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**TO:** **PLANNING COMMITTEE**

**SUBJECT:** **2021 AFFORDABLE HOUSING MONITORING REPORT AND AFFORDABLE HOUSING STRATEGY UPDATE**

**WARD:** **ALL**

**PREPARED BY AND KEY CONTACT:** **S. WHITE, RPP, PLANNER, EXT. 4517**

**SUBMITTED BY:** **M. BANFIELD, RPP, DIRECTOR OF DEVELOPMENT SERVICES**

**GENERAL MANAGER APPROVAL:** **B. ARANIYASUNDARAN, P.ENG., PMP, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT**

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** **M. PROWSE, CHIEF ADMINISTRATIVE OFFICER**

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### **RECOMMENDED MOTION**

1. That Council accept, in principle, the Affordable Housing Monitoring Report and Affordable Housing Strategy Report Card, attached as Appendix "A" and Appendix "B" to Staff Report DEV015-22 respectively.

### **PURPOSE & BACKGROUND**

#### **Report Overview**

2. The purpose of this staff report is to provide Planning Committee with additional context and background information on how the affordable housing units and factors were measured as part of the 2021 Affordable Housing Monitoring Report, as well as the key findings and purpose behind the Affordable Housing Strategy Report Card. The staff report also provides an overview of some key strides that were made in 2021, and suggested action items for 2022, including undertaking an update to the Affordable Housing Strategy, to better align it with current and anticipated housing needs.

#### **Affordable Housing Monitoring Report**

3. The Affordable Housing Monitoring Report attached as Appendix "A" to Staff: Report DEV015-22 provides an update on housing affordability in the City of Barrie during the reporting period of January 1, 2021 until December 31, 2021, and an overview of the progress made toward the City's Affordable Housing Strategy (2015) goal, to provide 840 affordable housing units in the City by 2025.
4. The monitoring report reveals that, as of 2021, the goal of 840 affordable housing units has been surpassed, with 965 new affordable housing units being created since the Affordable Housing Strategy's inception. However, as discussed in the analysis section of this staff report, should the County of Simcoe's discount rate for unfunded second suites be applied, the total number of new affordable units would be 712 (as there is no mechanism to ensure unfunded second suites are offered at an affordable rate and the discount rate has been reduced twice since the start of the reporting period).

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5. Some data limitations related to the monitoring report should also be highlighted. For instance:
- a) Due to data limitation at the time this report was written, the percent of homes sold in new plans of subdivision and condominiums below the 2021 affordable home price threshold, and the number of applicants on the waitlist for rent-geared-to-income in Barrie, is not included. This information will be provided to Planning Committee once the required data, including the 2021 affordable home price, has been provided by the County of Simcoe.
  - b) The 2020 affordable home price, the percent of homes sold in new plans of subdivision and condominiums below that threshold in 2020, and the number of applicants on the 2020 waitlist for rent-geared-to-income in Barrie, has been included in the attached report as it was unavailable at the time of publication last year.

#### Affordable Housing Strategy Report Card

6. The Affordable Housing Strategy Report Card attached as Appendix “B” to Staff Report DEV015-22 reviews and assesses the recommendations originally given in the 2015 strategy, and evaluates the progress made on each as well as overall effectiveness. The report card categorizes the strategy recommendations by affordable housing priority and ranks progress made in relation to each recommendation.

#### Notable Affordable Housing Actions in 2021

7. Several notable strides in supporting affordable housing were made in 2021, including: the formation of the Mayor’s Housing Affordability Task Force; new ways to waive planning and building permit fees for qualifying affordable housing projects; the launch of the New Foundations initiative; amendments to the Zoning By-law; funding future affordable housing project through Community Improvement Plan (CIP) grants; and ongoing work to strengthen affordable housing policies in the new Official Plan. Further information about these actions is provided in the analysis section, beginning at paragraph 36.

#### Affordable Housing Actions for 2022

8. Affordable Housing remains a key priority for Council and the City of Barrie. Planned and proposed action items for 2022 include: maintaining a key staff contact in Development Services; implementing the Mayor’s Housing Affordability Task Force recommendations; ensuring the new comprehensive Zoning By-law includes a variety of housing options and implements the new Official Plan affordable housing policies; continuing to monitor and implement the CIP program; and updating the Affordable Housing Strategy, with an estimated budget of \$75,000 from the Development Services operating budget to undertake this work. Further information on these action items is provided in the analysis section, beginning at paragraph 38.

