

# Committee of the Whole

**Meeting Date:** July 16, 2024

**Submitted by:** Cindy Howard, General Manager Finance, Durk Vanderwerff, Director of Planning and Development

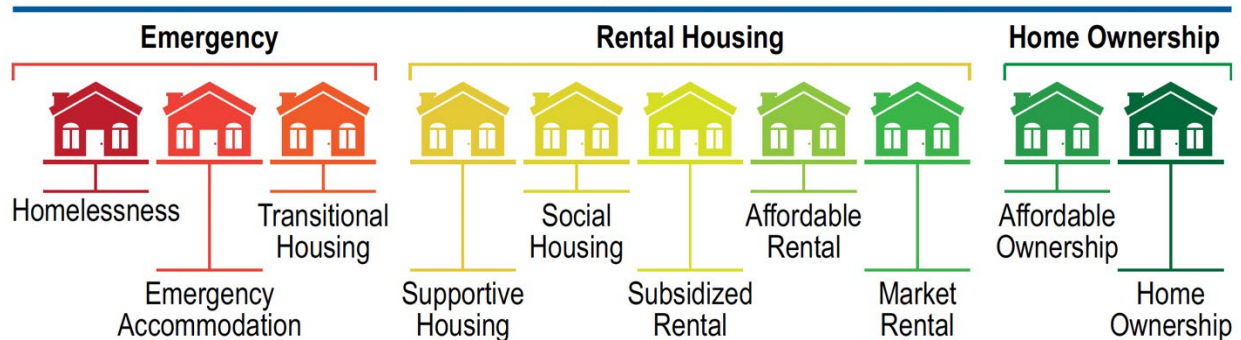
**Subject:** Attainable Housing Review – Implementation Report

## BACKGROUND:

Fundamental to fostering healthy and inclusive communities is the availability of a diverse range of housing options that meet the needs of both present and future residents. Middlesex County, like many other communities in Ontario and Canada, is facing significant housing challenges as a result of complex factors including shifting demographics and market trends. To gain a comprehensive understanding of the existing supply and demand of housing throughout the County and to develop effective strategies to address the full spectrum of residents' needs, the County embarked on an [Attainable Housing Review](#).

The objectives of the Attainable Housing Review were: (1) examine the needs across the entire housing continuum, (2) identify gaps in the provision of housing, and (3) prepare a municipal strategy to meet current and future needs. The project vision is ***Every Middlesex County resident has the opportunity to access the type of housing they need in their community.***

## The Housing Continuum



The background reports and the consultant's findings were previously presented to County Council and staff were asked to complete an Implementation Report with budget

considerations. Fundamentally, this report is intended to provide information upon which Council could define the strategic role of Middlesex County in the housing system to either be a Housing Advisor, a Housing Advocate, or a Housing Funder.

## **ANALYSIS:**

As background to implementation considerations, the following is an overview of the Attainable Housing Review process and a summary of the key findings.

### Community and Stakeholder Engagement

The Attainable Housing Review incorporated community and stakeholder engagement activities, the findings of which are outlined in the "What We Are Hearing Report". Through extensive conversations and feedback from residents and stakeholders through focus group sessions, questionnaires, community round tables, and interviews with persons with lived experience, several key messages, and priorities regarding the future of housing in Middlesex County emerged. This work informed the vision, goals, targets, and recommended actions.

### Affordable and Attainable Housing Definitions

Affordable and attainable housing can have many definitions within different Federal, Provincial and Municipal programs and documents. The concepts of affordable and attainable housing for the purposes of the Attainable Housing Review have been based on the definitions in the Provincial Policy Statement and Canada Mortgage and Housing Corporation (CMHC) data estimates.

Affordable rental housing is a unit for which the rent is at or below \$1,039 per month which is the average market rent of a unit in Middlesex County.

Affordable and attainable ownership housing is housing with a purchase price of or below \$572,000 which results in annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate-income households, where low- and moderate-income households refers to households with incomes in the lowest 60% of the income distribution of all households for the regional market area.

### Housing Roles and Responsibilities

The Housing and Homelessness System in the Province of Ontario is complex and requires the participation of four levels of government, in addition to the not-for-profit and private sectors. The "Examination of Best Practices in Housing Roles Report" reviews the responsibilities of the Federal Government, the Provincial Government, the City of London as the Service System Manager, Municipalities, Community Housing Providers, and the Private Sector.

