
HALDIMAND COUNTY

Report CDS-06-2023 Municipal Housing Pledge and Target

For Consideration by Council in Committee on September 19, 2023



OBJECTIVE:

To obtain Council direction relative to a provincial request to commit to an assigned housing target and to develop a Municipal Housing Pledge.

RECOMMENDATIONS:

1. THAT Report CDS-06-2023 Municipal Housing Pledge and Target, be received;
2. AND THAT option #___, as outlined in report CDS-06-2023, be approved as it relates to the issuance of a housing target commitment letter from the Head of Council;
3. AND THAT option #___, as outlined in report CDS-06-2023, be approved as it relates to the development of a Municipal Housing Pledge.

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Approved: Cathy Case, Interim Chief Administrative Officer

EXECUTIVE SUMMARY:

The province has assigned a housing target to Haldimand County of 4,200 new homes by 2031. In connection with this, the province has issued a letter to the County requesting that it commit to this housing supply by:

- providing formal correspondence from the Head of Council (Mayor) confirming the County's commitment to meet the target; and,
- developing a Municipal Housing Pledge including strategies and options to meet the target.

The province is requesting the Head of Council commitment letter by October 15, 2023 and the Municipal Housing Pledge (MHP) by December 15, 2023. Through the subject report, Council is being asked to provide direction relative to both of these requests. Should Council direct staff to proceed, a letter will be drafted for the Mayor's signature in short order, while a draft MHP will be presented at the October 31st CIC meeting for consideration by Council prior to the province's deadline.

BACKGROUND:

In the fall of 2022, the provincial government requested Municipal Housing Pledges (MHPs) for 29 of Ontario's largest and fastest growing municipalities (i.e. those with populations at/approaching 100,000). The province also assigned these 29 municipalities with a housing target that they are expected to achieve. The request was made as part of the province's Housing Supply Action Plan which has a stated goal of building 1.5 million homes by 2031. MHPs identify the tools and strategies that municipalities intend to use to achieve their housing targets. Pledges may include, but are not limited to, priorities for site-specific planning decisions to expedite housing in priority areas, plans to streamline

the development approval process, commitments to plan, fund and build critical infrastructure to support housing, and strategies to use municipal surplus lands.

On August 22nd the Minister of Municipal Affairs & Housing (MMAH) issued housing targets to 21 additional Ontario municipalities, including Haldimand County (see Attachment 1). As part of this issuance, the MMAH also requested a letter of commitment from the Heads of Council (due by October 15, 2023). The province has tied infrastructure funding and Strong Mayor Powers to the acceptance of the assigned housing target. A Municipal Housing Pledge (MHP) that outlines the strategies and options that would be used to meet the target has also been requested. (due by December 15, 2023).

The purpose of this report is to seek Council's direction on the letter of commitment related to the housing target and the development of a Municipal Housing Pledge.

ANALYSIS:

Housing Target

The housing target established for the County is 4,200 new homes by the year 2031. With the first year of 'counting' being 2023, and the last year being 2031, this averages out as 467 new units per year (i.e. 4,200 units divided by 9 years). Three things are worth noting in this regard, namely recent residential development, long term forecasts, and what is 'in the pipeline'.

With respect to recent residential development, the County has seen strong building activity for the last half decade, but it has not been a steady rise with some up and down movement. An analysis completed by staff shows the following permit levels, as an annual aggregate for the County, over the past 5 years for all residential types:

- 2019: 219 total units
- 2020: 332 total units
- 2021: 634 total units
- 2022: 444 total units
- 2023 (partial year only - to end of August): 303 total units (trending/forecast to be approximately 450 units)

Taken from above is the fact that 2021 would be the only year the County could have fully met the province's target of 467 total units annually. The average over the 5 years (assuming 2023 achieves 450 total units as noted) is 416 units, which is somewhat inflated due to the spike experienced in 2021 as the province came out of the pandemic. Of note, the current forecast of 450 units for 2023 (the first year of funding availability as described further in this report) would not fully comply but would see the County achieve a supply above the province's 80% cut-off for funding (more on that below), meaning the County could expect to receive some level of funding in year 1, should it commit to the target. This is described in more detail in the section below.

