



AGENDA
Strategic Priorities Committee

May 17, 2022

9:00 am

Video Conference

Click the following link:

<https://www.youtube.com/channel/UCzuUpFqxcEl8OG-dOYKteFQ>

Pages

1. **CALL TO ORDER**
2. **DECLARATIONS OF PECUNIARY INTEREST**
3. **AMENDMENTS AND APPROVAL OF THE AGENDA**

RECOMMENDATION

THAT the May 17, 2022 Strategic Priorities Committee agenda be accepted as presented.

4. **STRATEGIC PRIORITIES REVIEW**

- 4.1. **COR 26-2022 Draft Reserve Policy**

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RECOMMENDATION

THAT COR 26-2022 Draft Reserve Policy report be received; and

THAT the Strategic Priorities Committee direct staff to bring forward a Reserve and Reserve Fund Policy to a future meeting of Council for consideration based on this report and direction.

4.2. ADMIN 25-2022 Downtown Service Location Review – Advisory Committee Terms of Reference 23

RECOMMENDATION

THAT ADMIN 25-2022 Downtown Service Location Review – Advisory Committee Terms of Reference be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the terms of reference for the Downtown Service Location Review and Master Plan project advisory committee be approved with the following amendments:

- *(to be filled in based on the direction received from SPC)*

4.3. DEV 30-2022 St. Marys Housing Strategy – Tiny Homes 33

RECOMMENDATION

THAT DEV 30-2022 St. Marys Housing Strategy – Tiny Homes report be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the Town support the implementation of Option 1: Permit tiny homes on existing smaller lots of record, and Option 3: Permit tiny homes development projects – infill, as set out in DEV 30, 2022.

4.4. DEV 31-2022 St. Marys Housing Strategy – Surplus Lands

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RECOMMENDATION

THAT DEV 31-2022 St. Marys Housing Strategy – Surplus Lands report be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the Town support the implementation of the following options, as set out in DEV 31-2022:

Option 1: Sell Surplus Land at or Below Market

and/or

Option 2: Partnership Approach

and/or

Option 4: Consider Opportunities to Sell or Lease Parts of Underutilized Town Lands

4.5. DEV 32-2022 St. Marys Housing Strategy – Inclusionary Zoning

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RECOMMENDATION

THAT DEV 32-2022 St. Marys Housing Strategy– Inclusionary Zoning report be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the Town does not pursue an inclusionary zoning approach in St. Marys at this time.

5. NEXT MEETING

June 21, 2022 - 9:00 am, live streamed to the Town's YouTube channel

Topics to be discussed:

- Milt Dunnell Field Project Update
- Refreshment Vehicle By-law

6. ADJOURNMENT

RECOMMENDATION

THAT this meeting of the Strategic Priorities Committee adjourns at _____ pm.



FORMAL REPORT

To:	Chair Stratthdee and Members of Strategic Priorities Committee
Prepared by:	André Morin, Director of Corporate Services / Treasurer
Date of Meeting:	17 May 2022
Subject:	COR 26-2022 Draft Reserve Policy

PURPOSE

This report presents and discusses the potential implementation of a Reserves and Reserve Fund Policy for the Town of St. Marys.

RECOMMENDATION

THAT COR 26-2022 Draft Reserve Policy report be received; and

THAT the Strategic Priorities Committee direct staff to bring forward a Reserve and Reserve Fund Policy to a future meeting of Council for consideration based on this report and direction.

BACKGROUND

The Finance Department has recognized a need to establish a Reserves and Reserve Funds Policy for the Town of St. Marys. It is important to have policies, programs and procedures that provide a framework for important financial decisions.

This will be a policy governing the management and administration of Reserves and Reserve Funds for the Town of St. Marys. The Reserve and Reserves Fund Policy will be outlined to promote financial stability and flexibility, smooth expenditures which would otherwise cause fluctuation in the operating budget, and fund known future obligations while adhering to statutory requirements.

Reserves and Reserve Funds are an important financial indicator in a Municipality's overall financial health. Managing these Reserves and Reserve Funds gives the Town of St. Marys the opportunity to fund future liabilities and balance the cost of assets over the long-term life cycle. The implementation and management of the policy will provide a cushion for unexpected costs and shifts in the revenue and expenditures.

