy framework should include:

- **Direction:** A clear outline of existing and/or potential future housing issues and goals that are to be addressed, such as housing supply, affordability, housing condition, intensification and density.
- **Definitions:** Definitions of housing matters open to interpretation, such as affordability, unit types, and unit densities. All of which should be consistent, regularly updated and provided in official plans and other supporting documents.
- **Targets:** Reasonable local and/or regional targets and goals to be achieved over a certain planning time-frame. For housing purposes this includes density and affordability targets for new housing growth, and can also include targets related to the updating/refurbishment of rental housing stock.
- **Geographic Focus:** Due to limited financial and personnel resources, as well as the variability in the type and severity of housing issues within a certain area, it is important to target those areas most in need of attention.

2.2 Policy Options

Also contained within official plans, and in some cases enacted through zoning by-laws, are a number of specific and supporting policy options available that can, depending on local conditions, have positive direct and indirect implications for affordable housing, some of which include:

- Prohibiting or significantly limiting the conversion of rental units to ownership format (primarily condominiums) or the demolition of existing rental units without replacement.
- Permitting the conversion of single detached homes to multi-unit residential dwellings.
- Allowing for secondary suites/accessory dwelling units in appropriate residential, and in some cases commercial, areas.
- Ensuring that designated land use provisions in certain areas allow for higher density housing types and an appropriate mix of uses.
- Ensuring that height and density allowances in certain areas are such that they do not limit the option for more dense and affordable housing choices in urban areas.
- Ensuring that minimum lot sizes, frontages, setbacks, etc. do not limit housing choices in areas to only larger, less affordable, housing types.

- Allowing for a full range of housing types such as semi detached and townhomes in appropriate locations.
- Provide for the expedited approval of housing development applications that specifically address housing issues and goals.

2.3 Housing Programs & Tools

Programs and tools are the most widely discussed methods for addressing various housing issues. While none provide a “magic bullet” in terms of solving housing needs, certain programs/tools, especially when used together, can have significant impacts. This section provides a brief description of available housing programs and tools, as well as highlighting where they are currently in practice and what the principle opportunities and constraints may be.

2.3.1 Community Improvement Plans

Enabled under Section 28 of the *Planning Act*, Community Improvement Plans (CIPs) provide municipalities the ability to promote and direct various forms of community improvement/investment to specified geographic areas through the use of assorted financial and planning incentives.

The target areas of CIPs can be as broad as entire municipalities or as narrow as specific sites. Types of community improvements that are often the focus of CIPs include: brownfield redevelopment, intensification, streetscape improvements, building re-use, residential intensification and increased employment.

A variety of incentives can be utilized by municipalities, the most common include:

- **Grants & Loans** – Municipalities may provide either a grant or an interest-free or low-interest loan to a developer to help off-set the costs of such things as: remediation, consulting fees; property improvement/expansion and property development. Most often an applicant will be allowed a percentage of the total cost up to a predetermined amount.
- **Fee Exemptions, Rebates and Credits** – In this case fees and levies, such as development charges, building application and planning fees, may not be charged or refunded once the project is complete. Residential and non-residential redevelopment and intensification are the most commonly community improvements targeted by such incentives.
- **Tax Increment Grants/Financing (TIGs)** – Recognizing that through (re)development a property’s tax rate will increase, resulting in increased municipal tax revenue, TIG programs require developers to pay taxes based on the full assessed value of the property each year, with a percentage/portion of the *increased* property tax rebated back each year.
- **Tax Assistance & Relief** – Municipal taxes and/or educational taxes can be reduced or eliminated during the rehabilitation or (re)development of the property, and in some cases beyond. In some cases the assistance or relief is only provided upon completion of the project.
- **Expropriation and Land Assembly** – Municipalities are granted the authority to engage in the purchase and consolidation of private lands for CIP purposes, and also if required, expropriate lands.

Under Bill 51 (2006), three important changes were made to the *Planning Act* with implications for CIPs, including:

- 1) Affordable housing was included in the definition of “community improvement”, allowing for related projects to receive municipal financial incentives;

- 2) Certain upper-tier municipalities (not including Grey County) were allowed to prepare their own CIPs for purposes of: infrastructure within their jurisdiction, lands and building adjacent to existing or planned transit corridors and affordable housing; and,
- 3) All upper and lower-tier municipalities are allowed to voluntarily participate in each other's CIPs.

CIPs have been implemented in a variety of upper and lower-tier municipalities throughout Ontario, including: Waterloo, Niagara, London, Guelph and Oshawa, as well as Owen Sound, Meaford, and the Town of The Blue Mountains (currently under development).

Depending on the targeted community improvement and the incentive used, the impact of CIPs can be quite significant and are useful in focusing attention on certain issues and within certain areas. On the other hand, certain incentives can be costly to municipalities and require large financial and/or administrative resources. Furthermore, the impacts of CIPs are usually difficult to measure and are not easily connected to the CIP program.

2.3.2 Municipal Housing Facilities By-Law (Municipal Plan)

Enabled under the *Municipal Act*, any municipality may provide financial or other assistance in order to secure the provision of certain municipal facilities, including administrative buildings, community centres, fire halls, libraries, as well as infrastructure and utilities.

The type of assistance that a municipality may provide is similar to the incentives permitted under CIPs, and includes grants and loans, exemption and reduction of taxes and charges, as well as guaranteed financing, providing the services of municipal employees and the giving, lending and selling of municipal property.

Recent amendments to the *Municipal Act* allow for service manager municipalities, including the County of Grey, to include municipal housing projects as "municipal facilities". Municipal housing facilities typically target affordable rental housing units and must be enacted through a by-law, which includes a definition of "affordable" as well as criteria for the public eligibility of the units.

Numerous service provider municipalities have approved Municipal Housing Facility By-laws in recent years, including Durham, Halton, York, Oxford, Hamilton and London. In 2006, the County of Grey also enacted a Municipal Housing facilities By-law targeting both affordable rental and ownership developments, and permitting all forms of assistance, except for DC and tax exemption/relief. To date, assistance has only been provided for one development in the County, The Blue Ridge development in Owen Sound.

Municipal Housing Facilities By-laws can be very effective, especially if utilizing development charge or property tax relief, while on the other hand they can be quite costly and are typically narrow in scope.

2.3.3 Bonus Zoning (Section 37 – Planning Act)

Height and density bonusing is enabled under Section 37 of the *Planning Act* to allow developers to exceed the height and density permitted under local zoning by-laws, in exchange for community benefits.

Community or public benefits include the following: public facilities/space, public art, day care, transit improvement, streetscaping amenities and affordable housing. There are no standardized formulas used to calculate what the bonus charge will be or its value. This is typically decided through a negotiation process between the municipality and developer.

While many municipalities, including some in Grey County, have policies in their Official Plans allowing for its usage, to date this tool has been used almost exclusively in the City of Toronto. The reason for its limited usage is that it requires a large amount of administrative resources and a liberal planning environment, as well as a strong housing market and an accepting public attitude towards higher densities and heights. Furthermore, developers are often skeptical due to increased costs and the overall uncertainty of the negotiation process.

Should the municipality include “affordable housing” as a community benefit, density bonusing has the potential to be very effective in addressing housing needs, in that it can result: in increased densities and residential intensification; the direct or indirect development of new affordable or social housing; and the replacement or improvement of municipally owned affordable, social and seniors housing.

2.3.4 Development Charge Relief (*Development Charges Act*)

Under the *Development Charges Act*, upper-tier and lower-tier municipalities are permitted to provide relief or exemptions of development charges to identified development types. While this incentive can be provided through Community Improvement Plans or Municipal (Housing) Facilities By-laws, it can also be provided independently through a municipality’s Development Charge By-law.

Typically, development charges are waived, or significantly reduced, on such developments as hospitals, municipal facilities and buildings, and places of worship, but depending on the goals of the municipality, can also be much broader and include: all non-residential developments, office developments or all high density apartment developments. Some municipalities have also made provisions to waive development charges on affordable and social housing developments.