### **ANALYSIS**

#### **Affordable Housing Monitoring Report**

##### Defining Affordable Housing

9. The definition of “affordable” used in the Affordable Housing Strategy to establish the benchmark for measuring the number of affordable housing units in the City is that used in the Provincial Policy Statement and the City of Barrie Official Plan, which is:
- a) In the case of ownership housing, the least expensive of:

- i) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low- and moderate-income households; or
    - ii) housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area.
  - b) In the case of rental housing, the least expensive of:
    - i) a unit for which the rent does not exceed 30 percent of gross annual household income for low- and moderate-income households; or
    - ii) a unit for which the rent is at or below the average market rent of a unit in the regional market area.
10. The City's Community Improvement Plan (CIP) provides a modified definition of "affordable" as follows:
- a) In the case of ownership housing:
    - i) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low to moderate income households. Annual household income will be based upon the most recent Census of Canada statistics for the City of Barrie which is updated every five years.
  - b) In the case of rental housing:
    - i) a unit for which the rent does not exceed 30 percent of gross annual household income for low to moderate income households. Annual household income will be based upon the most recent Census of Canada statistics for the City of Barrie which is updated every five years.
- Low to moderate income means households with an annual household income in the lowest 40th percentiles.
11. Given that the 2021 Census of Canada income data has not been released yet, 2016 Census statistics are still in use currently. New income statistics are anticipated to be released on July 13, 2022, and new housing data on September 21, 2022. Staff will update Planning Committee when this data is available.

#### Tracking Affordable Housing Units

12. The Affordable Housing Strategy (2015) target of 840 affordable housing units in Barrie by 2025 is based on the housing needs assessment that was completed by the County of Simcoe, which is the designated Service Manager for the City of Barrie under the *Housing Services Act*. The County's Affordable Housing Strategy (2014) initially broke down the need for affordable housing in Barrie based on income levels. Due to challenges with regularly obtaining reliable income data for rental households, the County of Simcoe and the City of Barrie have been unable to reliably track affordable units based on income. Instead, rental units are now counted as affordable if they are rented at or below average market rent in Barrie, as determined by the Canadian Mortgage and Housing Corporation (CMHC). This change was approved by County Council. Affordable housing unit counts are broken down into the following reporting categories:
- a) Rent supplement, housing allowance, and housing benefit units;
  - b) New affordable rental development units;
  - c) Second suites built with government funding (County of Simcoe Secondary Suites Program);
  - d) Unfunded second suites; and
  - e) Homeownership units (homes built by Habitat for Humanity or purchased with down payment assistance funding)

13. Affordable units are counted in the year that they became move-in ready, not the year they received Planning approval or when a building permit was issued. Unit counts presented are the total cumulative number of affordable housing units in the City unless otherwise indicated.

#### Establishing Average Market Rent

14. In Barrie, the CMHC only surveys the primary rental market, which includes purpose-built rental buildings containing three or more units. In October 2021, CMHC reported a total of 4,228 primary rental units in Barrie. For a unit to be considered affordable, rent must be less than or equal to the average market rent reported by CMHC, which is shown in Table 1 for both apartment units and townhouse units during the reporting period:

**Table 1: CMHC average market rent in Barrie by unit size in 2021.**

<b>Private Apartment Average Rents</b>					
<b>Year</b>	<b>Bachelor Unit</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3+ Bedroom</b>	<b>Overall Average</b>
<b>2021</b>	\$979	\$1,286	\$1,502	\$1,592	\$1,403
<b>Private Row (Street Townhouse) Average Rents</b>					
<b>Year</b>	<b>Bachelor Unit</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3+ Bedroom</b>	<b>Overall Average</b>
<b>2021</b>	N/A	N/A	**	\$1,666	\$1,622

\*\*Data suppressed by CMHC to protect confidentiality or data not statistically reliable

#### Counting Affordable Second Suites

15. All second suites built with funding from the County of Simcoe's Second Suites Program are counted as affordable units because the owners enter into an agreement to rent the unit at or below the CMHC average market rent for 15 years. Second suites built without government funding are subject to the County of Simcoe's "discount rate" that is used to estimate how many are affordable. The discount rate is based on an annual rental survey of the local market that is conducted by staff in the County of Simcoe's Social Housing Department. The County of Simcoe periodically updates the discount rate based on rental market surveys. Since reporting began in 2015, the "discount rate" has changed as follows:
- a) January 1, 2015 until December 31, 2017: 10% discount rate, which means 90% of units were assumed to be affordable;
  - b) January 1, 2018 until December 31, 2019: 30% discount rate, which means 70% of units were assumed to be affordable; and
  - c) January 1, 2020 to December 31, 2021: 75% discount rate, which means 25% of units were assumed to be affordable.
16. Staff are aware that the number of affordable unfunded second suites reported is likely overestimated, given there is no mechanism in place to require rent at affordable rates or to prevent rent increases when a change in tenancy occurs. While the discount rate has not officially been applied to the total count for new affordable units, see Paragraph 19 below for more information on how applying the County of Simcoe's discount rate would affect the count.