REPORT

The first step in the process was to fully understand what Reserves and Reserve Funds the Town currently has, how/why they were created, and the up-to-date balances. Finance staff held various discussions with each department in relation to reserves. These discussions outlined the initial use of the reserve and what it was intended for when it was created. This knowledge will help us gain a better understanding on how the fund can be used appropriately. If it is determined that the initial use has been satisfied, this will allow the opportunity to redesignate the Reserve's purpose to one that suits the Town's current and future needs.

Through that process, staff have generated a short list of recommended changes for discussion with SPC.

Recommended Changes

While reviewing the Town of St. Marys current Reserves and Reserve Funds, staff have determined changes that will benefit the management of the Reserves. These recommended changes are outlined in the attached “**Recommendations Chart**”. Staff will discuss this summary in detail with the Committee, but the main changes are as follows:

- Staff recommend the transfer of balances between some of the Reserves.
- A transfer from the Working Funds of \$1,700,000 to the Roads Capital Reserve and \$40,000 to the Municipal Election Reserve has been suggested.
- The remaining amount from the Information Technology Reserve of \$300 to be transferred to the General Capital and the Reserve will be dissolved.
- It is recommended that both the Tax Stabilization and Reserve for Insurance Claims be transferred into the Operating Reserves.
- The Building Department reserve deficit is to be moved to the Obligatory Reserve Fund.

Through meeting with the respective departments, staff can see a benefit in recommending the combination of some of the Reserves in the instance when different Reserves were allocated for similar purposes. Staff are recommending:

- The combination of the Museum Donations Reserve into the Museum Reserve as well as the combination of the Fire Equipment Balance Obligatory Fund into the Fire Equipment Reserve.
- The Town currently has 3 facilities related Reserves, the recommendation is to have 2 Facilities Reserves: first is dedicated to general Municipal Facilities (managed by the Facilities department) and the second is dedicated to the Recreation Facilities and the PRC (managed by the Community Services department).
- In doing so, the Repairs and Maintenance Reserve for facilities would be dissolved and \$100,000 would be transferred to the Recreation Reserve, with the balance transferred to the General Facilities Reserve.

With respect to new reserves, staff are recommending:

- The establishment of the Municipal Election and Legal Fees has been recommended by staff to assist with non-recurring expenses.
- The establishment of a Reserve for Community Improvement Plan Reserve to transfer unused budgeted funds for the future use for CIP attainable housing related projects.

Reserves and Reserve Funds Policy (Draft)

There has been background work and research to assist with the development of the policy that includes:

- Participation and access to information from the MFOA (Municipal Finance Officers' Association of Ontario) Reserves and Reserve Funds 201 Workshop
- Review and discussion of other municipalities' reserves and reserve funds policies and procedures
- Meeting with respective departments to inquire about the intended purpose and past use of current reserves and reserve funds
- Assessment of the Town's current Investment Policy approved in 2020

There are two attachments which staff will review with the committee:

1. *Draft Reserve and Reserve Fund Policy*

The Reserve and Reserve Fund Policy provides an overview of the intended purpose, funding source, target level, and authorization details for each individual Reserve and Reserve Fund. An example of the overview of the Tax Stabilization reserve can be seen in Appendix A of the Reserves and Reserve Funds Policy draft.

2. Summary of policy decision by Reserve and Reserve Funds

This summarizes each Reserve or Reserve Fund, along with its intended target use, target goal and value, interest allocation, and authority.

This policy is not intended to be a fundamental change from current practices, but more so to place current practices into a formal policy. The policy will properly guide the staff authorities in relation to Reserves and Reserve Funds. One area that will be a change is the allocation of some Reserves to retain their investment earnings – mostly capital related reserves – the purpose of which is to assist with inflationary cost increases for future capital expenditures.