The current County of Grey’s and local municipal Development Charge By-laws exempt DCs for the expansion of existing units and for the addition of units to existing residential units, but do not provide relief for affordable and/or social housing developments.

Development charges can add significant costs to residential development, and as a result, when waived or reduced can have a large impact. However, their effectiveness is countered by their cost, as under the *Development Charges Act* the loss of revenue associated with the waiving or reduction of development charges cannot be made-up through the increase of development charges on other properties. Therefore, the provision of services and infrastructure to a development that has not paid development charges must be recovered elsewhere by the municipality.

2.3.5 Property Tax Equalization

A straight forward tool available to municipalities is the equalization of property tax rates; ensuring that the rates on multi-residential (regarded as any building containing 7 or more units) buildings are the same, if not lower, than the rates for standard residential.

Table 1 provides the current residential and multi-residential property tax rates for each local municipality and the County. As can be seen, a multi-residential unit in all local municipalities is taxed at a higher rate than a typical residential unit, with both municipal and county multi-residential rates being higher. For example, a house currently valued at \$175,000 in Meaford would pay annual property taxes of roughly \$2,640, while a condominium apartment of the same value would pay \$3,615.

It should be noted that the local and county property tax rates for each of the local municipalities are set by the County of Grey, except for the City of Owen Sound, which sets its own local tax rate. As a result, the City of Owen Sound property tax rate is not a representative example of County property tax rates.

Table 1.

Residential Property Tax 2010					
Municipality	Tax Class	Municipal	County	School	Total
GREY COUNTY					
The Blue Mountains	Residential (RT)	0.00351729	0.00422913	0.00241000	0.01015642
	Multi-Residential (MT)	0.00506911	0.00609501	0.00241000	0.01357412
	Resort Condominium (OT)	0.00351729	0.00422913	0.00241000	0.01015642
Meaford	Residential (RT)	0.00812930	0.00422913	0.00252000	0.01510383
	Multi-Residential (MT)	0.01171591	0.00609501	0.00252000	0.02065576
Georgian Bluffs	Residential (RT)	0.00398585	0.00422913	0.00241000	0.01062498
	Multi-Residential (MT)	0.00574440	0.00609501	0.00241000	0.01424941
Owen Sound	Residential (RT)	0.00951797	0.00338349	0.00241000	0.01531146
	Multi-Residential (MT)	0.02512743	0.00893242	0.00241000	0.03646985
Grey Highlands	Residential (RT)	0.00436720	0.00422913	0.00241000	0.01100633
	Multi-Residential (MT)	0.00629400	0.00609501	0.00241000	0.01479901
Hanover	Residential (RT)	0.00791515	0.00422913	0.00241000	0.01455428
	Multi-Residential (MT)	0.01140730	0.00609501	0.00241000	0.01991231
Chatsworth	Residential (RT)	0.00455662	0.00422913	0.00241000	0.01119575
	Multi-Residential (MT)	0.00656690	0.00609501	0.00241000	0.01507200
Southgate	Residential (RT)	0.00647464	0.00422913	0.00241000	0.01311377
	Multi-Residential (MT)	0.00933123	0.00609501	0.00241000	0.01783624
West Grey	Residential (RT)	0.00596526	0.00422913	0.00241000	0.01260439
	Multi-Residential (MT)	0.00859711	0.00609501	0.00241000	0.01710212

Source: Local Finance/Planning Departments (September 2010)

Note: The City of Owen Sound uses a different application of tax rates compared to other municipalities in the County

There is little justification for any disparity between the two residential property tax classes. Tenants and owners of multi-residential units use the same, and arguably less, services than those of larger residential units. Furthermore, one of the principle reasons multi-residential property tax rates are higher is the notion that rental units are income generating and should be taxed similar to a business. The reality is that any property tax levied against an apartment building is passed on to the tenants; and as was highlighted in the Phase One report, renter households generally have much lower incomes than owner households and as a result cannot afford to pay higher property taxes.

2.3.6 Inclusionary Zoning

Inclusionary zoning policies, employed principally in the United States and more recently in British Columbia, require the provision of affordable housing as part of the approval process of residential developments. In these places, inclusionary zoning has become a significant tool in achieving affordable housing objectives.

There is currently no legislative authority in Ontario permitting the use of inclusionary zoning policies. However, Bill 198 currently before the Ontario Legislature seeks to provide municipalities the power under the *Planning Act* to require affordable housing units as a pre-requisite to development approvals, regardless of any increase in density. As currently drafted, a project with a minimum size of 20 units could be required to provide a certain number of affordable units as defined by Council. At the discretion of council, land or cash-in-lieu could be offered as opposed to actual units.

There is a considerable amount of debate surrounding inclusionary zoning. While it could undoubtedly result in the development of a number of new affordable housing units, especially in municipalities with strong and active housing markets, there is concern from the development community that new home buyers should not be the ones to pay purely for affordable housing, and that if not phased in properly, will significantly cut into profitability.

If inclusionary zoning is approved by the Province, its implementation must be carefully considered so as not to discourage new home building or investment. One approach would be to apply these policies in areas that are, for the first time, being zoned or rezoned for residential development. In this way, the land economics can better anticipate the costs of development and be factored into the land value prior to planning permissions being applied.

2.3.7 Direct Involvement

The County of Grey and local municipalities can also take an active role in the development of additional affordable or social housing. Either through existing departments or committees, such as Grey County Housing, or through the establishment of housing corporations or land trusts, the County and/or the local municipalities could actively participate by:

- Developing municipally or County owned lands for affordable or social housing projects;
- Purchase homes, including condominiums, for affordable and social housing purposes;
- Provide low-interest loans or guarantee financing for developers;
- Provide down payment assistance, in the form of second mortgages, to purchasers of affordable homes; and
- Upgrade, renovate and refurbish existing, publically owned, housing.

Funding for such activities could be derived through, Development Charge revenue, property tax revenue, density bonusing, government transfers, potential inclusionary policies, as well as through fund-raising and donations. Furthermore, the Grey County Housing will soon be able to raise additional funds through the leveraging of existing properties.

While these programs are attractive, as it provides the County or the local municipalities with direct control and could likely result in more timely results, such involvement also increases the exposure of the County or municipality to financial requirements, as well as requiring expanded administrative responsibilities.

2.4 Government Programs

The following are Government housing programs, discussed in the Phase One report, currently being administered by the County of Grey, through Grey County Housing.

- *Strong Communities Rent Supplement Program*
- *Canada-Ontario Affordable Housing Program: Rent Supplement*
- *Canada-Ontario Affordable Housing Program: Social Housing Renovation and Retrofit Program*
- *Canada-Ontario Affordable Housing Program: Homeownership Component*
- *Rental Opportunity for Ontario Families*

In addition to these programs, there are a number of other federally and provincially funded programs that are also designed to help with the development or maintenance of affordable and/or social housing.

Ontario Mortgage and Housing Initiative

- Administered under the Ministry of Municipal Affairs and Housing, this program provides private and public social and affordable housing developers with competitive financing rates.

CMHC Proposal Development Fund Loan

- This program, established by the Canadian Mortgage and Housing Corporation, provides interest-free loans of up to \$100,000 for non-profit or private sector affordable housing developers to assist in upfront costs associated with a project proposal.

CMHC SEED Funding Program

- Funded by CMHC, the SEED Funding Program provides developers grants in the amount of up to \$10,000, with no repayment required, for projects related to housing, such as housing market studies, business plan, environmental site assessment or incorporation of a not-for-profit organization. An additional \$10,000 may also be provided in the form of a loan and is repayable as the housing project progresses.

Homeowner Residential Rehabilitation Assistance Program

- A program offered by CMHC, it provides loans to low income homeowners for mandatory home repairs such as heating, structural, electrical plumbing and fire safety, in order to update homes and keep it affordable. Maximum loan up to \$16,000.