## Establishing the Affordable Home Price

17. The maximum affordable home price for homeownership supply created without government funding is set annually by the County of Simcoe for the Barrie area. The Affordable Home Price is established retrospectively and is equal to the lower value of a) the calculated maximum house price based on median household income (adjusted from 2016 Census data using the Consumer Price Index); or b) 10% below average resale price for the regional area. The 2021 affordable home price is not yet available, however the previously unreported 2020 affordable home price is now available in the attached monitoring report, which was \$316,400, calculated based on income. Staff anticipate that given average resale prices in the regional market area in 2021, the 2021 affordable home price will again be set based on adjusted median household income.

## 2021 Progress towards the Affordable Housing Strategy Goals

18. The Affordable Housing Strategy set a goal of 840 affordable housing units by 2025. The purpose of the Strategy is to encourage, stimulate and increase the supply and range of affordable housing options to meet the needs of our residents at all income levels and stages of life. As of December 31, 2021, there was a cumulative total of 965 affordable housing units in the City of Barrie, however a cautionary note about over-estimating the number of affordable second suites is included below. The year-over-year breakdown of these units by type is provided below in Table 2:

**Table 2: Cumulative total of affordable housing units by type in 2020 & 2021 (up to December 31, 2021)**

Type of unit	2020	2021	Net New Units (2021)
Rent supplement/housing allowance/housing benefit	183	202	19
New affordable rental development	122	133	11
Second suites – funded	108	123	15
Second suites – unfunded*	409*	454*	45
Homeownership Units	50	53	3
<b>Cumulative Total Number of Affordable Housing Units</b>	<b>872</b>	<b>965</b>	<b>93</b>

\* Note: Previous unfunded second suites unit counts from 2015 to 2019 are likely overestimated, as noted below in paragraph 19.

19. Most of the City's affordable housing units are second suites while only 14% are units in new affordable rental development. When the County of Simcoe updates the unfunded second suite discount rate, it is not applied retroactively to prior reporting years. If the 75% discount rate were applied to all unfunded second suites added to the registry since 2015, the adjusted cumulative total would be:
- a) As of December 31, 2021: 712 units, including 201 unfunded second suites.
  - b) Staff are of the opinion that the adjusted total of 712 units more accurately reflects the gain in affordable housing in Barrie.
20. Roughly 25% of rental households in Barrie can be accommodated in the primary rental market (purpose-built rental with three or more units), while the remaining 75% are accommodated in the secondary rental market. The secondary rental market includes rented single-detached, semi-detached, or freehold townhouse dwelling units; units in duplexes; rented condominium units; one (1) or two (2) units in small mixed-use buildings; second suites; and detached accessory dwelling units. This estimate is based on 2016 Census data that reported 15,140 rental households in Barrie, and the fact there were only 4,228 units in the primary market in 2021.
- a) In 2021, the City of Barrie saw an additional 38 primary rental units become available, compared to 2020. Continuing to focus on increasing the number of purpose-built rental units in the city would help address the gap between available rental units and demand.