The Government of Canada administers the National Housing Strategy, which offers funding for housing and homelessness programs on a national scale. This funding is typically accessible to applicants from any community however specific initiatives often target funding to larger cities. Federal contributions primarily focus on capital funding. Funding is generally obtained through application processes managed by private or not-for-profit housing proponents via the CMHC. The Federal Government also has a significant role in setting fiscal policies that significantly influence housing.

The Government of Ontario, uniquely among Canadian provinces, does not directly administer housing and homelessness programs. Instead, it serves as the overseer of the housing and homelessness system, defining the overarching vision and setting legislative and policy frameworks. The provincial government designates 47 Municipal Service System Managers to handle funding, program administration, and oversight.

**Current Roles and Responsibilities Housing & Homelessness System**

<p><b>Federal</b></p> <ul style="list-style-type: none"> <li>• National housing strategy</li> <li>• Funder public, private and not-for-profit systems</li> <li>• Mortgage insurance</li> </ul>	<p><b>Provincial</b></p> <ul style="list-style-type: none"> <li>• System steward, set overall vision</li> <li>• Establishes legislative and policy framework</li> <li>• 47 local Services Managers</li> </ul>	
<p><b>Municipal – Service Manager – City of London</b></p> <ul style="list-style-type: none"> <li>• Service system management – system oversight (incl. compliance and reporting) for Service Manager jurisdiction</li> <li>• System planning and design – develops a ten-year local housing and homelessness plan</li> <li>• Designs and delivers services to people directly or through delivery partners</li> <li>• Policy development/oversight of housing development</li> <li>• Manage centralized waitlist</li> <li>• Sole shareholder of London and Middlesex Community Housing Corporation</li> </ul>	<p><b>Municipal – Local Level – Middlesex C. and/or Local</b></p>	
	<p><b>Prescribed</b></p> <ul style="list-style-type: none"> <li>• Integrate planning</li> <li>• Local policies and bylaws</li> </ul>	<p><b>Optional</b></p> <ul style="list-style-type: none"> <li>• County provides homelessness program service delivery locally</li> <li>• Can support individual local systems</li> <li>• Can identify needs and opportunities in their communities</li> <li>• Can design and deliver services to people directly or through delivery partners</li> <li>• Can provide additional funding to enhance services</li> </ul>

The City of London serves as the provincially designated Service Manager for housing in both the City and the County. As such, London carries out various responsibilities related to housing administration transferred from the Provincial and Federal governments and has five key accountabilities:

1. System Planning: responsible for developing a Housing and Homelessness Plan that addresses community needs, collaborating with partners to ensure integrated and cost-effective service delivery, and aligning with provincial policies.
2. Centralized Waiting List: managing a Centralized Waiting List for subsidized housing through the Housing Access Centre.
3. New Housing Development: support the development of new affordable housing projects, providing assistance for developments under both provincial and federal programs, although they are not obligated to contribute funding.
4. Asset Sustainability: ensuring the sustainability of the housing stock, including providing program administration and technical advisory support to external community housing providers.
5. Supporting Housing Operations – ensuring System Viability & Compliance: overseeing the management of housing operations, including funding and compliance for housing programs, both externally and internally owned and operated.

London owns and operates 3,282 Public Housing units through the London Middlesex Community Housing (LMCH) corporation. There are 159 LMCH Units within Middlesex County and one member of County Council sits on the LMCH Board of Directors.

The City supports Community Housing units that includes public, non-profit, private, and co-operative housing that requires ongoing operating subsidies to adjust rental costs. There are 564 City supported Community Housing Units within Middlesex County that includes 301 units that are rent geared to income (RGI).

Costs for the above Housing Services are shared between the County and City using a combination of Weighted Assessment and Actual Cost bases. For 2024, the County budget is \$6,865,000 which represents approximately 12.4% of the 2024 County levy.

A unique relationship exists between London and Middlesex where the County is the agent for the delivery of homelessness programs within the County through a service agreement. London allocates provincial funds to the County for homelessness prevention programs which for 2023 was \$873,903. This funding includes the allocation for the Accommodation Program. The City of London's [Housing Stability for All Plan 2019-2024](#) and the County's "[Homeless Prevention and Housing Plan: 2019 to 2024 – Change Begins with Choice Report](#)" guides the County's actions in this regard.