Shelter Enhance Program

- This program is administered by CMHC and provides fully forgivable loans to owners of emergency shelters for women, children and youths who are victims of family violence. The loan can be used for repairs, rehabilitations and improvement of existing shelters, as well as the acquisition or construction of new shelters. Maximum loan up to \$24,000.

Provincial Rent Bank Program

- This program is administered by the 47 Municipal Service Managers and provides financial assistance to those who, due to an emergency such as job loss, are unable to pay rent. Each municipality provide their own eligibility criteria and choose whether or not to administer funds as loans or grants.

3.0 EXISTING POLICIES AND PROGRAMS: OBSERVATIONS

The following section presents general observations of existing County of Grey and local municipal policies and programs that directly or indirectly relate to affordable and social housing. This assessment was undertaken through a review of relevant documents, including: Official Plans, Zoning By-laws, housing studies, Community Improvement Plans, and Development Charge By-laws.

3.1 County of Grey

There exist a number of policies and programs in the County related to housing. Most notable is the County's recently revised Official Plan (OPA # 80), which provides significant policy direction related to housing, including:

- The encouragement of affordable, accessible and diverse housing;
- Intensification targets;
- Supporting the maintenance and improvement of the existing housing stock; and,
- Ensuring that housing be made available to low and moderate income households.

Furthermore, OPA 80 also requires that local municipal Official Plans implement the policies of OPA 80, as well as policies related to: intensification and redevelopment; the conversion of larger single detached units; the preservation, improvement and rehabilitation of older neighbourhoods; and, permitting apartments within houses.

While the housing policies contained in OPA 80 do provide some guidance, they are quite general and do not provide: measurable definitions of "affordability", specific targets, or strategies for reaching such targets. These shortcomings are recognized in OPA 80, where it is stated that the County or local municipalities can undertake housing studies in order to produce comprehensive strategies for dealing with affordable housing. This housing study constitutes the County's comprehensive housing strategy.

The County has two important by-laws with implications for affordable and social housing: a Development Charge By-law and a Municipal Housing Facilities By-law.

The County's Development Charge By-law, effective as of January 2007, is important for two reasons: a portion of the County DC rate is targeted towards social housing; and, like most of the local municipalities, it allows for the waiving of charges for residential expansions and when adding additional units to certain residential units. Despite these provisions, the County DC By-law does not specifically waive or reduce development charges for social or affordable housing developments.

In 2006, the County enacted a Municipal Housing Facilities By-law. The By-law allows for the County to provide incentives to proponents of affordable rental or ownership housing. The incentives available for use include: giving or lending money; giving, lending, leasing or selling property; guaranteeing borrowing; and providing the services of municipal employees. The housing facilities by-law is somewhat limited in its effectiveness as it does not permit the waiving or reduction of taxes, fees or development charges as incentives, typically the incentives with the greatest impact.

3.2 Local Municipalities

3.2.1 City of Owen Sound

Owen Sound, relative to most other local municipalities in the County, has the most comprehensive housing policies and programs, contained not only within its Official Plan and Zoning By-law, but also a Community Improvement Plan and Development Charge By-Law.

The current Official Plan (OP) for the City of Owen Sound was approved in 2006. The Official Plan recognizes the importance and need to supply a range of affordable housing choices to low and moderate income households, stating that the City will establish targets for the provision of such housing. The OP also allows for the use of bonus zoning in exchange for certain works for the municipality, including the provision of housing for groups or individuals.

However, the City's OP also lacks direction regarding affordable and social housing, with no definitions or targets. Of further concern is the relative ease of conversion of rental units to condominium in the City, which under the OP is permitted as long as the (CMHC) rental vacancy rate has been above 2% for over a year. While the conversion of rental units in the County should not be prohibited outright, the permission to convert should be based on much stricter criteria.

A final draft of the City's new Zoning By-law was completed in March of 2010. The draft new Zoning By-law is conducive to the development of higher density, affordable residential development, with many zones allowing for a range and mix of uses, small minimum lot frontages and sizes, a maximum apartment building height of roughly 5 storeys, as well as permitting secondary suites.

The City's Community Improvement Plan (CIP), recently updated in July 2010, has a project area that includes the entire City and utilizes a variety of incentives. One of the key goals of the City's CIP is to encourage intensification, redevelopment, and a range of housing types, including affordable housing. Through the CIP, the City implemented two initiatives with implications for affordable housing:

- **Affordable Housing Loan Program** provides interest free loans to promote the construction of affordable housing units (based on \$20 per square foot to a maximum of \$20,000 per unit); and,
- **Development Charge Grant Program** provides grants equal to the amount of development charges paid in the case of residential redevelopments of existing buildings in the downtown and harbour area.

Under Owen Sound's most recent Development Charges By-law, fees can be waived where: a residential building is enlarged, renovated or repaired; converted into a maximum of two units; and, where an additional unit is added to a semi detached or townhouse. Similar to the County's DC By-law, however, the City's does not include exemptions or reductions specifically for affordable or social housing developments.

3.2.2 Town of Hanover

The Town of Hanover's Official Plan and Zoning By-law provide most of the direction related to affordable and social housing, with no housing study, Community Improvement Plan or Development Charge By-law.

The Town's Official Plan was prepared by the County of Grey and was approved in 1993, with amendments made up to 2005. Despite the time since its preparation, the plan recognizes the importance of higher density and affordable housing, and includes a specific housing policy section with the following objectives:

- encourage an adequate supply of affordable housing;
- promote the maintenance and rehabilitation of existing housing stock;
- support the development of housing for people requiring special care; and most notably,
- requires a minimum of 25% of residential development to be affordable on a municipal wide basis.

The Town of Hanover is the only local municipality in the County to have specific targets related to affordable housing.

The Town's Zoning By-law, enacted in 2005, does include provisions that encourage higher density and affordable residential development, with reasonable minimum lot frontage requirements and strict conversion provisions.

3.2.3 Town of The Blue Mountains

Up until recently the Town of The Blue Mountains had relatively little in terms of housing policy and programs in place. However, recognizing the severity of the housing affordability issue in the Town, a number of plans have been either recently approved or are currently under development.

The Town's Official Plan, developed in the early 2000's, encourages affordable housing in the village and hamlet areas of the Town, but generally does not encourage higher density or mixed-use development and provides little in terms of programs and policies directly related to affordable or social housing. However, the Town's OP does make two key provisions; it permits secondary or ancillary apartments in most residential designations, and permits bonus zoning in return for services or facilities that would benefit the community, including the provision of assisted or other low income housing.

The Town of the Blue Mountain's current Zoning By-law is comprised of two By-laws, both of which are dated. As a result, many of the zoning permissions are not conducive to higher density, affordable development, with large minimum lot frontages and sizes and low maximum heights and densities. The Town is currently conducting a zoning by-law review.

The Town of the Blue Mountains is presently drafting a Community Improvement Plan for the three commercial areas of Thornbury, Clarksburg and Craigleith. The intention of the CIP is to spark downtown revitalization and the redevelopment of older buildings. Under the list of critical community improvement needs for Thornbury and Clarksburgs is the "need for more affordable housing and mix of housing types in the area". While, the draft CIP recommends several incentive programs to encourage developers to focus capital improvements in the three areas, to date there are no proposed incentive programs aimed specifically at encouraging the development of affordable or social housing.

Under the Town's most recent Development Charge By-law, the Town exempts DC fees when enlarging existing dwelling units and when adding one or two units to certain residential units. Like Owen Sound and the County of Grey, there are no specific exemptions or reductions for the development of affordable and/or social housing projects.

Finally, the Town is in the process of finalizing its own Housing Needs Study. The study provides a detailed analysis of the existing and future affordable and social housing situation in the Town, highlighting key concerns, as well as recommending an aggressive housing strategy. Some of the core components of the housing strategy include:

- Housing Growth Mix Targets;
- Utilization of Bonus Zoning provisions;
- Aligning Community Improvement Plan with housing needs;
- Discouraging rental conversions;
- The active role of the Town in the development and administration of affordable housing units; and,
- The future use of inclusionary zoning.

