

To: Warden and Members of County Council

From: Director of Human Services

Master Housing Strategy Completion

RECOMMENDATIONS

1. That County Council adopt the Master Housing Strategy, as provided in Attachment 1 of Report No. HS 2022-10, titled “Master Housing Strategy Completion”, and that the recommended actions and strategies assist to guide the County’s efforts in strategically and effectively addressing current housing needs;
2. And further, that County Council direct Staff to annually review the recommended strategies and priority projects of the Master Housing Strategy for consideration in the County’s annual budget process;
3. And further, that County Council authorize staff to focus on the priority housing projects identified in the Master Housing Strategy, for the purpose of ensuring sites are shovel-ready for future housing development, to support the creation of affordable rental units, focusing on households in core housing need and supporting mixed-market housing, subject to available Municipal, Provincial and Federal funding and consideration of necessary partnerships;
4. And further, that County Council direct staff to review the County’s Community Improvement Plan (CIP) with the intent of formally exempting affordable housing projects from County planning application fees and encouraging Area Municipalities to consider similar incentives with respect to Affordable Housing;
5. And further, that County Council approve By-law No. 6492-2022, being a by-law to amend the County’s existing Municipal Housing Facilities By-law (By-law No. 4664-2006, as amended by By-Law 5799-2016 and By-Law 6404-2022), for the purpose of facilitating a number of technical amendments, ensuring consistency with current legislation, and expanding the definition of affordable rental housing to provide greater housing opportunities for moderate income thresholds;
6. And further, that Report No. HS 2022-10 be circulated to Area Municipalities for information purposes.

REPORT HIGHLIGHTS

- In light of rising housing costs and the growing waitlist for community housing, the need for a more comprehensive housing strategy was identified in the 2022 Human Services Business Plan and Budget.
- This report is intended to provide Council with an update with respect to the completed Master Housing Strategy. Overall, the Strategy is intended to provide direction with respect to the County's efforts in support of affordable housing, including necessary background and analysis to strategically direct funds and resources to the areas that are most likely to address current housing needs.
- In support of the outcomes of the Strategy, staff are seeking Council's support to focus on a number of initiatives, including, but not limited to, the identified priority housing projects, the implementation of a housing repair program, a review of the County's CIP, and an update to the current Municipal Housing Facilities By-law (MHFB) to provide greater housing opportunities for moderate income households.
- The Master Housing Strategy is a critical step in understanding specific local housing needs, in an effort to provide a variety of strategies and initiatives to assist in addressing the current housing supply shortage.

Implementation Points

Should County Council be favourable of the recommendations contained in this report, staff will circulate the Master Housing Strategy to Area Municipalities for information purposes. In addition, staff will initiate the process of focusing on the priority housing projects that have been identified, including necessary collaboration with project proponents, Area Municipalities, Federal/Provincial Governments, and County Staff, in an effort to ensure sites are more shovel-ready.

Furthermore, in collaboration with other departments, Staff will proceed with reviewing the County's CIP, with the intent of formally exempting affordable housing projects from County Planning application fees, and ultimately encouraging a similar initiative at Area Municipalities.

The findings of the Strategy will also act as guidance in the County's efforts to strategically address current housing needs, including consideration in the annual budget process informed by anticipated Federal and Provincial funding commitments and applicable partnerships.

It should be noted that staff continue to consider and review the implications of Bill 23, which proposes a number of changes to the Development Charges Act and Planning Act with respect to housing related charges. At this time, Bill 23 is not expected to impact the proposed initiatives and strategies proposed in the Master Housing Strategy: However, alternative tools and program amendments may be brought forward to County Council once the full implications of Bill 23 are understood.

Financial Impact

The outcomes of the Master Housing Strategy are intended to inform the annual budgeting process, specifically with respect to the selected priority project(s) and/or new initiatives for the given year. In particular, the proposed priority development concepts are intended to be flexible to accommodate fluctuations in annual funding contributions, interest rates, and construction costs, and can be adjusted, as well as compounded, according to annual budget commitments.

Any specific financial contributions related to the priority projects or non-asset initiatives identified in the Strategy, will be considered by County Council through the annual budgeting process or a separate staff report for consideration.

Communications







At the onset of the project, County staff approached Area Municipalities to better understand local housing needs and determine the availability of local surplus lands for consideration in the Strategy. These discussions are ongoing with the local municipalities that identified surplus lands that could potentially support a future housing project.

Sequentially, on May 9, 2022, staff, along with N. Barry Lyon Consulting, met with members of County Council to gain further feedback and comments. The feedback received during this session was incorporated into the Housing Needs Assessment component of the Strategy, which was presented to County Council on June 22, 2022. Following this, staff also presented the housing needs assessment to various community organizations/committees.