The Reserves and Reserve Funds Policy will touch base on:

- Establishment and modification
- Investment
- Contributions to/Withdrawal
- Lending/Temporary Borrowing
- Termination/Closure
- Standard of Care/Responsibilities
- Reporting

The Town Treasurer, or designate, shall prepare the following reports regarding Reserves and Reserve Funds managed by the Town:

- Annual Audited Financial Statements - the annual audited financial statements shall include a statement of financial position, financial activities, and changes in fund balances for Reserves and Reserve Funds
- Budget Reports - Reserve and Reserve Fund balances, projected contributions and planned withdrawals for the current budget shall be presented each year. For capital Reserves, a ten-year projection of the contributions and transfers will be presented in each annual budget.
- DC Reserve Funds Report - an annual report detailing pertinent information regarding DC Reserve Funds shall be presented to Council as required by the Development Charges Act, 1997, as amended.
- Other reports in line with this Policy shall be brought forward to Council as needed.

The implementation process will be for the Treasurer to receive direction from the Strategic Priorities Committee and bring back the final full policy to Council for consideration.

A plan will also be initiated for quarterly communications with relevant departments moving forward, so that each department is aware of the amount that is in their respective Reserve Fund. This will enable each department the information they need while planning for future capital projects.

Donations

Through speaking with staff about current reserves, a common topic brought up was the process of accepting donations and bequests. This sparked a discussion around creating a Donations Policy along

with the Reserves and Reserve Funds Policy. Staff has done some preliminary research and will be making recommendations in relation to a donations policy in the near future as well.

FINANCIAL IMPLICATIONS

The recommended changes will not impact the current total amount of reserves, but will slightly shift some of the balances.

The policy decision in relation to allocation of investment earnings will shift up to \$100,000 in annual investment earnings from the operating budget; however, it should lead to less transfers to Reserve from the operating budget in the long term.

SUMMARY

The policy for the administration of Reserve and Reserve Funds has been drafted to best meet the requirements for the Municipality of the Town of St. Marys. The purpose of implementing this policy is to determine the initial intended purpose of the Reserves and Reserve Funds and re-establish their target if the needs have been met. In managing the Town's Reserves and Reserve Funds through a policy, we will receive guidance for the management, administration, establishment, and targeted levels and uses while making a more efficient use of the funds that are available to the Town of St. Marys.

STRATEGIC PLAN

- ☒ This initiative is supported by the following priorities, outcomes, and tactics in the Plan.
 - Corporate Services – Creation of a Reserve Policy

OTHERS CONSULTED

Senior Management Team

Senior Leadership members responsible for specific reserves/reserve funds

ATTACHMENTS

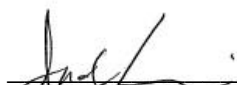
Recommendations Chart

Draft Reserve and Reserve Fund Policy

Summary of policy decision by reserve and reserve funds

REVIEWED BY


Recommended by the Department



André Morin

Director of Corporate Services/Treasurer

Recommended by the CAO



Brent Kittmer

Chief Administrative Officer

CURRENT		
Reserve	Ending Balance 2021	Recommended Changes
WORKING FUNDS		
Tax Stabilization	\$654,976.23	Move to Operating Reserves
Working Funds	\$2,725,021.89	Transfer \$1,700,000 to Roads Capital Transfer \$40,000 to Election
Reserve for Insurance Claims	\$80,000.00	Move to Operating Reserves
CURRENT PURPOSES		
Health Care Benefit	\$36,663.80	
Curling Club	\$32,884.98	
Library	\$112,709.70	Review with Library Board
Museum Donations	\$23,649.00	Combine both Museum Reserves
Museum	\$25,000.00	Combine both Museum Reserves
Home Support	\$46,002.48	
Daycare	\$22,843.52	
Reserve for Friendship Centre	\$3,770.00	
Municipal Facilities Repairs & Maintenance	\$248,121.99	Allocate \$100,000 to Rec Facilities Allocate balance to Mun Facilities
Cemetery	\$6,000.00	
CAPITAL PURPOSES		
Information Technology	\$300.00	Transfer to General Capital
Reserve for Service Modernization	\$202,525.92	
Reserve for Municipal Facilities	\$282,085.22	
General Capital Reserve	\$4,848,138.67	
Equipment Replacement	\$1,009,191.57	
Fire Equipment	\$0.00	
Building Department	-\$7,267.48	Move to Obligatory Reserve Fund
Roads Capital	\$520,498.11	
Water	\$1,925,142.47	
Waste Water	\$1,968,901.71	
Landfill Site	\$151,847.57	
Reserve for Recreation	\$311,624.55	Change to "Recreation Facilities"
Reserve for Skate Park	\$1,486.15	
Grand Trunk Trail	\$11,104.68	
Forestry	\$10,000.00	
Industrial Land	\$521,610.38	
DISCRETIONARY FUNDS		
PUC Fund Balance	\$3,652,129.84	
OBLIGATORY FUNDS		
Cemetery Perpetual Care	\$594,203.71	
Library Trust Fund	\$53,096.78	Review with Library Board
DC Fund Balance	\$1,837,167.10	
Parkland Fund Balance	\$13,183.51	
Fire Equipment Balance	\$249,567.90	Move to Reserve
OCIF Balance	\$179,708.77	
Prov. Gas Tax Fund Balance	\$152,786.15	
Fed. Gas Tax Fund Balance	\$1,859,177.48	