3.2.4 Township of Southgate

The Township of Southgate has limited housing policies and programs in place. The Town's Official Plan, approved by the County in 2006, provides some direction related to increasing densities and intensification, but pays little regard to affordable and social housing. The Southgate OP does, however, permit accessory apartments in various residential designations.

The Township's Zoning By-law allows for a reasonable range of lot sizes and frontages, conducive to higher density, more affordable development, but permits apartment building heights of only 11 metres (three storeys) and maximum apartment densities of only 74 units per hectare or 30 units an acre, a density more often associated with medium density developments.

The Town's most recent Development Charge By-law, like other DC by-laws in the County, permits the waiving of development charges for the enlargement of existing dwelling units and for the addition of one or two units to certain residential units, but does not provide provisions for the waiving or reduction of development charges for affordable or social housing developments.

3.2.5 Municipality of West Grey

The Municipality of West Grey has only limited policies and programs related to affordable and social housing.

The Municipality of West Grey is awaiting provincial approval of the County's OPA 80 prior to developing an Official Plan for the amalgamated Municipality. Currently, Durham and Neustadt are the only towns that have their own OP, but both are dated and neither provides policies related to affordable or social housing.

The Municipality's Zoning By-law, most recently updated in 2008, contains building requirements similar to other municipalities in the County, allowing for reasonable minimum lot sizes and frontages. The West Grey zoning by-law also permits accessory apartments in some residential and commercial zones, as well as the conversion of single detached units to up to four units. The maximum allowable height of an apartment building, however, is only 12 metres (three storeys).

West Grey recently conducted a Development Charges study. Under the draft Development Charges By-law, DC fees are exempted in cases when a dwelling unit is enlarged or when one or two additional units are added to an existing detached dwelling. Like other DC By-laws, there is no provision in place to exempt or reduce DCs for affordable or social housing developments.

3.2.6 Municipality of Meaford

Despite having many of the required documents and by-laws, specific housing policies and programs remain quite limited in Meaford.

The Municipality of Meaford's Official Plan was approved by the County in 2005. While the OP provides policies that encourage a variety of housing types, intensification, and greater densities, like most other municipalities, it does not provide policies related specifically to affordable and social housing.

The most up-to-date Zoning By-law for Meaford, produced in 2009, does contain provisions likely to result in higher density, affordable developments, including reasonable minimum lot sizes and frontages, apartment building heights of 15.5 metres or five storeys, and permitting accessory apartments.

The Municipality of Meaford has a Community Improvement Plan (CIP) for its downtown, developed in 2008. The primary purpose of the downtown CIP is to promote the continued commercial and cultural development of the downtown, through the use of various financial grant, loan and rebate programs. Despite encouraging the development of upper storey residential units in the Downtown, the CIPs focus is primarily related to commercial activity and aesthetic improvements, with little regard for the provision of affordable housing, and covers only the downtown of the community.

The Municipality of Meaford's most recent Development Charge By-law also allows for the waiving of fees for enlargements and the addition of one or two units to certain residential unit types, but does not provide exemptions or reductions for affordable and social housing developments.

3.2.7 Municipality of Grey Highlands

The Official Plan for Grey Highlands was approved by the County in 2002 and provides some general policy direction towards the development of a range of housing types and intensification, including affordable housing for moderate and low-income households, families, seniors, and those with special needs. However, like most other local official plans, it does not include definitions, targets or strategies.

It should be noted that the Municipality's OP also includes policies permitting bonus zoning in return for community facilities and services. However, only heritage preservation, environmental enhancement, extension of infrastructure and the conveyance of land are recognized as a community benefit in the OP, not affordable or social housing.

The Grey Highlands' Zoning By-law was enacted in 2004. Certain aspects of the By-law, however, seem to discourage higher density, affordable residential development. This includes relatively large minimum lot areas and frontages and maximum densities of only 40 units per hectare for apartment and townhouse developments. Furthermore, accessory apartments are not permitted.

The Municipality's most recent DC by-law is similar to other municipalities discussed, waiving DCs for the enlargement of existing units and the addition of one or two units to certain residential units. No exemptions or reductions are permitted for affordable or social housing developments.

3.2.8 Township of Georgian Bluffs

The Township of Georgian Bluffs has few developed housing policies and programs, with no Official Plan, Community Improvement Plan, housing study or Development Charge By-law.

Georgian Bluffs currently does not have an Official Plan, relying on the County of Grey's Official Plan to direct development within the Township. Sarawak is the only Township within Georgian Bluffs that has its own OP. Georgian Bluffs has intentions to develop their own Official Plan and recently completed an Official Plan Background study.

Georgian Bluffs recently updated their Zoning By-law in February of 2010. The Township's Zoning By-law is reflective of the existing nature of Georgian Bluffs, in that minimum lot sizes and frontages are relatively large, maximum apartment building heights are limited to three storeys, the conversion of existing buildings is not permitted, and accessory apartments are only permitted in commercial areas.

3.2.9 Township of Chatsworth

Similar to Georgian Bluffs, the Township of Chatsworth also has very few housing policies and programs, also with no Official Plan, Community Improvement Plan, housing study or Development Charge By-law.

The Zoning By-law for Chatsworth was enacted in 2006, with amendments made in 2007. The Zoning By-law, like Georgian Bluff's, includes provisions that may discourage residential intensification and housing affordability, with large minimum lot sizes and frontages. In fact the minimum lot frontage in the Urban Residential Zone (R2) is 24 metres; with a minimum single lot frontage in the Multiple Residential (R4) zone of 15 metres. Furthermore, high density apartment buildings are not permitted in any of the residential zones, with fourplexes being the highest densities permitted in the Township. Accessory apartments are also not permitted.

3.3 Comparison of Local Development Charges

While the exemption of DCs and the targeting of DC funds has been previously discussed, actual County and local development charge rates should be discussed in more detail. Regardless of where DC revenue is directed and what types of developments are exempt, DC charges have a significant impact on the provision of affordable and social housing.

That is, assuming there are no exemptions, the higher the residential development charges the more difficult it is to provide affordable housing. In order to maintain the same level of profitability, developers simply pass the DC charge cost onto the buyer/renter, therefore the higher the DC the higher the cost of the unit. With this in mind, **Table 2** provides a summary of the existing residential and multi-residential development charge rates for all local municipalities in the County.

Table 2.

Municipality	Residential Development Charges 2010				Residential Apartment Development Charges 2010			
	Local Charge	County	Educational	Total	Local Charge	County	Educational	Total
GREY COUNTY								
Town of the Blue Mountains	\$23,969.00	\$2,295.94	\$0.00	\$26,264.94	\$14,541.67	\$2,295.94	\$0.00	\$16,837.61
Meaford*	\$4,078.00	\$2,295.94	\$0.00	\$6,373.94	\$3,262.00	\$2,295.94	\$0.00	\$5,557.94
Georgian Bluffs	\$0.00	\$2,295.94	\$0.00	\$2,295.94	\$0.00	\$2,295.94	\$0.00	\$2,295.94
Owen Sound	\$8,360.05	\$2,295.94	\$0.00	\$10,655.99	\$6,926.00	\$2,295.94	\$0.00	\$9,221.94
Grey Highlands	\$3,024.00	\$2,295.94	\$0.00	\$5,319.94	\$2,695.00	\$2,295.94	\$0.00	\$4,990.94
Hanover	\$0.00	\$2,295.94	\$0.00	\$2,295.94	\$0.00	\$2,295.94	\$0.00	\$2,295.94
Chatsworth	\$0.00	\$2,295.94	\$0.00	\$2,295.94	\$0.00	\$2,295.94	\$0.00	\$2,295.94
Southgate	\$6,700.00	\$2,295.94	\$0.00	\$8,995.94	\$3,679.00	\$2,295.94	\$0.00	\$5,974.94
West Grey	\$2,250.00	\$2,295.94	\$0.00	\$4,545.94	\$2,250.00	\$2,295.94	\$0.00	\$4,545.94
Average	\$5,375.67	\$2,295.94	\$0.00	\$7,671.61	\$3,705.96	\$2,295.94	\$0.00	\$6,001.90