Furthermore, the preliminary concepts that were developed for each of the priority sites were reviewed by Planning staff to determine feasibility.

In terms of next steps, if County Council is supportive of the recommendations contained in this report, staff will circulate the Master Housing Strategy to each of the Area Municipalities for information purposes. The Strategy will also be available to the public by way of the County website.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
1.i. 1.ii.		3.iii.	4.ii.		

DISCUSSION

Background

In light of rising housing costs and the growing waitlist for community housing, the need for a more comprehensive housing strategy was identified in the 2022 Human Services Business Plan and Budget. At that time, the intent of the Strategy was to provide a clearer understanding of the County's current housing needs, including gaps along the housing continuum, as well as a list of priority housing projects and initiatives that can assist to address the identified gaps. The Strategy was also intended to respond directly to the strategic directions of the County's 10-Year Shelter Plan, respecting the creation of new affordable housing supply and the preservation and optimization of existing housing stock.

For County Council's information, N. Barry Lyon Consulting was retained to complete the Strategy in early 2022. Following this, Council received Report No. CAO 2022-07 on June 22, 2022, providing an update with respect to Part 1 of the Strategy, being the Housing Needs Assessment.

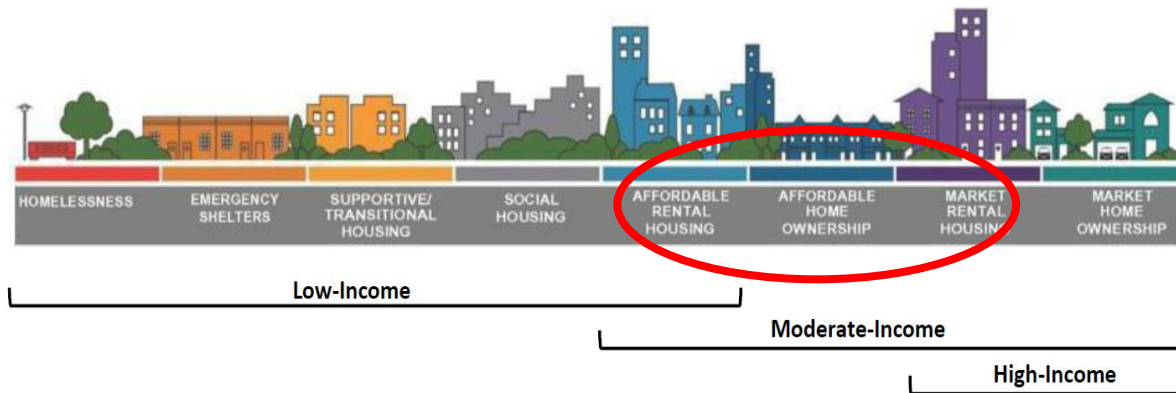
The intent of this report is to provide County Council with the final recommendations of the completed Master Housing Strategy, including the outcomes of the priority project development component and non-asset housing strategy review. Through this report, staff is seeking Council's support to focus on the priority projects and strategies that have been identified, in an effort to guide the County's efforts to strategically address current housing needs. In doing so, staff will be able to make more well-rounded decisions with respect to the annual budget process, in terms of specific projects and initiatives.

With respect to recent affordable housing contributions, it should be noted that as part of the 2020 budget process, County Council passed a motion to increase the annual investment in affordable housing to \$500,000 annually. Further to this, Council passed a motion during the 2022 budget process to facilitate a one-time increase of \$1.5 million to the affordable housing reserve. These funds were utilized to support the future affordable housing project at 175 Springbank Avenue North, Woodstock, as well as the newly implemented second unit funding program.

Comments

In the development of the Strategy, a number of key targets and questions were contemplated, including:

- What potential deliverables or initiatives can provide further support to moderate income households, meaning those within the 4th to 6th income deciles, particularly with respect to missing middle housing options between affordable rental housing and market housing, as shown in the housing continuum (i.e. an increase in rental housing, other non-asset housing strategies, funding opportunities)?



- How can the County continue to collaborate with other agencies (i.e. Federal/Provincial governments, area municipalities, non-profit housing providers, private developers, and community support agencies) to support the creation of housing options across the housing continuum?
- What specific housing projects can support the County’s efforts in increasing the current affordable housing target of 50 units per year? In addition, what financial incentives may be necessary to ensure this target is achieved in light of current market conditions?

Considering these targets and questions, the following components of the Strategy were developed.

Part 1 – Housing Needs Assessment

Although the extent and nature of the housing affordability crisis is not unique to the County, there are specific housing needs that should be considered in support of local programs and directives. In review of the County’s household income deciles, affordability thresholds were determined for both ownership and renter households, as shown in Figure 1. The affordability thresholds are based on the understanding that 30% of a household’s total income is available for accommodation expenses.