Municipal governments are responsible for managing local planning, policies, and by-laws. Middlesex County and local municipalities handle their Planning Act approval processes and local municipalities may provide incentives for new affordable housing development including through Community Improvement Plans. Municipalities, the County or local municipalities, have the option to deliver and fund local housing programs and recently the City of London (separate from their Service Manager

responsibility) and the Municipality of Strathroy-Caradoc have developed affordable housing projects.

Within the current structure of the County housing related matters fall across several departments including Social Services, Finance, Library, Planning and Development, and Economic Development.

The outcomes include:

- financial contribution for Housing Services provided by London
- the delivery of the Homeless Prevention Program, Ontario Works and Children Services to provide wraparound support services to County residents to assist with the interrelated issues of financial, employment, homelessness, early years and child-care needs;
- project specific work such as data and analysis in support of local municipal applications to the Federal Housing Accelerator Fund (HAF) Program and the completion of Population and Housing Forecasts;
- land use planning responsibility for monitoring legislative updates, local land use policy changes, review of development proposals, updating planning policy and regulation documents, and Planning Act applications in cooperation with local municipalities;
- housing related data provision to external agencies (school board, Province) and internal departments in relation to housing development within the County;
- Middlesex Accommodation Program (in partnership with Canadian Mental Health Association Thames Valley Addiction and Mental Health Services) provides emergency / transitional accommodations with wraparound supports to individuals and families experiencing or nearing homelessness in the County;
- Community Navigator provides housing supports to navigate the social housing system and access homelessness prevention assistance;
- Participate in advocacy work including Association of Municipalities of Ontario (AMO), Western Ontario Warden's Association (WOWC), Middlesex Workforce Development Partnership, and South Central Ontario Region (SCOR); and
- Providing local information and support to the City of London as the Service Manager including on matters related to Housing and the Canada-Ontario Housing Benefit program (COHB);

In addition to government, community housing providers have the responsibility to operate and maintain not-for-profit housing programs while managing the associated housing assets based on specific funding agreements with the Service Manager. The private sector plays a crucial role in promoting a healthy housing continuum within communities by fulfilling various responsibilities. Traditionally, they have been involved in developing ownership housing and constructing and managing purpose-built rental housing. Private sector developers have also accessed a range of housing program funding and financing, both administered by Service Managers and Federally administered, to create new rental housing with varying levels of affordability.

## Comparator Municipal Engagement and Best Practices Review

To gain a comprehensive understanding of local housing challenges, as well as the roles, responsibilities, and best practices implemented by similar municipalities, interviews were conducted with local municipal staff, City of London staff, representatives from nine comparator municipalities, and organizations within the municipal sector. The findings are summarized in the "Local and Comparator Municipal Engagement Report".

The following Housing Needs and Gaps were identified in the comparator discussions: (1) clarity on the role of Middlesex County and the local municipalities, (2) lack of services and supports, (3) funding allocations (4) resources Middlesex County and local municipalities, (5) understanding of available land, and (6) community engagement and support.

### Housing Needs

The "Housing Needs Assessment Report" provides an overview of housing market and affordability indicators. In summary, after periods of modest population growth and new construction, Middlesex County has seen a shift in the housing market – from a community generally aging and relying on inter-generational growth – to a region sought after by new residents. This growth has been particularly brought on by families, young couples, and young single adults in the area.

Though the COVID-19 pandemic has been identified as an influence leading to relocating away from major city centres to smaller towns, the increasing cost of housing and quality of life factors are important longer-term trends. Many home buyers and investors have been priced out of the Greater Toronto Area (GTA) leading them to seek opportunities elsewhere in Ontario.

Alongside the population increase, average household income levels pre-tax neared \$100,000, whereas just ten years ago households with annual incomes above \$100,000 only accounted for 2% of the population. Those in the age groups of 15-30 and 44-65 hold the largest growth in the County. This data indicates an influx of new younger residents, bringing along higher incomes and a desire for appropriate housing to meet their expectations. Along with homeownership costs, rental costs have also increased significantly since 2016 and MLS rental listings indicate in particular a lack of one and two-bedroom housing units.