\$24,365,854.35

RECOMMENDED		
Reserve	Ending Balance 2021	
WORKING FUNDS		
Working Funds	\$985,021.89	
CURRENT PURPOSES		
Health Care Benefit	\$36,663.80	
Curling Club	\$32,884.98	
Library	\$112,709.70	
Museum	\$48,649.00	
Home Support	\$46,002.48	
Daycare	\$22,843.52	
Friendship Centre	\$3,770.00	
Cemetery	\$6,000.00	
Tax Stabilization	\$654,976.23	
Insurance Claims	\$80,000.00	
Forestry	\$10,000.00	
*NEW Municipal Election	\$40,000.00	
*NEW Legal Fees		
*NEW Community Improvement Plan		
CAPITAL PURPOSES		
Service Modernization	\$202,525.92	
Municipal Facilities	\$430,207.21	
General Capital	\$4,848,438.67	
Equipment Replacement	\$1,009,191.57	
Fire Equipment	\$249,567.90	
Roads Capital	\$2,220,498.11	
Water	\$1,925,142.47	
Waste Water	\$1,968,901.71	
Landfill Site	\$151,847.57	
Recreation Facilities	\$411,624.55	
Skate Park	\$1,486.15	
Grand Trunk Trail	\$11,104.68	
Industrial Land	\$521,610.38	
DISCRETIONARY FUNDS		
PUC Fund Balance	\$3,652,129.84	
OBLIGATORY FUNDS		
Cemetery Perpetual Care	\$594,203.71	
Library Trust Fund	\$53,096.78	
DC Fund Balance	\$1,837,167.10	
Parkland Fund Balance	\$13,183.51	
OCIF Balance	\$179,708.77	
Prov. Gas Tax Fund Balance	\$152,786.15	
Fed. Gas Tax Fund Balance	\$1,859,177.48	
Building Department	-\$7,267.48	

\$24,365,854.35

Reserve	Ending Balance 2021	Target Use	Targeted Value/Goal	Targeted Value \$	Interest Allocation	Authority
WORKING FUNDS						
Working Funds	\$1,025,021.89	The Working Funds Reserve was created to cover payments and expenses required for day-to-day operations when cash balances are low prior to the receipt of tax collections and other revenues and reduce the reliance on short-term borrowing to meet obligations.	5% of Total tax levy budget	976,706	No	Council Treasurer authority to transfer annual deficit/surplus
CURRENT PURPOSES						
Health Care Benefit	\$36,663.80	Established from previous benefits surplus. To be utilized for HR and employee related special projects.	Determined by one-time transfer	n/a	No	Council
Curling Club	\$32,884.98	The Reserve for the Curling Club was created for the maintenance and repairs of the Curling Club at Lind Sportsplex.	Annual transfer based on agreement	n/a	No	Council
Library	\$112,709.71	REVIEW WITH LIBRARY BOARD				
Museum Donations	\$48,649.00	Museum donations and bequests to be used for future museum capital, collection, or special projects.		n/a	No	Council
Home Support	\$46,002.48	The Home Support Reserve was created for Capital purchases needed and to hold fundraising and donations until they can be used for their intended purpose.		n/a	No	Council
Daycare	\$22,843.52	To cover health and safety costs or special projects for the Daycare.		n/a	No	Council
Friendship Centre	\$3,770.00	To fund special projects for the Friendship Centre.		n/a	No	Council
Cemetery	\$6,000.00	To cover Cemetery related costs over anticipated budget; with the goal of the cemetery reaching self-sufficiency.			No	Council