Household Incomes in Oxford County and Affordability Thresholds					
	Decile Group	All Households Income (2021 estimate)^	Renter Income (2021 estimate)^	Affordable Purchase Price*	Affordable Rental Rate (monthly)**
Low Income	1st	\$26,600	\$16,500	\$97,900	\$410
	2nd	\$41,000	\$23,100	\$150,800	\$580
	3rd	\$53,600	\$29,700	\$197,200	\$740
Moderate Income	4th	\$66,500	\$37,800	\$244,600	\$950
	5th	\$81,300	\$46,000	\$299,100	\$1,150
	6th	\$96,600	\$54,600	\$355,400	\$1,370
High Income	7th	\$114,600	\$65,600	\$421,600	\$1,640
	8th	\$138,100	\$81,200	\$508,100	\$2,030
	9th	\$175,300	\$106,700	\$644,900	\$2,670

Notes/Source: Provincial Policy Statement Housing Tables. ^Incomes based on 2016 Census of Canada, inflated using Consumer Price Index (Ontario) to estimate 2021 incomes. *Assumes 30% of gross income is available for accommodation costs. Accommodation costs include mortgage (25 years, 4.79% fixed 5-year rate, 5% downpayment, 1.25% property tax payment, 4.0% of loan amount for CMHC mortgage insurance). **Assumes 30% of gross income is available for monthly rent.

While interest rates are increasing, the current average purchase price of a home in Oxford County is approximately \$670,000, according to the Woodstock-Ingersoll Real Estate Board (September, 2022). In addition, the average market rent for a one-bedroom unit in the County is approximately \$1,400 to \$1,700. With these figures, it is clear that there is a significant gap in terms of affordability, with much of the County's available housing being unaffordable to most households.

Overall, the following points provide insight into the current challenges we face in terms of housing affordability across the County, along with the areas of focus.

- The relocation of high-income individuals from other parts of Ontario is driving up prices and competition for a limited supply of housing.
- Owners are more likely to spend over 30% of their gross household income to enter the housing market, believing that their equity commitment will pay off in the future.
- Lack of housing choice and supply are two key factors driving rental housing unaffordability.
- Price growth in ownership housing greatly exceeds income growth.
- Both adequate land supply to serve future growth, as well as a diverse range of housing, need to continue being promoted.
- Oxford County requires more rental housing across the entire continuum, including rent geared to income (RGI), affordable, and market-rental housing.
- Market rents continue to increase, while vacancy shrinks across the County, indicating that supply is falling well short of demand.
- Demand for rental housing is expected to continue increasing as the population continues to grow and ownership housing remains out of reach for many households.
- New affordable housing development should target a wider range of households, including those in a core housing need.
- An increased annual affordable housing target (beyond 50 units per year) is necessary to more appropriately address the current lack of housing supply: However, an increased target needs to align with the ability to adequately fund such development.
- While rising interest rates are creating a shift in the housing market, supply continues to be an issue and many households still face challenges in terms of mortgage affordability.

Part 2 – Priority Site Development

This component of the Strategy included an extensive review of approximately 30 sites for the purpose of determining the feasibility of future residential development opportunities. The sites included a mix of existing housing properties, and surplus lands owned by both the County and various Area Municipalities. The purpose of this review was to identify a list of priority projects that may be considered to assist in increasing the County's rental housing supply.

Each of the sites were assessed using an evaluation matrix, which focused on the following criteria to prioritize potential projects:

- Existing property use and ownership.
- Servicing considerations, including municipal water and wastewater availability/capacity.
- Potential for redevelopment.
- Necessary planning approvals and potential development constraints (i.e. environmental).
- Potential tenant displacement.
- Potential financial implications and required funding contributions.

Based on the above review criteria, a total of 12 priority sites were identified, with two sites already underway (785 Southwood Way and 175 Springbank Avenue North, Woodstock). The sites are summarized in the table below, with further details on the conceptual site plans starting on page 58 of the Strategy. It is important to note that some sites will remain confidential until they have been formally endorsed by an Area Municipal Council and/or County Council; however, limited details are included to provide an estimate of the potential number of units that may be supported. The proposed projects are not expected to proceed in chronological order, but will be utilized to inform the annual budget process.

Overall, the purpose of the below table is to provide a better understanding of the total number of units that may be accommodated on the potential development sites, and the financial implications that may need to be considered to ensure such projects are feasible. In this respect, it is important to note that the financial considerations that are provided may fluctuate based on anticipated Federal/Provincial funding, interest rates, and general construction costs.