With respect to long-term forecasts, the work completed by staff in 2020 (with Watson & Associates) as part of the County's Growth Strategy (the Strategy) and Phase 1 Official Plan Update identified the need for 12,730 new dwellings over the entire 35-year planning period (2016 to 2051). To keep pace with anticipated household growth over the planning period, the Strategy concluded it would require the annual production of 364 new housing units throughout the County. While this annual production total is approximately 78% of the just-issued housing target, it is intended as a base guideline to 'keep up' with population forecasts and not to be misunderstood as the maximum level of production that can be achieved. The recent permit activity levels described above are evidence to that and show that greater than 364 units have been constructed in the last 2 years with the expectation of 2023 making it 3 years in a row. One matter to note in relation to the Official Plan Update and forecasts is that they did not include any aspects of the Nanticoke Minister's Zoning Order (MZO). And so, none of the forecasts

or growth planning currently in place for the County account for any development that could flow from a provincially supportive decision on the MZO.

With respect to what is 'in the pipeline', the County has over 3,700 housing units that have received all of their planning approvals (zoning, site plan, plan of subdivision). There are also several large projects in the application review stage or in the process of being submitted to the County which could see an additional 3,500 units added to the available supply in the next 1 to 3 years. The County has aggregate servicing capacity for over 6,800 residential units, with the servicing availability in each urban area being sufficient to meet localized demand for at least the short term (i.e. the next 7-10 years). The point of the above is that there is a sufficient supply of housing units approved or forthcoming, and which can be serviced, to meet the 9-year target assigned by the province. That said, while a significant number of these units could be advanced to the building permit stage in the next 9 years, that coming to fruition will ultimately be a developer decision and market driven – the County has no control over that.

Based on the above, the target assigned to the County would appear to be slightly above what has been achieved (historical, on average) the last 5 years and that which is forecasted annually in the County's long-range planning. In that regard, it would mean that production would need to pick up to some degree in order to achieve 100% compliance over the 9-year period. Further to that, critical to meeting this target will be continued strong growth in Caledonia. While current phases of subdivision projects are advancing according to plan, future phases of Avalon, Gateway and Georgia Pacific all require an intersection improvement solution at Highway 6 and County Road 66. This project must be led, approved and implemented by the Ministry of Transportation (MTO). Staff have made numerous attempts over the last year to get this process moving along as expeditiously as possible, including requests for the provision of a draft intersection improvement agreement. However, the MTO has been slow in responding to staff and in its reviews of key technical studies that would inform the intersection design and completion of an agreement. Resolution of the intersection improvements with MTO will be critical in the short term to allow for the overall target to be met by 2031.

Implications of Housing Target Commitment:

Should Council agree to authorize the Mayor to issue a letter of commitment (to meet the target) the following would become available to the County:

- access to the new Building Faster Fund, which will reward municipalities that are on track to meet their housing targets; and,
- Strong Mayor Powers which would, amongst other things, allow the Mayor to propose housing-related by-laws and pass them with the support of one-third of councillors, as well as override Council approval of certain by-laws, prepare the County's budget and other powers to act independently.

Of note, it is staff's understanding that should a commitment letter not be provided to the Minister by the deadline, the funding and Strong Mayor Powers would no longer be available to the County. Those two benefits are described in more detail below.

Building Faster Fund

The Building Faster Fund is proposed as a three-year, \$1.2 billion fund that will provide up to \$400 million per year to municipalities that have committed in writing to achieve their overall 2031 housing target. For municipalities with targets, each municipality's portion of the \$400 million annually will be determined based on their share of the greater provincial housing supply goal, as well as their performance compared to their annual assigned targets. For example, if a municipality's target represents 10% of the province-wide target, that municipality will be eligible for 10% of funding through the Building Faster Fund. Municipalities on track to exceed their target based on annual housing performance will receive additional funding. More specifically, the Building Faster Fund provides double the funding for every one per cent above 100% of a municipality's target.

Performance will be evaluated by comparing the municipality's number of housing starts and additional residential units created in a given calendar year against the annual target. Municipalities that are achieving 80% or more of their annual target will be able to access a portion of their allocation. Municipalities that are not achieving at least 80% of their annual target will receive no funding. The funding can be directed toward housing-enabling infrastructure and related costs that support community growth and it is anticipated to start in 2024/25 based on performance in 2023.

Bringing it to the local level, given the County has a total housing target of 4,200 homes by 2031, this represents 0.0028 per cent of Ontario's target of 1.5 million homes. This would make the County eligible for \$1.12 million in annual funding should the target of 467 units per year be achieved. Using a different scenario, should the County achieve 80% of its target (374 units per year) it would be eligible for \$896,000 in annual funding. Should the County fall below 374 units per year (less than 80% of the target), it would no longer be eligible for funding. There is no penalty for not meeting the 80% floor of the target. The funding is available for a three-year period. No extensions have been announced to date so it is unknown whether potential funding for meeting the target will extend beyond 2025.