**Meaford DC Bylaw - Numbers are based on Day 61 to end of Year 2 - only for Service Area 1*

Source: Local Municipalities Planning Department - County of Grey Housing

Three conclusions can be drawn from the table:

- 1) The provision of affordable housing is easiest in Hanover, Chatsworth and West Grey. Whereas it is much more constrained in the Town of The Blue Mountains, and to a lesser degree, Owen Sound.
- 2) Exemption or significant reduction of DCs in any municipality, especially The Blue Mountains and Owen Sound, are likely to make the development of affordable housing much more attractive to the development community. As a simple example, the waiving of DCs for a 40-unit low-rise apartment building in the Town of The Blue Mountains would result in savings to the developer of almost \$675,000.
- 3) The reduction or waiving of just the County portion of the DC rate could have significant implications, especially in those municipalities where the County portion comprises the majority or the entire rate.

3.4 Other Factors

There are two other existing sets of costs that impact on housing affordability in the County of Grey, as well as the rest of Ontario. While little can be done at the County or local level to modify their impacts, it is worth acknowledging the impacts of the Harmonized Sales Tax (HST) and utility costs on housing affordability.

The new government of Ontario HST tax, essentially combining the Federal Goods and Services Tax (GST) and the Provincial Sales Tax (PST), came into effect in June of 2010. The HST rate is currently set at 13%, (8% provincial and 5% federal). The impacts of HST on housing costs can be split into four categories: new home purchases, resale home purchases, rental costs and other. The following provides a brief explanation of the HST impacts on housing affordability in the County, relative to previous tax rates:

- **New Home Sales** – Prior to the HST coming into effect, only the GST (5%) was applicable to new homes sales. Under the HST all new home sales are taxed at the full rate. However, for new homes valued under (and in some cases over) \$450,000 (including rental investment properties), rebates for a portion of both the provincial and federal portions of the HST are available. The combined effects of these rebates in essence results in sale prices that are less than or equal to the previous tax platform. However, it should be noted that full HST is applied to all goods and services used to construct/develop a new housing unit, therefore likely resulting in increased average new home values.
- **Resale Home Sales** – HST does not apply to the purchase price of a resale home. However HST does apply to real estate commissions. Assuming a 5% real estate commission, the HST adds an additional \$400 per \$100,000 of sale value.
- **Rental Units** – HST is not applicable to rental rates. However, rental rates may increase slightly as an indirect consequence of HST charged on goods and services required to run/maintain the property. Permitted rent increases in Ontario are still governed by the *Residential Tenancies Act 2006*.
- **Other** – The HST will have only limited affect on housing affordability in Grey County. However, there will be a marginal increase in the cost the goods and services associated with home ownership. . Such goods and services include: legal fees, utility costs, electrical, plumbing and carpentry work, landscaping and lawn care, and as mentioned, real estate commissions.

Utility costs, outside of purchase financing or rental rates, typically constitute the largest secondary housing costs. As a result, increases or decreases in such costs do impact housing affordability. However, these impacts are limited for three reasons: utility charges and increases are regulated in Ontario; for some lower income households utility charges are subject to tax rebates; and in the case of rental units in which utility charges are included in the rental rate, landlords are not able to significantly increase rental rates to compensate at level above what is permitted in the *Residential Tenancies Act 2006*.

In general, both the HST and increasing utility charges will have little impact on overall housing affordability in the County of Grey. However, regulations related to both should be carefully monitored by the County.

3.5 Summary

The following are the core observations based on our analysis of existing housing programs and policies in the County and local municipalities:

- County and local Official Plans provide basic direction, but do not contain specific definitions, targets and strategies related to affordable or social housing.

- Section 37, or density bonusing, policies exist in only a few municipalities and seem to be rarely used.
- The majority of local Zoning By-laws are supportive of intensification, high density and affordability.
- In only a few municipalities are minimum lot frontages and lot sizes, and maximum allowable heights and densities, such that developing higher density residential developments would be difficult.
- Accessory apartments and the conversion of single detached units to multiple units are permitted in the majority of local municipalities.
- Only three municipalities have Community Improvement Plans, with only Owen Sound's having specific objectives and incentives related to affordable housing.
- Of the municipalities, including the County, with Development Charge By-laws, all allowed for the exception of DCs for the expansion of existing units and the addition of units, but none allow for the exemption or reduction of DCs specifically for affordable or social housing developments.
- Only the Town of The Blue Mountains has completed their own housing study, as recommended under OPA 80.

4.0 COUNTY OF GREY: POLICIES, PROGRAMS & TOOLS

Based on the findings of the Phase One report, there are six primary housing needs in Grey County, including:

1. Increase housing choice and densities;
2. Provide definitions of affordable and social housing for County and local municipalities;
3. Increase availability of affordable housing units;
4. Decrease wait-time for social and special needs housing;
5. Upgrade and maintain existing rental and social/special needs housing stock; and
6. Increase supply and choice of seniors housing.

While these housing needs in no way comprise all of the housing needs in the County, they are the broadest and most severe, and therefore, require the most immediate attention. Furthermore, many of these needs are similar and inter-related, and as a result, some recommended policy and programs/tools will be applicable to more than one.

For each of the identified housing needs, the following section provides a brief explanation as to why it is an issue, recommended policy direction, and recommends appropriate programs and tools.

4.1 Policy Objective # 1 – Increase Housing Choice & Densities

4.1.1 Need

The existing housing mix in the County is dominated by low density units, with 81% of permanent units in the County being single and semi-detached and over 90% in West Grey, Grey Highlands, Southgate, Chatsworth and Georgian Bluffs. Housing growth in the County, left unchecked, is forecast to remain in line with past trends.

There are two principle reasons for this need:

1. Increased residential densities and housing choices are recognized by many, including the Province of Ontario in the 2005 *Provincial Policy Statement*, as having many social, economic and planning benefits, including: revitalized downtown areas, greater pedestrian activity, a greater mix of residents, less automobile use and better use of municipal infrastructure.
2. As a result of relatively affordable housing prices in many of the local municipalities in Grey County the development of a greater range of higher density units will go a long way to meeting affordable housing needs. That is, in municipalities such as Owen Sound, Hanover, Chatsworth and West Grey, under current market prices, higher density market ownership and rental units will typically fall under the definition of affordability.

4.1.2 Suggested Policy

The County should promote a broad range of housing types and tenures within the Primary and Secondary Settlement Areas, which are suitable for all income groups. As such, it is recommended that:

- All efforts should be made to meet the Intensification targets contained within OPA 80;
- Regardless of the level of growth between 2006 & 2031, a target of approximately 28% of all new growth in permanent units constructed in the County should be in medium and high density format. As a point of reference, the *Grey County Growth Management Strategy* (April 2008) forecasts that only 21% of new unit growth in the County to 2031 will be in medium and high density format.

The following table provides the five-year housing growth mix targets for the County to 2031.

Table 3.

Recommended % Housing Growth by Type, County of Grey, 2006 to 2031			
	Low Density	Medium & High Density	Total
2006-11	80%	20%	100%
2011-16	77%	23%	100%
2016-21	73%	27%	100%
2021-26	68%	32%	100%
2026-31	63%	37%	100%
Total	72%	28%	100%

Source: NBLC

- Establish a target of 40% of all new medium and high density units to be in rental ownership format.
- The conversion of single detached homes to multi-unit residential dwellings, comprised of up to four units, should be permitted in appropriate areas providing criteria such as servicing and parking can be addressed.
- Secondary/accessory dwelling units in residential, and in some cases commercial, areas should be permitted in appropriate areas providing criteria such as parking can be addressed.
- Land use provisions within settlement areas, particularly in downtown areas and along main streets, should allow for and be conducive to higher density housing development subject to other planning considerations.
- The conversion of rental units to ownership format (primarily condominium) or the demolition of existing rental units without replacement should be discouraged and only permitted under strict criteria.