The following assumptions were utilized to inform the details of each priority project:

- Each project, with the exception of the County’s existing housing sites (186 Alice and 235 Thames), are expected to be financed through the CMHC Co-Investment program. The most up to date interest rate was incorporated into each financial pro-forma (4.35%).
- Each project assumes a Federal/Provincial contribution of \$900,000, which has most recently been the County’s general annual contribution.
- The split in unit types (affordable versus market) has been determined through the review of alternative development scenarios to establish the most financially feasible project. If additional affordable units are considered, a greater financial contribution may be necessary.
- The scenarios contemplate a development charge exemption for the proposed affordable rental units, where applicable.
- Each project, with the exception of the County’s existing housing sites, assumes a partnership with a non-profit housing provider, private developer and/or Area Municipality, to which potential surplus sites would be transferred in support of a future affordable housing project.
- It is understood that these concepts are not concrete and may evolve as they proceed through necessary Council approvals and bidding processes.

Table 1: Proposed Priority Sites

Site Location	Current Ownership	Existing Use	Potential New Rental Units	Development Considerations	Total Estimated Project Costs	Financial Considerations
785 Southwood Way, Woodstock	Woodstock Non-Profit	Vacant Land	48 total units (29 affordable)	<ul style="list-style-type: none"> • This project is currently underway. • County Council approved the proposed project through Report No. CAO 2022-06. 	\$18 million	Approved allocation: <ul style="list-style-type: none"> • Value of the Land • Municipal: \$1.3 million • Federal/Provincial: \$950,000

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175 Springbank Avenue North, Woodstock	County	Bethany Church	45 total units (20 affordable units)	<ul style="list-style-type: none"> • These lands were purchased by the County for the purpose of affordable housing, and were declared surplus through report No. CAO 2022-09. • An RFP has been issued for this site, but not yet awarded. 	\$14 million	<p>Approved allocation:</p> <ul style="list-style-type: none"> • Value of the Land • Federal/Provincial: \$900,000 • Municipal: \$1.2 million
Woodstock	N/A	Vacant Land	35 total units (18 Affordable)	<ul style="list-style-type: none"> • Underground parking is included. • Commercial uses are required on the ground-floor. 	\$12.5 million	<ul style="list-style-type: none"> • Value of the land • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.2 million • Other: \$3.7 million (proponent equity)
Tillsonburg	N/A	Vacant Land (Former School property)	47 total units (24 affordable units)	<ul style="list-style-type: none"> • An Official Plan Amendment and Zone Change are necessary to facilitate multi-residential development. 	\$14 million	<ul style="list-style-type: none"> • Value of the land • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.5 million • Other: \$2.5 million (proponent equity)
816 Alice Street, Woodstock	County	Existing Social Housing – 40 units	10 affordable units	<ul style="list-style-type: none"> • Addition proposed on easterly side of existing building. • Some existing units will be impacted during construction. • A minor variance may be necessary to recognize a reduced interior side yard setback. 	\$1.6 million	<ul style="list-style-type: none"> • Anticipated Federal/Provincial: \$900,000 • Potential Municipal Contribution: \$700,000
769 Juliana Drive, Woodstock	Non-Profit	Salvation Army	58 total units (29 affordable)	This site is currently designated and zoned to accommodate multi-residential development.	\$21 million	<ul style="list-style-type: none"> • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.5 million

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						<ul style="list-style-type: none"> • Other: \$6.7 million (proponent equity)
92 Light Street, Woodstock	County	Former Institutional building	20 affordable units	<ul style="list-style-type: none"> - Severance is anticipated. - Demolition of existing building proposed. 	\$7.1 million	<ul style="list-style-type: none"> • Value of the land • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.2 million • Other: \$2.7 million (proponent equity)
375629 37th Line, Zorra	Non-Profit	Existing Social Housing – 24 units	28 total units (14 Affordable)		\$9 million	<ul style="list-style-type: none"> • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.5 million • Other: \$600,000 (proponent equity)
43 Oxford Street East, Blandford-Blenheim	Non-Profit	Existing Social Housing – 24 units	25 total units (13 Affordable)	Servicing capacity will be reviewed prior to commencement of this project.	\$8.5 million	<ul style="list-style-type: none"> • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.5 million • Other: \$900,000 (proponent equity)
Zorra	N/A	Vacant Lands	55 total units (28 affordable units)	<ul style="list-style-type: none"> - Official Plan Amendment, Zone Change and Severance required. - Servicing extensions will be necessary to support project. 	\$17 million	<ul style="list-style-type: none"> • Value of the land • Anticipated Federal/Provincial: \$900,000 • Potential Municipal: \$1.5 million • Other: \$3.5 million (proponent equity)
235 Thames Street North, Ingersoll	County	Existing Social Housing – 22 units	7 Affordable Units	Approval may be required from the Conservation Authority.	\$2.9 million	<ul style="list-style-type: none"> • Anticipated Federal/Provincial funds: \$900,000 • Potential Municipal: \$2 million
30 Balsam Street, East Zorra-Tavistock	Non-Profit	Existing Social Housing – 16 units	46 total units (24 affordable units)	Servicing capacity will be reviewed prior to commencement of this project.	\$13 million	<ul style="list-style-type: none"> • Anticipated Federal/Provincial funds: \$900,000 • Potential Municipal Contribution: \$1.5 million