Strong Mayor Powers

The Strong Mayor Powers, as introduced via Bill 3 – *Strong Mayors, Building Homes Act 2022*, serve to place executive powers in the individual Head of Council's hands with respect to financial matters and budgets, passing of by-laws, organizational structure and hiring/dismissing key administrative positions within a municipality without the consent of a Council majority. The province has stated the main purpose of the legislation is to advance provincial priorities, in particular the construction of 1.5 million more homes in Ontario over the next decade. It remains unclear to staff exactly how the Strong Mayor Powers will serve to accomplish that objective.

If a letter of commitment is provided by the province's deadline of October 15th, the powers would come into effect on October 31st.

It should be noted that a previous Council motion was approved stating that Haldimand County was not in favour of receiving Strong Mayor Powers. The staff report [CSS-02-2022](#) is included below as a reference link to this report.

Head of Council Commitment Letter & Municipal Housing Pledge – Council Options

Council must decide what direction it wishes to take as it relates to submission of a commitment letter and also the development of a Municipal Housing Pledge.

With respect to the commitment letter, Council's options are as follows:

1. Do not submit a Head of Council letter of commitment. In selecting this option, no action is required. In so doing, access to the Building Faster Fund and Strong Mayor Powers would not be available to the County as of October 31st; or,
2. Submit a Head of Council letter of commitment. In selecting this option, Council would be directing staff to draft correspondence for the Mayor to sign that confirms the County's intentions to accept the assigned housing target. This must be submitted by October 15, 2023 in order to be receive the associated funding and Strong Mayor Powers described earlier in this report.

With respect to the Municipal Housing Pledge (MHP), it is worth noting that this is voluntary and not required in order to receive the benefits described earlier in this report. The province has stated that it is not intended to be a land use planning document, and its development should not require external technical expertise. The MHP is intended to be approved by Council, should it choose to adopt a MHP, and should help to codify the County's commitment to meeting its housing target. To that end, the province has provided municipalities with a range of potential strategies and actions that can be included if developing a MHP, including (non-exhaustive list):

- identifying measures where current lack of infrastructure capacity may limit future housing development;
- strategies to encourage and promote gentle intensification to enable and expedite additional residential units in existing residential areas;
- updated zoning by-laws to permit greater range of housing to be built without need for costly and lengthy rezoning applications;
- strategies to use municipal surplus lands;
- commitment to plan for, fund and approve specific critical municipal infrastructure to support growth and new housing, which may include expanded capacity as well as fully new facilities/assets; and,
- information on municipal development approval timelines and whether municipalities are being appealed for non-decisions.

Council's options in relation to the MHP are as follows:

1. Do not prepare a MHP. In selecting this option no action is required; or,
2. Prepare and submit a MHP. In selecting this option, Council would be directing staff to draft a MHP for its consideration. Staff would target the October 31st CIC meeting for presentation of the MHP in order to meet the province's December 15th deadline.

FINANCIAL/LEGAL IMPLICATIONS:

The submission of a letter of commitment would guarantee access to the newly announced Provincial Building Faster Fund. Based on the information available at this time, the amount of funding available to the County would depend on annual housing starts in relation to the assigned housing target. It is not possible at this time to confirm the amount the County would receive annually, but should the County meet the province's funding parameters, the range is expected to be \$896,000 to \$1.12 million, with potential bonus funding should the target be exceeded. The exact amounts of future funding will not be known until more details are provided by the Province. It should be noted that the funding is meant to support infrastructure needs associated with growth, however, the amount of funding being tied to the target for Haldimand is insufficient to adequately cover the costs of infrastructure needs in the County.

There is also the potential that any future Provincial infrastructure funding may be tied to the assigned housing targets and commitment to meet those targets, however this is still uncertain. Ultimately, recent Provincial legislative changes, specifically to the Development Charge legislation, will impact the County's ability to recover the full cost of growth-related infrastructure from development. Additionally, the Province has initiated municipal audits to review the potential financial impacts to municipalities, related to these legislative changes to meet their commitment to make municipalities "financially whole". It is unknown at this time if any potential funding coming out of this review will be tied to the assigned housing targets/pledge.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

REFERENCES:

1. [CSS-02-2022 Bill 3 -Strong Mayors, Building Homes Act, 2022](#)

ATTACHMENTS:

1. Letter from former Minister Clark.