4.1.3 Suggested Programs & Tools

The development of market rate apartment units is difficult to encourage in the absence of market demand. However, in areas where some market demand exists, the use of Community Improvement Plans, Development Charge Relief and property tax equalization could provide sufficient incentive to entice greater developer interest.

- **Community Improvement Plans** – Local CIPs, utilizing such incentives as grants and loans, and fee or DC exemptions, rebates or reductions, could target higher density residential developments to downtown areas, main streets and waterfronts that have proven to be attractive to condominium markets. The County of Grey could participate in these local CIPs by assisting in their development or in the financing of the programs.
- **Development Charge Relief** – In addition to the exemptions that already exist for the addition of units to existing residential dwellings, local and County Development Charge By-laws could be amended to permit the waiving or reduction of development charges, at the discretion of council, for all apartment developments in specified areas.
- **Property Tax Equalization** – Local municipalities and the County of Grey should consider equalizing their multi-residential property tax rates to their regular residential rates. This could have the effect of increasing market demand for higher density units, and increase developer interest, especially for rental units.

4.2 Policy Objective # 2 – Provide Definitions of Affordable & Social Housing

4.2.1 Need

There is a need for a County or local definitions of “affordable ownership” and “affordable rental” housing due to the existing usage of “affordability” in OPA 80 and some local of Official Plans, as well as for reference/guidance in the meeting of affordability targets and for the application and administration of various policies, programs and tools.

Due to frequent confusion regarding the difference between affordable and social/special needs housing, a working definition of social housing is also needed.

4.2.2 Suggested Policy

The following definition of social/special needs housing should be considered.

“Social & Special Needs Housing” – Is considered “non-market” housing, and refers to housing that is provided or owned only by public or private non-profit organizations; targeted towards a specific at risk population, including: low income earners, unemployed, physically and mentally disabled, those recovering from various forms of addiction, those with mental health illnesses, the terminally ill, victims of abuse, as well as public long-term care facilities.

It is recommended that that the County of Grey Official Plan, and each local municipal Official Plan, be updated to include one of the following definitions of ownership and rental affordability.

County of Grey

“Ownership Affordability” - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued at or under \$197,200.

“Rental Affordability” – As outlined in the *Provincial Policy Statement*, housing for which the rent is at or below the average market rent of a unit in the regional market area (County of Grey). The 2009 affordable rental housing price is any unit with a monthly rental rate of between \$500 and \$800 per month, depending on unit type.

OR

Local Municipalities

“Ownership Affordability”

Georgian Bluffs – As outlined in the *Provincial Policy Statement*, housing for which the purchase price is at least 10% below the average purchase price of a resale unit in the regional market area, which is the area covered by the Grey Bruce Owen Sound Realtors Association. The 2009 affordable ownership housing price is any unit valued under \$197,600.

Southgate - As outlined in the *Provincial Policy Statement*, housing for which the purchase price is at least 10% below the average purchase price of a resale unit in the regional market area, which is the area covered by the Grey Bruce Owen Sound Realtors Association. The 2009 affordable ownership housing price is any unit valued under \$197,600.

Chatsworth - As outlined in the *Provincial Policy Statement*, housing for which the purchase price is at least 10% below the average purchase price of a resale unit in the regional market area, which is the area covered by the Grey Bruce Owen Sound Realtors Association. The 2009 affordable ownership housing price is any unit valued under \$197,600.

The Blue Mountains - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued under \$246,700.

Grey Highlands - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued under \$202,400.

West Grey - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued under \$191,600.

Meaford - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued under \$187,600.

Hanover - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued under \$160,300.

Owen Sound - As outlined in the *Provincial Policy Statement*, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households, which are those households in the 60th income percentile and below. The 2009 affordable ownership housing price is any unit valued under \$151,600.

“Rental Affordability” – As outlined in the *Provincial Policy Statement*, housing for which the rent is at or below the average market rent of a unit in the regional market area (County of Grey). The 2009 affordable rental housing price is any unit with a monthly rental rate of between \$500 and \$800 per month, depending on unit type.

The following should be noted:

- There is no need for both County and local definitions of affordability, but rather one or the other. It is recommended, that due to the significant differences that exist between local municipalities in terms of incomes and housing markets, that local affordability definitions be utilized.
- While actual housing purchase prices or rental rates are not required, it is recommended that actual values be tied to the definitions for purposes of clarity and to avoid any disputes related to interpretation.

- Whether or not values are attached to the definitions, the utilized definitions of affordability should be updated regularly either annual or bi-annually. The need for regular updating is due to the definition of affordable ownership and rental housing under the *Provincial Policy Statement* being the least expensive of two calculations, as well as the likely fluctuations in County or local municipal housing markets and incomes. At a minimum, the numbers will have to be updated with the five Official Plan review requirement of the Planning Act.

4.2.3 Suggested Programs & Tools

NA

4.3 Policy Objective # 3 – Increase availability of affordable housing units;

4.3.1 Need

As explained in the Phase One report, there not only exists a significant ownership affordability gap, i.e. the difference between “affordable” units and what generally exists in the new or resale housing market, but much more importantly, there exists a significant affordable, both ownership and rent, supply gap in many municipalities. That is, in the majority of municipalities in the County there are far more low and moderate income households (income at or below the 60th income percentile) than there are affordable housing units.

Furthermore, in order to just maintain current supply levels, it is estimated that there is a need for 7,000 additional affordable ownership and rental units in the County by 2031, with a far greater need if the existing shortages are to be remedied.

4.3.2 Suggested Policy

It should be a priority of the County to increase the availability of affordable ownership and rental units to lower and middle income families in the County. As such, it is recommended that:

- New affordable housing be targeted primarily towards designated Primary and Secondary Settlement Areas.
- More than 50% of new permanent housing units developed in the County should meet or exceed local definitions of affordability. As a point of reference, approximately 50% of existing units in the County meet the local definitions of affordable in 2006.
- Of the new affordable units, 25% should be affordable to households in the bottom 40th gross income percentile and between 30% and 40% should be in rental format.
- Due to differing existing and future needs, larger proportions of new affordable housing units should be targeted towards certain municipalities, as assessed through one or a combination of the following criteria:
 1. Those with the largest existing affordable housing under supplies. (The Blue Mountains, Grey Highlands, and Meaford);
 2. Those municipalities with the greatest ownership housing affordability gaps. (The Blue Mountains, Georgian Bluffs and Meaford); and,
 3. Those municipalities that are expected to experience the greatest amount of population and housing growth (Southgate and Owen Sound).
- Local municipalities should consider any application for affordable housing units as in the public interest and should be identified as a priority for approval.

- At the discretion of County and/or Municipal Council, financial or various other forms of assistance should be provided to the private sector to encourage the production of affordable rental or ownership housing.
- The nature and level of County or local assistance should be based on a number of factors, including but are not limited to:
 - The amount of housing allocated for affordable housing;
 - The manner by which the homes will be retained as affordable;
 - The type of housing;
 - The level of affordability proposed; and,
 - The location of the housing.
- The County and local municipalities should adhere to a “housing first” policy. That is, any publically owned lands deemed to be surplus, should first be considered for development for affordable housing purposes.
- The County, primarily through Grey County Housing, as well as all local municipalities should actively participate in and promote awareness of all Provincially and Federally funded affordable housing programs, and regularly lobby for increased financing.