						<ul style="list-style-type: none"> • Other: \$1.9 million (proponent equity)
Estimated Total (subject to approved funding)			424 total units (231 affordable)			<ul style="list-style-type: none"> • Anticipated Federal/Provincial funds: \$10.9 million • Potential Municipal Contribution: \$15.1 million

It is important to note that the identified priority projects are only one aspect of the County’s efforts to address the current housing shortage. While the identified sites provide an opportunity to ensure sites are more readily available for future housing development, it should be noted that other development opportunities may evolve overtime. This list is not intended to be completely inclusive and may change in accordance with Council direction, available funding programs, and future land acquisitions.

In an effort to address the current lack of rental housing supply, staff are seeking Council’s support to focus on the identified priority projects, in an effort to make them ‘shovel-ready’. This may include the issuance of RFPs, subject to annual budget approval, the initiation of any required planning approvals, working with appropriate partners, and consideration of alternative funding opportunities. While staff is seeking authorization to focus on the above identified sites, any financial considerations will require Council approval through the annual budgeting process or a separate staff report.

If fully implemented, this portion of the Master Housing Strategy would potentially support the creation of approximately 424 rental units, including 231 affordable units, subject to annual budget approvals, available Federal/Provincial funding, and necessary development approvals. Overall, this process would significantly improve the County’s ability to strategically inform the annual budget process and respond to available funding programs, providing a greater opportunity to improve the current rental supply shortage over the next several years.

County Owned Housing Site Considerations

In relation to the identified County owned housing sites, it is important to note that staff will engage with any impacted tenants prior to confirming potential redevelopment opportunities. In this regard, existing tenants will be provided with advanced notice of potential construction timelines and offered the opportunity to relocate to other available County sites. No existing tenants will be left without housing options.

Part 3 – Non-Asset Housing Strategies

In addition to the identified priority development sites, a number of new non-asset housing strategies were also identified as part of the Strategy. The strategies are intended to work alongside the proposed priority development projects, to assist in addressing current housing needs.

Housing Repair Program

While housing repair programs do not support the creation of new housing stock, they are an important tool to provide some relief to households that are struggling to maintain their home. The program can assist to promote aging in place and increased housing stability, which ultimately assists to reduce pressure on housing supply along the housing continuum.

Community Improvement Plan Incentives

The County should consider amendments to the County Community Improvement Plan to further incentivise rental housing. Such incentives at the County level could include formal exemptions from County planning application fees, with a similar approach considered by Local Municipalities, with respect to local planning and building permit fees, to encourage continued collaboration and integration with current incentives.

It is important to note that Bill 23 contemplates a number of development charge exemptions in relation to more general rental housing. When considering any future incentive programs, the implications of Bill 23 will need to be considered.

Planning and Growth Management

The availability of adequate residential land supply, along with a diversity of housing types, is crucial in addressing the County's current lack of housing supply. A lack of housing choice directly impacts affordability levels, which can contribute to economic imbalance within the community. As such, including a diversity of housing types can provide lower cost options in an effort to more adequately address the 'missing middle'.

In this respect, the initiatives and measures that are provided in Report No. CP 2022-397, titled "Potential Options for Increasing Residential Density", should continue to be implemented, understanding that the County's Official Plan policies currently require that forecasted growth be directed primarily to fully serviced settlement areas to, among other objectives, ensure efficient use of land, infrastructure and public services, and support the development of complete communities.

Expand Existing Funding Programs

The County's existing Home Ownership and My Second Unit Programs need to be continuously reviewed to ensure effectiveness. The parameters of each program need to be consistent with current market conditions, and thresholds may need to be adjusted to provide greater opportunities for moderate income households. Increasing the eligible purchase price of a home through the Home Ownership Program, as well as increasing the income threshold for newly created second units, can assist to provide greater options along the housing continuum.

Proposed Next Steps

In response to the outcomes of the Strategy, staff propose to focus on the following initiatives and recommendations.

1. Priority Site Developments

As a result of the Master Housing Strategy, the County is proposing to shift into a more strategic approach to affordable housing development, generally replacing the former project-by-project method. While the former approach worked well in the past, in light of increasing construction costs, interest rates and the unprecedented shortage of housing, there is a need to more strategically address housing needs.

As such, staff is seeking County Council's approval to focus on the priority projects that have been identified in the Strategy, with the intent of ensuring sites are 'shovel-ready' to support future projects. In doing so, the County will have projects in various stages of readiness, ensuring any funding opportunities can be appropriately taken advantage of. This will also provide staff with the ability to more strategically plan for specific projects through the annual budget process or through an individual report, as required.