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21. The most recent data available on the affordability of rent for low- and moderate-income households in general is the 2016 Statistics Canada Census. At that time, 50% of tenant households reported spending 30% or more of their income on shelter costs, and the average monthly shelter cost for a rented dwelling in Barrie was \$1,219. Since this time, average market rent in Barrie has outpaced the inflation rate reported by Statistics Canada. Staff expect to have access to the 2021 income and housing Census data by the end of September 2022.
- a) The CMHC average market rent increased in Barrie by approximately 5.2% for private apartment units, and 9.0% for private row (street townhouse) units from October 2020 to October 2021. Vacancy rates for apartment units were reported at 1.6% in 2021, which is a further decline from the already unhealthy 2.1% reported in 2020. Townhouse vacancy rates however continued to be healthy, increasing to 4.1% in 2021 from 3.6% in 2020.
  - b) Barrie's secondary rental market is not surveyed by CMHC, however it appears to be more expensive than units in the primary rental market based on local rental listings, the 75% discount rate used by the County of Simcoe for unfunded second suites, and the fact the secondary market includes more expensive low density housing units.
  - c) The number of applicants on the County's centralized waitlist for rent-geared-to-income housing saw a year-over-year decrease of 3.4% from 2019 to 2020, but still includes a total of 2,896 households. Waitlist data for 2021 is not yet published by the County.
  - d) Considering the above, it is unlikely that the number of tenant households in unaffordable rental units has improved since 2016 despite the addition of new affordable units to the housing stock.
22. Less than 6% (47 units) of the Affordable Housing Strategy target is homeownership units, and the City met this goal in 2019. In new subdivisions and condominiums, the Official Plan target for at least 10% of all new housing units per annum to be affordable was not met in 2020, as only 6 units were sold at or below the affordable price of \$316,400, which is just 2% of total new residential dwelling units occupied. The 2021 affordable home price is not yet available, but affordable new home sales data will be calculated once this is set by the County for the City of Barrie.
23. Market homeownership prices continued to climb in 2021, and in October 2021 the Canadian Real Estate Association reported that the seasonally-adjusted "Benchmark Prices" for typical homes in Barrie were \$836,800 for a single-family home, \$554,100 for a townhouse, and \$481,100 for a condominium unit in a multi-unit building. This represents an increase of 30.6% for single-family homes, 30.3% for townhomes, and 16.4% for condominium units over October 2020 prices. October home prices were selected as this is the same time when CMHC conducts the rental market survey. This massive increase in resale home price sales has outpaced inflation and priced homes well above the affordable home price for the region based on adjusted median household income, illustrating how it is becoming increasingly difficult for the workforce to be able to afford to own a home in Barrie.

#### Rent Supplements, Housing Allowances and Housing Benefits

24. A total of 19 additional rental households in Barrie were provided with affordable housing through a housing allowance or rent supplement payments between January 1, 2020, and December 31, 2021. This subsidy program is overseen by the County of Simcoe and bridges the gap between what a tenant can afford to pay and full market rent. Rent subsidies assist lower income households, can vary in both amount and duration, and are funded by federal, provincial, and municipal governments. They are used to ensure that residents can afford safe and stable housing



while still being able to pay for necessities, including utilities, groceries, clothing, childcare, transportation, and basic amenities.

- a) Rent supplement payments are an effective way of providing affordable housing to lower income households within Barrie's existing market rental housing stock, however funding for this program is limited. This program is administered by the County of Simcoe Social Housing Department.

#### New Affordable Rental Development

- 25. New purpose-built affordable rental units were added to the affordable housing stock in the City of Barrie during the reporting period. Units included in this category range in affordability from supportive and transitional housing to affordable rental. These units received government funding and as such are required to remain affordable for a minimum period. They may be provided by a housing service provider or with oversight by the County of Simcoe. These units include:
  - a) 11 affordable rental apartment units at Barrie Housing's Allanview Place, which were achieved through a fourth-floor addition to one of the buildings. The rental units that were previously damaged by fire at this location are not also operational again.

#### New Affordable Second Suites

- 26. There were 60 affordable second suites added to the rental housing stock in 2021, which is 65% of the total number of new affordable housing units added over the reporting period. Second suites include both second suites within the main dwelling and detached accessory dwelling units (DADUs). Second suites are a form of affordable housing that is promoted by Provincial policy; for more information on how the City updated its standards to support this form of housing, see paragraph 36 of this staff report.
- 27. Affordable second suite units are broken down into government funded and unfunded second suites for reporting purposes. The County of Simcoe's discount rate for unfunded second suites was originally set at 10%, but was increased to 30% effective January 1, 2018, and to 75% effective January 1, 2020.
  - a) Funded second suites: Include any second suite or DADU built with funding from the County's Secondary Suites Program, which provides up to \$30,000 per unit in the form of a forgivable loan. Rent charged cannot exceed the CMHC average market rent for the area for the full 15-year term of the loan.
    - i) There were 15 funded second suites added to the affordable housing stock in 2021.
  - b) Unfunded second suites: Include the percentage of second suites and DADUs built without government funding that are assumed to be affordable, based on the County's "discount rate" for the reporting year.
    - i) There were 45 unfunded second suites added to the affordable housing stock in 2021.