4.3.3 Suggested Programs & Tools

Meeting these affordability targets, as well as enacting some of the policies, can be achieved through the use of a number of previously reviewed programs and tools, including:

- **Community Improvement Plans** – Local CIPs, utilizing such incentives as grants and loans, and fee or DC exemptions, rebates or reductions, could target affordable residential developments (new or conversions) in designated settlement areas. The County of Grey could participate in these local CIPs by assisting in their development or in the financing of the programs.
- **Municipal Housing Facilities By-law** – Through the County’s existing Municipal Housing Facilities By-law, the County could provide incentives to developers of affordable housing units. The existing County By-law should be amended to permit the use of DC and fee exemption, rebates and reductions.
- **Bonus Zoning** – Local municipalities, either through existing policy or through amendments to their Official Plans, should utilize density bonusing provisions to develop affordable housing. It is recommended that for any residential development application seeking an increase in the approved density or height of the site, with as-of-right permissions allowing for over 10 units, 30% of the additional density should be dedicated to affordable or social housing units, or the equivalent in the form of other lands or cash-in-lieu.
- **Development Charge Relief** – In addition to the exemptions that already exist for the addition of units to existing residential dwellings, local and County Development Charge By-laws could be amended to permit the waiving or reduction of development charges, at the discretion of council, for all affordable residential developments.
- **Property Tax Equalization** –The equalization of County and/or local municipal property tax rates could result in greater market demand and greater developer interest for higher density, affordable housing projects.
- **Direct County or Local Municipal Involvement** –It is recommended that the County, through Grey County Housing and under the supervision of the Social Services Committee, begin to take an active role in the both the delivery and facilitation of affordable housing. First by designating or hiring an administrator and secondly by establishing a fund to be used for various affordable housing purposes.

Finally, local municipalities should support any provincial legislation related to inclusionary zoning. If passed, upon closer study, municipalities should consider implementation through their Official Plans and Zoning By-laws.

4.4 Policy Objective # 4 – Decrease wait-time for social and special needs housing;

4.4.1 Need

Similar to affordable housing, as outlined in the Phase One report, there is both a current and future need to decrease the wait-time for social/special needs housing.

Currently the waiting list for Grey County Housing is approximately 740 units, the highest level it has been in the past several years. Additionally, the number of move-ins has remained relatively stable in recent years at roughly 190 per year, while the number of new applications has been increasing in recent years, averaging roughly 630 units annually.

Based on current trends there is no reason to suspect that the Grey County Housing waiting-list and times are going to be decreasing, especially considering forecast population growth. It is estimated that there is the need for an additional 600 social and special needs housing units by 2031 just to maintain current levels of service.

4.4.2 Suggested Policy

As the provision, maintenance and administration of social and special needs housing falls mostly under the jurisdiction of the County of Grey, the County should take a leadership role and actively seek to reduce wait-times for social and special needs housing. As such, it is recommended that:

- All new social housing units should generally be directed towards designated Primary Settlement Areas.
- The County should, subject to funding, aim to increase the supply of social and special needs housing units by an average of 25 units a year.
- The type of units developed should be reflective of existing waiting list and trends in new applications, with an appropriate mix of 1, 2 and 3 bedroom units, targeting seniors, young adults, families and single adults.
- Due to differing existing and future needs, larger proportions of new social housing units should be targeted towards certain municipalities, as assessed through one or a combination of the following criteria:
 1. Those municipalities with the largest affordable housing supply shortages (The Blue Mountains, Grey Highlands, and Meaford);
 2. Those municipalities that already possess the services and amenities necessary for supporting residents of social and special housing units.(Owen Sound, Hanover & Meaford);
 3. Those municipalities with existing low ratios of social housing units compared to the County average(Georgian Bluffs, Chatsworth and Grey Highlands); and,
 4. Those municipalities that are forecast to experience the greatest amount of population and housing growth (Owen Sound and Southgate).
- The safety and well-being of residents should be of utmost importance. Therefore, the security and maintenance of buildings, as well as proper screening and placement of new residents, is critical.

- Local municipalities should consider any application for social housing units as in the public interest and should be identified as a priority for approval.
- The County and local municipalities should adhere to a “housing first” policy. That is, any publically owned lands deemed to be surplus, should first be considered for development for social housing purposes.
- The County, primarily through Grey County Housing, as well as all local municipalities should actively participate in and promote awareness of all provincially and federally funded social housing programs, and regularly lobby for increased financing and assistance.

4.4.3 Suggested Programs & Tools

Some of the same programs and tools recommended for increasing the supply of affordable housing should also be utilized to increase the supply (decrease the wait-time) of social and special needs housing.

- **Municipal Housing Facilities By-law** – Through the County’s existing Municipal Housing Facilities By-law, the County could provide incentives to private non-profit developers of social housing units. The existing County By-law should be amended to permit the use of DC and fee exemption, rebates and reductions.
- **Bonus Zoning** – Local municipalities, either through existing policy or through amendments to their Official Plans, should utilize density bonusing provisions to develop social housing. It is recommended that for any residential development application seeking an increase in the approved density or height of the site, with as-of-right permissions allowing for over 10 units, 30% of the additional density should be dedicated to affordable or social housing units, or the equivalent in the form of other lands or cash-in-lieu.
- **Development Charge Relief** – In addition to the exemptions that already exist for the addition of units to existing residential dwellings, local and County Development Charge By-laws could be amended to permit the waiving or reduction of development charges, at the discretion of council, for all private non-profit social housing developments.
- **Direct County or Local Municipal Involvement** –It is recommended that the County, through Grey County Housing and under the supervision of the Social Services Committee, begin to take an active role in both the delivery of additional social housing units beyond what existing provincial and federal programs provide for. First by designating or hiring an administrator and secondly by establishing a fund to be used for various social housing purposes.

4.5 Policy Objective # 5 – Upgrading and Maintenance of Rental & Social/Special Needs Housing Stock

4.5.1 Need

The need to upgrade and adequately maintain existing rental and social housing is evident not only based on their general age of construction, with 60% of rental units in the County now over 40 years of age and the vast majority of social and special needs housing units in the County built prior to 1980, but also by driving around each of the municipalities and talking with residents and representatives of various organizations. On more than one occasion it was stated that “finding affordable rental accommodation in the County was not an issue, but finding affordable rental accommodation you were willing to live in is”.

4.5.2 Suggested Policy

The need for well maintained and upgraded housing is not just aesthetic, but more importantly, is necessary to ensure the health and safety of occupant; as well as there being municipal and County financial implications, through increased property tax assessment. As such it is recommended that:

- The County and local municipalities shall encourage the regular maintenance and repair of all buildings within their jurisdiction.
- Local municipalities should undertake detailed rental housing surveys every 5 years, recording among other things, the condition and need of repairs/upgrading for each building/unit. Landlords of units/buildings found to be in breach of any health, safety, housing and maintenance standards contained in the *Ontario Residential Tenancies Act* shall be given 30 days to make all necessary reports or risk assessment by the Landlord and Tenant Board.
- Grey County Housing must weigh the need for additional units against that of the needs for regular maintenance and upgrading of existing units. Critical repairs/upgrades of existing facilities should take first priority.
- At the onset of each budget year, Grey County Housing should allocate a portion of funds for repair and maintenance.
- The County and local municipalities shall encourage and assist landlords of affordable rental housing units to take advantage of the CMHC Rental Residential Rehabilitation Assistance Program.

4.5.3 Suggested Programs & Tools

A number of the discussed programs and tools can also be tailored to assist in the maintenance and repair of existing rental and social/special needs housing stock in the County.

- **Community Improvement Plans** – Local CIPs, utilizing such incentives as grants and loans, tax assistance and tax increment financing/grants, could target the repair and upgrading of existing rental buildings in settlement areas. The County of Grey could participate in these local CIPs by assisting in their development or in the financing of the programs.
- **Bonus Zoning** – Local municipalities, either through existing policy or through amendments to their Official Plans, should utilize density bonusing provisions to finance the repair and upgrading of social/special needs housing.
- **Direct County or Local Municipal Involvement** – It is recommended that the County, through Grey County Housing and under the supervision of the Social Services Committee, begin to take an active role in maintenance of its social and special needs housing stock beyond what is achievable through provincial and federal funding.