If County Council is supportive of this approach, staff would initiate the process of making sites shovel-ready, including the consideration of any required planning approvals, working with appropriate partners, and consideration of alternative funding opportunities.

As previously noted, this proposal does not preclude any additional projects or proposals that come forward prior to completion of the identified priority sites. It is rather a long-term strategy for considering future affordable housing contributions and developments. This list may change in accordance with Council direction, available funding programs, future land acquisitions and other development opportunities that may evolve over time.

While the proposed development projects are not expected to entirely close the housing affordability gap, they are an integral component of the County's efforts in strategically addressing the current housing shortage.

2. Mixed-Market Rental Housing

To ensure the identified priority housing projects remain financially feasible, each project has been developed with a focus on providing a mix of affordable and market rental units. While mixed-market rental projects are generally more financially sustainable, they also provide significant benefits in terms of reducing stigmas associated with affordable rental accommodations, providing longer affordability terms and supporting a greater depth of affordability.

While it would be ideal to construct 100% affordable rental buildings, these projects require significant publicly funded capital grants to be successful. Mixed-market buildings have the ability to target a larger population, with varying affordability thresholds, and smaller capital contributions.

In light of the foregoing, staff recommend that future County funded housing projects include a mix of both market and affordable rental units, dependent on available funding and financial feasibility.

3. Households in Core Housing

A household is considered to be in a core housing need if the household is spending more than 30% of before-tax income on accommodations that do not meet adequacy (major repairs required) and suitability (home is an appropriate size) standards. In accordance with the data that is available for the three urban municipalities, the majority of households in a core housing include:

- Households over the age of 65.
- Lone-parent and single-person (mostly over the age of 65) households.
- Immigrants and recent immigrants.
- Households with activity limitations.

While staff have recently focused on providing affordable housing to seniors and lone-parent households, there is still a need to focus on recent immigrants and activity limited households. In response to these findings, staff recommend that any new affordable housing developments consider the creation of units for the identified households in a core housing need, including specific requirements in future Request for Proposals (RFP).

4. Affordable Housing Target

The gap between affordable housing supply and demand continues to grow. Addressing this gap requires substantial levels of investment from all levels of government, as well as the non-profit and private sectors. In a continuously changing policy environment, there is constant uncertainty regarding long-term funding for affordable housing.

In response to this, and in an effort to increase the County's annual affordable housing target, the priority project approach that is proposed is the most effective at ensuring the County remains strategic in terms of affordable housing development and available funding.

While staff will focus on the priority projects and non-asset housing strategies that have been identified, with the intent to increase the County's current affordable housing target beyond 50 units annually, it is understood that this target is strongly linked to a number of factors, including market conditions, available funding, and willingness of project proponents. Based on these factors, and in light of the unprecedented need for rental housing, there is no set number of rental units that will assist to entirely close the affordability gap. The proposed priority projects and non-asset strategies are expected to significantly improve the County's efforts to more strategically assist in addressing the current housing shortage.

5. Housing Repair Program

In light of increasing inflation, material costs, and overall housing market challenges, the ability to preserve existing housing stock is becoming increasingly difficult for low-to-moderate income households and community housing providers. To assist with this growing concern, staff have included a housing repair pilot program in the 2023 Human Services Business and Budget Plan for Council's consideration.

The proposed new program is expected to promote aging in place, increased housing stability, and better quality housing conditions for households living in homes that require critical repairs or accessibility modifications. While this program does not seek to create new affordable units, it will provide some relief to households that are struggling to maintain their home and make ends meet.

Furthermore, as repairs become increasing more costly for community housing providers, there is a further need to provide some financial assistance to cover both accessibility modifications, and unexpected costs as a result of tenant relocation. This assistance is expected to extend the life of existing community housing buildings and reduce the financial burden that often comes following tenant relocation.

Overall, the objectives of the proposed program would include the following:

- Improve living conditions for households in need by providing financial assistance to repair critical deficiencies.
- Foster independent living for seniors and persons with disabilities by providing financial assistance to support modifications and renovations to increase accessibility.
- Allow households to remain in their homes and age in place.

6. County Community Improvement Plan (CIP)

In accordance with the Planning Act, municipalities may adopt CIPs for the purpose of providing financial incentives and programs to encourage revitalization, redevelopment and new development (i.e. affordable housing) in specific project areas. CIPs may include an array of funding programs, including, but not limited to, development charge grants, tax and fee exemptions, and façade improvement grants.