Not atypical of smaller communities, homeownership rates are higher than rental rates in Middlesex with 82% of households being owned. Further, the majority of new home construction has been focused on low-density, mostly single-unit residential homes. As such, the Middlesex County housing market does not currently provide a lot of options for low or middle-income renters looking to enter the ownership market. In addition, low



levels of available housing inventory have created conditions for a challenging market for residents seeking to buy a home for the first time unless they are in the higher income bracket.

The data indicates a direction towards a further strained housing market for future homeowners and renters in Middlesex County, mostly shutting out those of low and medium-income levels. This has impacts on the economic health and development of the County as the labour market required to sustain and grow sectors such as retail, agriculture, manufacturing, and service sector cannot afford to reside in the community. Although there has been a significant number of building permits issued, the construction of new dwellings cannot alone respond to present-day pressures.

In support of local municipal applications to the Federal Housing Accelerator Fund (HAF), further Housing Needs Assessment work was undertaken. In summary, the housing needs assessment shows an existing minimum housing deficit of 1,325 units across the County based on the number of households in core housing needs. This includes 300 units affordable to households with 'Very Low Incomes' requiring housing with monthly shelter costs of \$400 or less, 790 units affordable to households with 'Very Low Incomes' requiring housing with monthly shelter costs between \$401 and \$1,000.

Looking forward to 2031, Middlesex County is anticipated to need an additional 4,180 to 8,760 housing units to meet demand, depending on the level of growth realized. This includes up to 238 units with deep subsidies for households in the 'Very Low Income' category (earning \$16,000 or less and who can afford \$400 or less) and up to 1,434 units with moderate subsidies for households in the 'Low Income' category (earning \$16,000 - \$40,000 and who can afford \$401 - \$1,000).

The analysis also identified that housing needs among select population groups is often disproportionate. This includes, but is not limited to, population groups where primary the household maintainer is under 25, lone female parent households, visible minority households, and household persons with a visual, audio, or physical disability.

#### [Affordable Rental Housing Development Resource Guide](#)

With the recognition that community not-for-profit housing providers and the private sector play crucial roles in the provision of housing, an "[Affordable Rental Housing Development Resource Guide](#)" was developed. The guide serves as a resource for organizations seeking to engage in the development, construction, and management of affordable and attainable housing. Although not an exhaustive "how-to" guide to development, the Guide sets out the framework within which housing projects are undertaken, provides practical insights into the development process, and serves as an orientation tool and offers insights into best practices and unique considerations for affordable housing projects.

## Housing Goals and Targets

In support of the vision that ***Every Middlesex County resident has the opportunity to access the type of housing they need in their community.*** Three Goals have been identified to guide the next steps of the County:

1. To support clarification of County and local Municipal roles in addressing housing and homelessness needs in Middlesex County.
2. To have a range of housing options, including a mix of unit types, tenure, and supports, to meet the needs of current and future County residents.
3. To support economic growth and quality of life through an adequate supply of housing that is affordable and attainable to households with low- and moderate-incomes.

In support of these goals, aspirational targets are to be considered through future policy decisions:

- 10% of all new housing developed between 2023 and 2027 will be Affordable Rental Housing (In 2022, defined as rents of less than \$1,039 per month).
- 15% of all new housing will be Affordable and Attainable Ownership Housing (in 2022, defined as ownership housing priced less than \$572,000).
- 10% of new housing units will be purpose-built rental units.
- 25% of new housing units will be in the form of multiple units or apartment dwellings.

## Recommended Actions

In order to implement the Goals and Targets, the “Housing Review Final Report” outlines the following recommended actions.