#### New Affordable Homeownership

- 28. In total 3 new affordable homeownership units that met these criteria were added in Barrie in 2021. Only housing constructed by Habitat for Humanity and homes purchased with down payment

assistance provided by the County or Ontario Aboriginal Housing Services are included in the affordable homeownership unit count towards the 840 unit goal.

29. Homes in new plans of subdivision and condominiums that sold at or below the affordable house price threshold are not included in the official affordable housing unit count noted in paragraph 28, because staff have no information about the household income of these purchasers, or whether these homes are even owner-occupied, and there is no mechanism or monitoring in place to ensure these homes remain affordable beyond the first sale. However, while this count is unreliable from a long-term affordability perspective, staff still monitor and report on this data to determine whether the City is achieving the Official Plan minimum target of ten percent (10%) of all new housing units per annum to be affordable housing. These affordable sales are estimated retroactively using a combination of City generated occupancy reports and Teranet sale price data.
- a) In 2020, there were a total of 342 new homes ready for occupancy and Staff noted 6 new housing sales (approximately 2% of sales) were sold at or below the affordable price of \$316,400; all affordable sales were condominium units.
- b) Data for 2021 will be provided through an update to the Affordable Housing Monitoring Report once the County of Simcoe has established the affordable house price for 2021.

#### **Affordable Housing Strategy Report Card**

30. The Affordable Housing Strategy includes several implementation strategies that aim to encourage and stimulate private and public sector organizations to produce more affordable housing. Since the Affordable Housing Strategy was created in 2015, the need for affordable housing in Barrie has significantly increased. With access to affordable housing becoming an increasingly critical issue not just for Barrie but for the whole country, it is important to take stock of the affordable housing actions taken thus far by the City to help inform our path for the future.
31. The Affordable Housing Strategy Report card takes stock of the more than 20 recommendations originally given in the 2015 strategy, and evaluates the progress made on each as well as overall effectiveness. The report card categorizes the strategy recommendations by affordable housing priority and ranks progress made in relation to each recommendation. Consultation on the report card occurred with the Housing Affordability Task Force in December 2021 and feedback has been incorporated into the final version.
32. Recommendations that have received the ranking of “celebrate” represent actions fulfilled by the City.
- a) Since 2015, we have seen success in increasing permissions for second residential units, amending the Community Improvement Plan (CIP) to offer grants for and incentivize affordable housing, providing financial incentives for the development of Brownfield lands, setting a target that 10 per cent of all new housing units be affordable, and more.
33. Recommendations that received the ranking of “stay the course” are those that have seen progress and work on them should continue.
- a) These include the recommendations to review financial incentive opportunities for not-for-profit housing groups, the requirement for new housing developments to state their affordable housing contributions, working with other levels of government to extend investment into affordable housing, funding social housing projects through development charges, and more. In many cases strides have been made, but work should be continued.



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34. Those recommendations that received the ranking of “improve” require renewed attention.
- a) These include applying for Canada Mortgage and Housing Corporation (CMHC) funding specifically geared towards research and policy development, providing for the acquisition and sale of land by the City for affordable housing purposes, and prioritizing the building of deeply affordable units. In the case of the first (CMHC research funding), City staff will continue to monitor and when funding becomes available for research/policy purposes, staff will apply for it. In the case of the second, there have been a couple of attempts, but limited success in dedicating City lands; staff are encouraged to continue prioritizing this as an option. Regarding the third, the provision of deeply affordable units is largely dependent on social housing, which is overseen by the County of Simcoe.
35. Finally, recommendations that received the ranking of “new direction” are those for which the policy context has changed or for which an alternative path is needed.
- a) For instance, these include allowing for the provision of affordable housing as a community benefit in exchange for increased height and density; changes to Section 37(1) of the Planning Act require that an alternative method be taken. The recommendation for the City to encourage school boards to dispose surplus school lands for affordable housing also needs new direction, as a Provincial regulation requires that school lands be sold at fair market value.