4.6 Policy Objective # 6 – Increase Supply & Choice of Seniors Housing

4.6.1 Need

The need to increase the supply and choice of seniors' accommodation is twofold. Firstly, the existing demographic composition of the County is significantly older than most other areas of Ontario, a trend which is expected to continue, with the proportion of people over the age of 55 expected to increase from 33% of the population in 2006, to 42% in 2031. Secondly, it is increasingly being recognized that individuals should have the ability to "age-in-place". That is, one should be able to access all forms of seniors' accommodation in the same general area, without having to move away from family, friends and familiar support services.

4.6.2 Suggested Policy

Seniors, who will have a range of incomes/wealth, physical ability and housing preferences, will make up an increasing portion of the County's population, as a result, it is recommended that:

- All new social housing units should be targeted towards designated Primary Settlement Areas.
- A large proportion of new housing units in the County, especially rental, should be developed with elder occupants in mind. Specific characteristics could include proximity to services and amenities, accessible by public transit, close to health care services, limited maintenance requirements and limited stairs.
- A sufficient number of public and private assisted living and long-term care facilities should exist in the County, as assessed frequently by public sentiment and surveys.
- Lands should be set aside early in the planning stage for future seniors residents.
- All accommodation should be made by local municipalities and the County to allow for seniors to share accommodation with other family members.

4.6.3 Suggested Programs & Tools

The programs and tools recommended for use in the development of additional affordable or social housing units can also be used to encourage the development of affordable and social housing targeting seniors. In the case of CIPs, development charge relief and property tax equalization, seniors housing that does not meet the definition of affordable or social housing can also be encouraged.

4.7 Other

As revealed in the Phase One report, there are a number of other, less critical housing needs in the County, all of which can be addressed through policy, various programs and tools, and government initiatives. Three other important needs worthy of acknowledgement include:

- As is the case throughout Ontario, there is a need for housing education in the County, to dispel the myths of affordable and social housing, as well as to explain its importance. Public education initiatives by the County and local municipalities could go a long way to combating the prevailing NIMBY attitude in many municipalities.
- There is also the need for economic development initiatives in the County. Policies, programs and tools intended to address the supply and cost of housing in the County are really only attacking half of the affordable housing dilemma. The other half is employment and income. Incomes in Grey County are well below the provincial average and have not kept up with housing price increases.
- The need to provide housing that is affordable and attractive to younger individuals, couples and families. As mentioned, the proportion of younger age groups in the County is decreasing rapidly, with all local municipalities experience an actual population decline in those aged 25 and under between 2001 and 2006. While a great deal of this is related to employment and education opportunities, the lack of affordable and/or attractive housing in the County, especially in municipalities such as The Blue Mountains and Meaford, is also a contributing factor.

5.0 SUMMARY

Meeting the requirements of the Provincial Policy Statement with respect to affordable housing is one of the greatest challenges to municipalities in Ontario. In the absence of dedicated senior government funding and the presence of strong housing market, meeting the basic needs of affordable housing within the communities of Grey County has been, and will continue to be challenging. In Grey County, the economic diversity and capacities of its member municipalities make the challenges all the greater.

Housing affordability needs within each municipality in the County of Grey range from modest to acute. The County of Grey will therefore need to provide a policy environment that allows for the exploitation of the broadest ranges of policies and programs. Specifically, the County should also monitor the progress of Bill 198 and consider the appropriateness of enabling the use of this legislation within local Official Plans.

The policies suggested in this plan should allow for a framework to address the diversity of issues. The establishment of targets for affordable housing will form the basis for goal setting for the County and provide a foundation by which to measure performance over time.

5.1 Short-Term Strategy

It is recognized that the County of Grey has limited financial and administrative resources for which it can devote towards affordable and social housing needs, beyond their current responsibilities as social housing provider. Furthermore, it is also acknowledged that matters related to affordable housing are not just County issues, but rather are more appropriately and effectively addressed by local municipalities.

However, in an effort to start addressing the various housing needs in the County, we recommend that the County consider undertaking the following initiatives over the next two to three years:

1. **Establish Housing Leadership at the County Level.** Identify a lead person, presumably already employed by the County, to provide leadership and co-ordination of the housing strategy and all related initiatives. This person should be very familiar with planning policy and the provision of social services and would be responsible for refining and guiding the implementation of all initiatives, as well as acting as a liaison and consultant to local municipalities and the Province.

This individual, along with the County's Social Services should also develop a program to raise public and developer awareness and interest in both the need and importance of affordable and social housing in the County, but also the policies, tools and programs available and/or under development/consideration at both the County and local level.

2. **A Strong Housing Policy Foundation.** Develop a draft amendment to the County Plan that provides an overall housing policy that considers the following from our report:
 - Targets for new medium and high density residential unit growth (4.1.2);
 - Targets for new rental unit growth (4.1.2);
 - Policies related to rental conversion (4.1.2);
 - Policies related to secondary suites/accessory apartments (4.1.2);
 - Definitions of "affordable" and "social" housing, and any other terms open to interpretation (4.2.2);
 - Targets for new affordable and social housing (4.3.2 & 4.4.2);
 - Permitting the use of financial and/or other assistance and incentives to encourage new affordable and social housing (4.3.2 & 4.4.2); and,
 - A "housing first" policy (4.3.2 & 4.4.2).

In preparing this amendment the County should consult with local municipalities to assess experience in existing policies and programs (where they exist) and interest in the suggested policy and programs of this report. From this, the draft amendment could be finalized.

With this policy framework in place Council and Staff will be in a stronger position to guide development interests towards achieving County objectives. These meetings should also help identify the interest and priorities of the local municipalities in program initiatives that could be aligned at the County level. The most frequently used strategies include:

- **Community Improvement Plans** that offer program to incentivize the intensification of downtown areas with residential development including the retrofit of second storey commercial space for residential use;
- **Development Charge Relief** that targets key areas or projects (see below); and,
- **Bonus Zoning** policies especially for areas that have stronger market demand such as the Town of the Blue Mountains.

3. **The Affordable Housing Program (AHP).** The AHP provides significant funding resources for affordable housing initiatives. The timing and magnitude of this funding is however uncertain. When a funding announcement is made the short response time and the need for projects to be near “shovel ready” limits the number of viable projects. Often the request for proposals for the funding reveals a small number of qualifying projects, frequently in areas of less need.

We suggest that the County prepare for the next round of Affordable Housing Program funding by working proactively with the development community to ensure strong interest in the program. While the uncertainty in the timing of the program makes this initiative challenging it is likely of value to “reach out” to developers either in a seminar or as individuals to ensure they are aware of the program and its requirements. At the same time, the County should be considering which areas (as identified in this study) have the greatest need and put special emphasis on encouraging submissions from these areas. By doing this, developers should be more prepared at the time a new funding program is announced.

4. **Development Charge Relief.** As identified in our report, development charge relief can have a major impact on improving the supply of housing at affordable levels. The County should consider amending the existing Development Charge By-law to permit the waiving or reduction of County development charges for new social and affordable housing developments that meet the specific criteria. The criteria for development charge relief should be discussed with local municipalities to ensure that initiative is properly aligned to local projects. However, we suggest that the criteria be very specific to the areas in the greatest need.
5. **Property Tax Reform.** Consider equalization of County *residential* and *multi-residential* property tax rates. This is a more long term and complex program and could require a prolonged phase-in period. However, this initiative could remove the tax bias away from multi-family residential. An early start on this initiative is therefore suggested.

While there are numerous other programs and initiatives that the County could also explore we feel that the tasks above require immediate attention. The initiatives described above suggest a focused work plan that would have the effect of creating a solid foundation for the long term delivery of the appropriate mix of housing within the County. With a housing policy in place the County will be in a good position to implement additional programs over time as resources become available.