### **Direction 1 - Clarify Roles in Addressing Homelessness Needs**

1. Refine Actions Based on the Strategic Role the County Wants to Take On and Implement Actions (1 year)
2. Develop Middlesex County Roadmap for Action (2 years)
3. Develop a County Housing Master Infrastructure Plan (1-2 years)
4. Lead a Strategy Implementation Team (1 year)
5. Consider Adding a Dedicated Housing Advisor Role (1 year)
6. Develop an Engagement Plan (3 years)
7. Create a Capacity Building Strategy (3-5 years)
8. Review Structures to Support Development, i.e., Land Banking/Land Trusts (5-10 years)
9. Collaborate on Requests for Expression of Interest in Housing Development (3-5 years)



10. Develop an Education Strategy (3 years)

## **Direction 2 – Support a Diversity of Housing**

11. Adopt Housing Targets (1-2 years)

12. Adopt Policy to Maintain Adequate Housing Supply (1-2 years)

13. Implement Zoning Solutions to Reduce Land Costs and Increase Density (2-5 years)

14. Adopt Policies To Encourage Range of Housing Options (1-2 years)

15. Revise Policies that Restrict Access for Certain User Groups (1-2 years)

16. Update Policies to Support Streamlined Planning Applications (1-5 years)

17. Consider Rental Retention Policies (2-5 years)

## **Direction 3 – An Adequate Supply of Housing that is Affordable and Attainable to Low- and Moderate-Income Households**

18. Include Definition of Affordable Housing in Official Plans (1-2 years)

19. Provide Incentives for Affordable and Supportive Housing and Purpose-Built Rental (2-5 years)

20. Establish Modified Standards for Affordable Housing (2-5 years)

21. Prioritize Planning Approvals for Affordable Housing (1 year)

## **Implementation Options**

Central to the choices for implementation is the need to establish the County's strategic position it wishes to adopt concerning housing, as delineated in the Final Report:

*“The County should identify which roles it will take primary responsibility for on behalf of local municipalities, and which will be joint responsibilities shared by local municipalities or the City of London as the Service System Manager. The County may wish to take on a more active leadership role in advocating for and catalysing housing and homelessness funding opportunities. Collaboration of all local municipalities would add strength to advocacy and allow the County to work more strategically with the Service System Manager.”*

To focus discussion, three potential strategic role implementation options are outlined below. Fundamentally, Council could define the strategic role of Middlesex County in the housing system to either be a Housing Advisor, a Housing Advocate, or a Housing Funder.

For clarity purposes, all of the potential Middlesex County strategic role financial considerations would be in addition to the \$6,865,000 (2024) levy expense. These expenses would be incurred on the County levy outside of the framework of the CMSM Agency Agreement.

### **Strategic Role – County as Housing Advisor – \$100,000**

This would signify a continuation of the County's existing role, but with a heightened emphasis, in alignment with the Recommended Actions outlined in the Attainable Housing Review. This would entail a continued primary reliance on the City of London as the Service Manager for housing related issues but would undertake a focused approach to the Recommended Actions by using consultants. Example projects would include to undertake land use planning actions, to support third-party not-for-profit housing applications, and to provide supportive information for discussions with the Service Manager.

The costs for this are estimated to require an additional \$100,000 annually for at least three years. This represents approximately 0.1% of the 2024 County levy.

### **Strategic Role – County as Housing Advocate – \$500,000**

This would represent the augmentation of the County's Role to act as a Support Service Manager in relation to housing while also undertaking a focused approach to the Recommended Actions. This would require the creation of a dedicated Housing Advocate role. One of the challenges for municipalities, particularly those who are not the Service System Manager, is how best to support the creation of affordable housing.

One practice is for municipalities to have designated staff, to work closely with municipal partners, the private and not-for-profit sector including charitable organizations and community members to bring together partnerships, available land, and innovative approaches. The Housing Advocate role would be the lead and can be a joint role with local municipalities to address a shared objective and priorities. Having a dedicated role allows that individual to focus on capacity building, ongoing information sharing and communication and building partnerships.

Their responsibilities would include the coordination of all County housing related matters, supporting local municipal initiatives, writing funding applications for federal grants and loans, and providing advice and expertise. This would include resources to build business cases to advocate for funding from the Service Manager, the Province, and the Federal Government.

This would also include funding support for programs to support and incentivize diversity in housing options with potential examples being funding programs such as local municipal Community Improvement Plan affordable housing projects and/or a 'My Second Unit Program,' which would provide funding assistance and fee waivers for the creation of Additional Residential Units.

The costs for this are estimated to require an additional \$500,000 annually to create the full-time position, operational, and program funds. This represents approximately 0.9% of the 2024 County levy.