In 2013, County Council adopted a County-wide CIP to complement Local Municipal CIPs, in an effort to encourage further redevelopment and revitalization within and around central areas of the County's settlements. At this time, the CIP offers a tax grant back incentive program, which provides an annual grant back to owners who have undertaken improvements or redevelopment to buildings/lands that have resulted in an increased property assessment. In general, if annual taxes increase due to improvements, owners may be eligible for an annual grant for the County's increased tax assessment for a period of time.

With respect to affordable housing, CIPs can be used as an effective tool to provide development charge exemptions, tax grant backs, and fee reductions (i.e. planning and/or building permit applications, parkland fees). As affordable housing units are currently exempt from development charges, along with a reduced tax rate, there would appear to be an opportunity to consider a mechanism to formally exempt County planning application fees.

In this respect, it should be noted that Community Planning generally uses some discretion with respect to waiving County planning application fees for affordable housing projects (i.e. Official Plan Amendments). While this is the case, in an effort to formally recognize this initiative, and encourage the consideration of a similar approach at Area Municipalities, staff are proposing the noted amendment.

7. Partnerships

County funding alone cannot support the priority projects that are identified within the Master Housing Strategy. Ongoing and long-term funding from Federal and Provincial governments is required to assist in addressing the housing needs of the County. As such, staff will continue discussions with representatives from CMHC and MMAH in relation to potential funding opportunities that would align and support implementation of the Master Housing Strategy.

Furthermore, staff will continue to engage with community partners and other housing proponents, such as Habitat for Humanity, non-profits, and private developers, to promote the creation of additional housing initiatives, particularly with respect to home ownership.

8. Home Ownership and My Second Unit Programs

Staff will continue to monitor the effectiveness of both the Home Ownership and My Second Unit Programs, understanding that current market conditions (i.e. unpredictable interest rates) are having an impact on current uptake. In addition, as the My Second Unit program is relatively new, it is difficult to fully understand necessary changes at this time. While there has been significant interest in the program, staff will have a better understanding of potential improvements by mid-2023.

Based on the recommendations of the Master Housing Strategy, staff will review each program with the intent of considering the following:

Home Ownership Program	My Second Unit
<ul style="list-style-type: none"> - Reviewing market conditions to determine if the parameters of the Program (i.e. maximum home purchase price and maximum income threshold) need to be amended. - Increasing the down payment assistance amount to improve the purchasing power of eligible households. 	<ul style="list-style-type: none"> - Increasing the funding amount. Depending on the variety of applications that we receive. - Reducing the 10-year affordability period for those eligible to receive funding. - Implementing two program streams, including the creation of affordable rental and market units, with differing funding amounts.

9. Municipal Facilities Housing By-law Update

A Municipal Housing Facility By-law is a tool made available under the *Municipal Act, 2001* that municipalities can utilize to support the creation of new affordable rental and/or ownership housing. Through this By-law, municipalities have the ability to provide incentives to private sector and non-profit corporations to support the creation of affordable housing. These incentives include:

- Partial property tax exemptions;
- Loans or grants;
- Giving, selling or leasing land at less than market value;
- Services of municipal employees; and,
- Exemption from municipal development charges.

In 2006, County Council adopted By-law 4664-2006, being the first Municipal Capital Facilities By-law, incorporating all of the incentives noted above. This by-law was later amended in 2016 to ensure greater clarity with respect to County Home Ownership Program and provide greater assistance for homes constructed by Habitat for Humanity. The By-law was updated again in 2022 to amend the definition of affordable home ownership.

While the most recent update was completed in 2022, further updates are necessary, as follows:

- Various technical updates to ensure conformity with new legislation.
- Consolidation of the updates that took place in 2016 and 2022.
- Reference to potential Development Charge exemptions, to ensure greater consistency with other applicable By-laws.
- Expand the definition of affordable rental housing to include both 'low-affordable rental unit' and 'moderate-affordable rental unit' to provide greater assistance to moderate (missing middle) income households.

While many of the proposed amendments are technical in nature, in accordance with the findings of the Housing Needs Assessment, as well as the definition of Affordable housing according to the *Provincial Policy Statement (PPS), 2022*, staff are proposing an amendment to the current definition of affordable rental housing to provide additional housing opportunities for moderate income households.

By way of background, in accordance with the current MHFB, households with a maximum total income of \$45,900, being 60% of the median gross household income for the County, are eligible for affordable rental units. As shown in the table below, this maximum household income is generally consistent with the 5th income decile, to which an affordable monthly rental rate is considered to be \$1,150 (30% of gross monthly income).