#### **Notable Affordable Housing Activities in 2021**

36. The City of Barrie made great strides and implemented notable changes in 2021 that directly and indirectly supported the provision of affordable housing in the City:
- a) On March 22, 2021, Council approved motion 21-G-062 to form the Mayor’s Housing Affordability Task Force which was comprised of interested members of Council, stakeholder organizations from the housing community, and City and County staff. The Task Force met regularly to prepare a plan to co-ordinate County, City, and charitable/not-for-profit housing projects and policies, to aggressively expand the supply of affordable housing, with particular emphasis on addressing the hardest to house. More information about the Mayor’s Task Force is available on this website <https://www.barrie.ca/City%20Hall/MayorCouncil/Council%20Committees/Pages/Affordable-Housing-Task-Force.aspx>
- b) Council passed resolution 21-P-010 on April 12, 2021, to authorize staff to waive all planning and building permit fees for qualifying affordable housing projects. Staff have already waived planning and building permit fees for qualifying projects in both the feasibility and construction phases and have noted that the ability to waive pre-consultation fees has made this pre-planning process more accessible and affordable to those exploring new affordable housing project sites.
- c) In August, Council approved and set aside funding for the new Foundations Initiative, which is investing up to \$200,000 in affordable housing feasibility studies. This program specifically targets institutionally zoned properties and places of worship with the intent of inspiring landowner of these well-located properties to consider adding affordable housing units to their sites. Planning staff contacted all eligible property owners and invited them to attend an open house, which was held in January 2022. For more information about the New Foundations Initiative, please visit: <https://www.barrie.ca/Living/Housing-and-Property/Pages/Affordable-Housing-Initiative.aspx>
- d) On October 4, 2021, Council adopted By-law 2021-085 and By-law 2021-086 to amend Zoning By-law 2009-141, which were City-initiated amendments to facilitate more affordable

housing options, and to update the City's existing second suite and detached accessory dwelling (DADU) standards. An amendment to the City's Second Suite Registration By-law and Site Plan Control By-law were also adopted to ensure the registration of detached accessory dwelling units and implement a new scoped site plan control process for the same. Changes implemented through these zoning amendments include:

- i) Allowing accessory residential uses as of right on lands zoned Institutional (I).
  - ii) Removing minimum dwelling unit floor areas requirement to permit smaller unit sizes, subject to the requirements of the Ontario Building Code.
  - iii) Revising definitions to improve implementation of the By-law.
  - iv) Making it easier to create additional dwelling units in existing multi-residential buildings.
  - v) Establishing maximum unit sizes for second suites, and ensuring safer units by setting minimum unobstructed entrance requirements and preventing new units from locating in hazard lands.
  - vi) Establishing new standards for detached accessory dwelling units designed to keep these units smaller and more affordable, including maximum unit sizes, increased setbacks, and preventing them from locating in hazard lands.
  - vii) Making it easier to create smaller scale assisted living facilities in multiple dwelling residential zones, by allowing them to follow the residential standards of the zone they are locating in.
  - viii) For a full overview of the changes, please see the project website online here: <https://www.barrie.ca/City%20Hall/Planning-and-Development/Pages/Zoning-By-law-Updates-for-Affordable-Housing.aspx>
- e) The City awarded a total of \$418,530.48 in Affordable Housing Development Grants under the City's Community Improvement Plan (CIP) to support future affordable and purpose-built rental housing units.
  - f) Planning staff worked to incorporate stronger affordable housing policies into the draft new Official Plan, including new targets, provision of range of affordable housing options, and language around improving public access to warming and cooling centres, drinking water sources, and washroom facilities, for vulnerable populations including residents who are currently unhoused.
  - g) Several purpose-built rental projects, including some that specifically identify affordable units, are at various stages of the development approvals process. Once built and occupied they will be counted towards the Affordable Housing Strategy goal.
37. As directed to following last year's Affordable Housing Monitoring Report, Planning staff undertook preliminary research into the feasibility of implementing a cash-in-lieu of affordable housing option for new development, including reviewing best practices from within Ontario and North America. It was determined that implementation of a cash-in-lieu of affordable housing policy, to provide developers with an alternative way to meet affordable housing targets, would be possible, but that waiting until the new Official Plan is in effect to implement the policy would be ideal. At a high-level staff are currently considering the following:

- a) There are different approaches to determining an appropriate cash-in-lieu rate/fee, depending on whether the City wants to encourage on-site provision of affordable housing units (i.e., setting a higher fee) or the collection of revenue to build affordable housing units elsewhere (i.e., setting the fee lower). Two common examples (using hypothetical numbers for discussion purposes only) include:
  - i) The affordability gap method, whereby the in-lieu fee is based on the typical difference in price (or rent) between market rate and affordable units. For example, if the affordable home price was \$400,000 and the typical market home sold for \$800,000 then the in-lieu fee would be \$400,000 (i.e., \$800,000 - \$400,000 = \$400,000).
  - ii) An alternative is the production costs method, which bases the in-lieu fee on the average cost to produce an off-site affordable unit. For example, if it generally costs \$500,000 to build a new unit, and qualified low-income buyers could generally afford \$350,000, then the in-lieu fee would be \$150,000 (i.e., \$500,000 - \$350,000 = \$150,000).
- b) Cash-in-lieu of providing affordable housing units is explicitly prohibited by *Planning Act* within areas where Inclusionary Zoning has been implemented. Currently inclusionary zoning is only permitted within areas that have a Community Planning Permit System or a Protected Major Transition Station Area. The City of Barrie does not currently have either of these, however implications for a cash-in-lieu approach should be considered when/if the City implements either planning tool. It is anticipated that the work to implement Inclusionary Zoning will be an implementing policy piece when the new Official Plan is approved and in effect.
- c) To implement a cash-in-lieu option, Staff recommend updating the Affordable Housing Report terms of reference (TOR), which is a required report for all new residential development. An updated TOR would outline affordable housing unit requirements per the new Official Plan, explain contribution options and preference, and establish a cash-in-lieu of unit rate. It should also outline which classes and sizes of development must demonstrate the provision of affordable housing, and which can be exempt. It could provide different approached based on tenure (rental or ownership units) or built form (ground oriented or apartment units). The City of Mississauga is currently implementing cash-in-lieu through this mechanism.
- d) In conjunction with an update to the City's Affordable Housing Strategy, further consultation with the development community and affordable housing providers on an appropriate cash-in-lieu rate/fee, and consideration of whether funds generated should be contributed to the CIP or another reserve fund, is recommended.

### **Affordable Housing Actions for 2022**

38. The following is a summary of Affordable Housing action items underway or planned for 2022.

#### **Affordable Housing Actions Already Underway**

39. Development Services continues to maintain an affordable housing key contact within the Strategic Initiatives, Policy and Planning Branch, who is able to:
- a) Act as a first point of contact for both general inquiries and affordable housing providers.
  - b) Provide support to affordable housing providers while they navigate the Planning and Building approval process, or with obtaining required planning information needed to apply for

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- government funding, such as zoning compliance information and details about approval processes and timing.
- c) Coordinate and collaborate with our Social Housing Service Provider, the County of Simcoe, particularly with respect to the reporting and tracking of affordable housing units.
  - d) Improve upon existing tracking and monitoring of affordable housing.
  - e) Manage and coordinate the implementation of key affordable housing initiatives.
40. Staff in Development Services and Building Services will work to implement the Housing Affordability Task Force Recommendations that are identified in the February 12, 2022 Development Services Memorandum. A copy of this memorandum is available here: <https://barrie.legistar.com/LegislationDetail.aspx?ID=5452646&GUID=24D025B4-153A-4EAF-A0C3-2766358C3B3F&Options=&Search=>
41. Staff will continue to process applications for Affordable Housing Grants under the Community Improvement Plan (CIP), monitor the program, and suggest amendments to improve the administration of the CIP as required. Once the 2021 Census data is available later this year, Staff will update the maximum CIP affordable rent, which is based on annual household income for the lowest 40<sup>th</sup> percentile.
42. Staff will continue to work on the new comprehensive Zoning By-law update to ensure an appropriate range of housing options are permitted as-of-right throughout the City.
43. Staff will continue to work on updating the Affordable Housing Report terms of reference to implement the new Official Plan policies, and a cash-in-lieu of affordable housing units policy, pending approval of the new Official Plan by the Ministry of Municipal Affairs and Housing.
44. Staff will update the affordable home ownership price, calculate the number of affordable home sales in new plans of subdivision and condominiums in 2021, and make note of the number of applicants on the County of Simcoe's centralized waitlist for rent-geared-to-income housing in Barrie, once this data is available from the County.

#### Additional Housing Action Items Recommended for 2022

45. Overall, the report card demonstrates that some significant steps have been taken; the majority of recommendations – where feasible – have been addressed or are in the process of being addressed. At the same time, new policy contexts as well as challenges have arisen as the price of housing in Barrie has continued to rise year-over-year. Similarly, while the Affordable Housing Monitoring Report demonstrates that the City has exceeded the goal of providing 840 new affordable unit by 2025, staff are of the opinion that this is an over estimation due to the high number of unfunded second suites included in this count and the housing market has only become more competitive since 2015. For these reasons, an update to the Affordable Housing Strategy is needed to address these additional considerations and prioritize those gaps in the strategy that have only widened.
46. While the current strategy is in effect until 2025, Staff are of the opinion that now is an ideal time to begin conducting an updated housing needs assessment and subsequent Affordable Housing Strategy for the following reasons:

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- a) The City of Barrie has exceeded the current strategy goal, and completed most of the action items identified in the 2015 to 2025 plan, however housing and shelter costs have grown at an unprecedented rate and the need for affordable housing is greater than ever.
  - b) The City of Barrie adopted a new Official Plan with updated affordable housing policies and goals in March 2022.
  - c) The Mayor's Housing Affordability Task Force released their final report to Council with recommendations in January 2022. A copy of the full report is available online here: <https://barrie.legistar.com/LegislationDetail.aspx?ID=5373934&GUID=10EEE53B-AEAB-4DDD-91F9-374963D1CF4F>
  - d) The Provincial Housing Affordable Task Force released their final report with recommendations, which is available online here: <https://www.ontario.ca/page/housing-affordability-task-force-report>
  - e) The County of Simcoe has begun undertaking a review of their affordable housing strategy, so there could be opportunities for data sharing and synergy, given they are the Housing Service Manager for the City of Barrie.
  - f) The 2021 Statistics Canada Census data will be released this year, providing access to important, up-to-date, reliable statistics.
47. Staff have reviewed budgets for three southern Ontario municipalities that recently allocated funds to Affordable Housing Strategies: Collingwood budgeted \$75,000 for consultants to develop a new strategy; Richmond Hill budgeted \$100,000 for consultants to work on its strategy; and Markham budgeted \$100,000 over two phases, including \$50,000 for a consultant to prepare a background study and \$50,000 for a strategy, plus an additional \$40,000 for an inclusionary zoning framework.
48. Considering this, staff are estimating that an update to the Affordable Housing Strategy will cost approximately \$75,000, with funding from the Development Services operating budget. This funding will be used to hire a consultant to assist with conducting a housing needs assessment and updated Affordable Housing Strategy.

### **Summary**

49. The City has made significant progress towards achieving the goal of 840 affordable housing units by 2025, however the cost of rent and home ownership remains high for middle- and low-income households in Barrie. Market home ownership prices have grown by an alarming 30.6% for single-family homes, 30.3% for townhomes, and 16.4% for condominium units from October 2020 to October 2021, and vacancy rates and the overall supply of purpose-built rental housing remain low. Nearly half (47%) of all affordable housing units built within the City since 2015 are unfunded second suites that have been estimated based on the County's discount rate, and there is no mechanism in place to keep these affordable over time.
50. The 2021 Affordable Housing Monitoring Report suggests that there is a continued need for both additional deeply affordable rental units for low-income households, as well as workforce rental and affordable homeownership options. This is further compounded by the extremely hot housing market in Barrie, and the challenges with securing affordability over the long term, particularly respecting home ownership.
51. The Affordable Housing Strategy Report Card demonstrates that while the City has implemented many of the original action items identified in 2015, new policy contexts, challenges, and changing

housing needs indicate that it is time for the City to revisit the strategy and ensure it continues to serve as a road map for providing more affordable housing options.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

52. Building more affordable housing provides housing options that allow people to live closer to work and school and reduces the need to travel by private car and has the potential to reduce greenhouse gas emissions.
53. Building infill residential development reduces urban sprawl and the need for the extension of infrastructure and other services and better utilizes existing services and makes cities more transit friendly.

### **ALTERNATIVES**

54. The following alternatives are available for consideration by General Committee:

**Alternative #1** Planning Committee could choose not to accept the Affordable Housing Monitoring Report and Affordable Housing Strategy Report Card as attached.

This alternative is not recommended as the attached reports provide important context for helping to better position staff and the City to get more affordable housing built.

### **FINANCIAL**

55. There are no immediate financial implications as the proposed update to the Affordable Housing Strategy will be funded from the existing Development Services operating budget. Consideration of the financial implications of a cash-in-lieu of affordable housing units policy will be undertaken as part of the Affordable Housing Strategy update.

### **LINKAGE TO 2018–2022 STRATEGIC PLAN**

56. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:
  - ☒ Growing Our Economy – making it easier to do business;
  - ☒ Fostering a Safe and Healthy City – get more affordable housing built and collaborate to address social issues, especially homelessness and the opioid crisis; and
  - ☒ Building Strong Neighbourhoods – build walkable, diverse neighbourhoods that encourage community connections and grow responsibly.

### **ATTACHMENTS**

Appendix “A” – Affordable Housing Monitoring Report

Appendix “B” – Affordable Housing Strategy Report Card