## **Strategic Role – County as Housing Funder – \$3 Million**

This strategic role encompasses all the items within the Advisor and Advocate roles and would require an on-going commitment from Council to financially support the development of housing units within the County. Within this framework, the establishment of a Housing Sub-Department would be required to fund the development of affordable rental housing units and support the development of affordable ownership units. Funded housing projects could be executed by various entities, including local municipalities, the County itself, not-for-profit organizations, or for-profit enterprises. Furthermore, the ongoing management of these funded housing initiatives would be a key consideration.

Additionally, alternative funding approaches to explore include programs like the 'Affordable Home Ownership Program,' which could offer forgivable grant support for down payments to assist first-time homebuyers.

Without a full business case analysis, it is difficult to estimate the costs for this approach however comparable analysis in southwestern Ontario identifies (without land costs) three example projects:

- Two-triplexes \$2 million
- 20-unit apartment \$7.5 million
- 39-unit apartment \$20.5 million

The costs for this are estimated to require an additional \$3 million annually to create the full-time position, operational, and program funds. This represents approximately 5.4% of the 2024 County levy. It is noted that depending on funding of other levels of government, the construction of County-funded housing could be considerably more than \$3 million annually.

### Conclusion

The communities within Middlesex County are facing significant housing challenges as a result of complex factors including shifting demographics and market trends. To gain a comprehensive understanding of the existing supply and demand of housing throughout the County and to develop effective strategies to address the full spectrum of residents' needs, the County embarked on an Attainable Housing Review.

The objectives of the Attainable Housing Review were: (1) examine the needs across the entire housing continuum, (2) identify gaps in the provision of housing, and (3) prepare a municipal strategy to meet current and future needs. The project vision is ***Every Middlesex County resident has the opportunity to access the type of housing they need in their community.***

The background reports and the consultant's findings were previously presented to County Council and staff were asked to complete an Implementation Report with budget considerations. Fundamentally, this report is intended to provide information upon which Council could define the strategic role of Middlesex County in the housing system to either be a Housing Advisor, a Housing Advocate, or a Housing Funder.





The Housing Advocate role represents a strategic augmentation of the County's existing responsibilities. This would enable the County to provide a measured and focused service enhancement, while also providing resources for local municipalities and potential builders, developers, and homeowners to incentivize the diversification of the Middlesex County housing supply.

#### **FINANCIAL IMPLICATIONS:**

The report is intended to provide Council with information upon which Council can establish the strategic role of Middlesex County in the housing system to either be a Housing Advisor, a Housing Advocate, or a Housing Funder. Depending on Council decisions, the annual financial implications would extend as high as \$3 million in addition to the current Social Housing Budget of \$6.8 million.

#### **ALIGNMENT WITH STRATEGIC FOCUS:**

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Focus	Goals	Objectives
Cultivating Community Vitality 	Advance a diverse, healthy, and engaged community across Middlesex County	<ul style="list-style-type: none"> <li>Promote and support community wellness</li> <li>Innovate social and community services</li> <li>Attract, retain, and engage youth in our community</li> </ul>
Connecting Through Infrastructure 	Ensure communities are built on a sustainable foundation that is connected and thriving	<ul style="list-style-type: none"> <li>Commit to a sound asset management strategy to maintain and fund critical infrastructure</li> <li>Use County infrastructure in an innovative way to provide a seamless service experience for residents</li> </ul>
Strengthening Our Economy 	Encourage a diverse and robust economic base throughout the county	<ul style="list-style-type: none"> <li>Create an environment that enables the attraction and retention of businesses, talent, and investments</li> </ul>
Promoting Service Excellence 	Innovate and transform municipal service delivery	<ul style="list-style-type: none"> <li>Anticipate and align municipal service delivery to emerging needs and expectations</li> <li>Strengthen our advocacy and lobbying efforts with other government bodies</li> <li>Collaborate with strategic partners to leverage available resources and opportunities</li> <li>Build organizational capacity and capabilities</li> </ul>

**RECOMMENDATION:**

THAT the Attainable Housing Review – Implementation Report be received for information;

THAT Council selects the strategic role of Housing Advocate for Middlesex County;

AND THAT Council directs staff to prepare a detailed Attainable Housing Implementation Plan Report with the strategic role of Housing Advocate for consideration as part of the 2025 Draft Budget.