Affordable Rental Thresholds			
	Decile Group	Renter Income (2021 estimate)^	Affordable Rental Rate (monthly)**
Low Income	1st	\$16,500	\$410
	2nd	\$23,100	\$580
	3rd	\$29,700	\$740
Moderate Income	4th	\$37,800	\$950
	5th	\$46,000	\$1,150
	6th	\$54,600	\$1,370
High	7th	\$65,600	\$1,640
	8th	\$81,200	\$2,030
	9th	\$106,700	\$2,670
Notes/Source: Provincial Policy Statement Housing Tables. ^Incomes based on 2016 Census of Canada, inflated using Consumer Price Index (Ontario) to estimate 2021 incomes. **Assumes 30% of gross income is available for monthly rent.			

Considering the current maximum household income of \$45,900 and corresponding affordable rent of \$1,150, it is clear that the current thresholds for affordable rental housing are appropriately capturing the households that would qualify for a provincially funded affordable rental unit, at 80% of the Average Market Rent (AMR), as shown in the table following. While this is the case, to ensure greater consistency with the definition of the PPS and the data collected from the Census, staff are recommending that the definition of affordable rental housing, in relation to those units rented at 80% of the AMR, be amended to reflect the 5th income decile, rather than 60% of the

median income. This will ensure greater consistency with relevant legislation and thresholds set by MMAH, and will still capture the same households.

Provincially Funded Affordable Rental Housing (80% AMR)			
Unit Type	Max. Affordable Rent (80% of the CMHC Average Market Rent)	Max. Renter Household Income (30% of gross income allocated to shelter)	Corresponding Income Decile
Bachelor	\$610	\$24,384	2 nd (Low)
1-bedroom	\$850	\$33,984	4 th (Moderate)
2-bedroom	\$1,024	\$40,960	5 th (Moderate)

Notwithstanding the above, the challenges that developers and non-profits currently face in terms of increasing interest rates, material costs and labour shortages, among others, are making it increasingly more difficult to support the creation of affordable rental units. In light of this, there is an increasing need to provide opportunities to support a greater mix of rental types in multi-residential housing projects, to not only provide greater returns on such projects, but also to provide a greater mix of housing in the community, particularly for moderate income households.

While provincially funded affordable rental units have to remain at or below 80% of the AMR, the County's current MHFB allows for affordable units to be rented at 100% of the AMR, which is consistent with the *PPS*. While provincially funded units cannot be rented at the higher affordable rate, there is an opportunity to allow projects to include some affordable units at 100% AMR, if municipal or CMHC contributions are being considered. The 100% AMR rates are provided in table below, with the corresponding affordable income threshold.

CMHC or Municipally Funded Affordable Rental Housing (100% AMR)			
Unit Type	Affordable Rent (100% AMR)	Household Income (30% of gross income spent on shelter)	Corresponding Income Decile
Bachelor	\$762	\$30,480	4 th (Moderate)
1-bedroom	\$1,062	\$42,480	5 th (Moderate)
2-bedroom	\$1,280	\$51,200	6 th (Moderate)

In comparison to the current maximum household income of \$45,900 for provincially funded affordable units, it is clear that households renting a 2-bedroom rental unit at the higher AMR rate would require a higher income. In this respect, households seeking to rent a two-bedroom unit at 100% AMR would require a total income at the 6th decile, being a maximum of \$54,600.

In light of the above, it is clear that two levels of affordability are necessary for units rented at 80% AMR and 100% AMR. While both are considered to be affordable rental rates, the depth of affordability varies between low and moderate income households. As such, staff are recommending that the current definition for affordable rental housing be amended to include two levels of affordable units, as follows:

1. Low-Affordable Rental Unit: means rental units that are rented at or below 80% of the current Average Market Rent, and where total household income does not exceed the 5th income decile.

2. Moderate-Affordable Rental Units: means rental units that are rented at or above 80% of the current AMR, but no more than 100% of the current AMR, and where total household income does not exceed the 6th income decile.

The proposed amendment will provide greater assistance to moderate income households, while providing an ability to support a greater mix of affordable rental types, which is also advantageous to prospective developers. While focus will still be on providing 'low affordable rental units', this proposal will provide a greater opportunity to address the missing middle, by providing some flexibility to provide additional rental units for moderate income households. This will also provide developers with the flexibility to make projects more financially feasible, thereby providing a greater incentive to create affordable rental units.

Conclusions

The need to focus on the creation of housing across the continuum is identified as a goal in the County Strategic Plan, Official Plan, Future Oxford Community Sustainability Plan, 10-Year Shelter Plan and the Zero Poverty Action Plan.

Overall, the Master Housing Strategy is a critical step in understanding specific local housing needs, in an effort to provide a variety of strategies and initiatives to help address the current housing supply shortage. While the proposed next steps will not provide a 'one size fits all' solution to address current housing needs, these recommendations demonstrate the County's continued dedication to addressing the current housing supply shortage, with a more strategic and fulsome approach to future projects/programs and funding commitments.

SIGNATURES

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ATTACHMENT

Attachment 1 – Master Housing Strategy – December, 2022