Tax Stabilization	\$654,976.23	The Tax Stabilization Policy was established to fund any costs associated with stabilizing taxes such as tax appeals and liabilities. It was created to prevent property tax rates fluctuations as a result of unforeseeable non-recurring expenditures or revenue short-falls.	5% of tax levy	0	No	Council
Insurance Claims	\$80,000.00	The Reserve for Insurance Claims was established to cover the insurance claims for the Town.	Cover 5 claims	75,000	No	Council Treasurer authority to transfer to cover claims over annual budget
Forestry	\$10,000.00	To be used for annual planned tree planting campaigns. Aligned with the tree donation policy.		n/a	No	Council
*NEW Municipal Election		Used to stabilize annual municipal levy for election expenses that occur every four years.	Expected cost of next election	40,000	No	Council
*NEW Legal Fees		Used to stabilize annual municipal levy for legal related matters.		n/a	No	CAO has authority to approve funding legal expenditures over annual budget Treasurer has authority to approve transfers into reserve based on annual surplus of legal expenses
*NEW Community Improvement Plan		Used to fund CIP Housing related projects. Funded by transferring previously unused funds dedicated to the CIP and/or Heritage Grants.		n/a	No	Council Treasurer authority to transfer in annual unused CIP funds
CAPITAL PURPOSES						
Reserve for Service Modernization	\$202,525.92	The Reserve for Service Modernization was established to modernize our services. Funded by a one-time grant.		n/a	No	Council
Reserve for Municipal Facilities	\$430,207.21	To fund unbudgeted repairs, maintenance, and capital required outside of regularly scheduled capital replacements.	Staff estimate is \$250,000 (to be reviewed during the next AMP review)	250,000	No	Council
General Capital Reserve	\$4,848,438.67	To fund approved annual capital projects.	Per Asset Management Plan	To be reviewed during AMP update	Yes	Council (Budget) Treasurer has the authority to update transfers out based on actual costs

Equipment Replacement	\$1,009,191.57	To fund capital costs associated with vehicle and heavy equipment for the Town.	Per Asset Management Plan	To be reviewed during AMP update	Yes	Council (Budget) Treasurer has the authority to update transfers out based on actual costs and transfers in based on annual fleet surplus/deficit
Fire Equipment	\$249,567.90	To fund capital costs associated with the fire department.	Per Asset Management Plan	To be reviewed during AMP update	Yes	Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Roads Capital	\$2,220,498.11	To fund capital costs associated with roads, bridges, sidewalks, and stormwater.	Per Asset Management Plan	To be reviewed during AMP update	Yes	Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Water	\$1,925,142.47	Established for funding operations and capital projects related to managing water.	Per Water Financial Plan			Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Waste Water	\$1,968,901.71	Established for the funding of operations and capital projects involving waste water.	Per Waste Water Financial Plan			Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Landfill Site	\$151,847.57	Established to fund landfill improvements and projects.	Per Landfill Financial Plan			Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Recreation Facilities	\$411,624.55	To fund unbudgeted repairs, maintenance, and capital required outside of regularly scheduled capital replacements for the PRC and other Recreation facilities.	Staff estimate is \$500,000 (to be reviewed during the next AMP review)	500,000	No	Council
Reserve for Skate Park	\$1,486.15	Established to fund the construction and repairs at the Skate Park.	n/a		No	Council
Grand Trunk Trail	\$11,104.68	Established for improvements made to the trail.	n/a		No	Council

Industrial Land	\$521,610.38	The Industrial Land Reserve was established for storm bush maintenance for the Town.				
DISCRETIONARY RESERVE FUNDS						
PUC Fund Balance	\$3,652,129.84	Established through the sale of the former PUC. Funds are used to fund or provide financing for strategic Council initiatives.			Yes	Council
OBLIGATORY RESERVE FUNDS						
Cemetery Perpetual Care	\$594,203.71	Legislated reserve fund established for perpetual care. Annual income earned is transferred to Cemetery operations.	Annual perpetual care funds transferred to Reserve Fund		Yes	Treasurer authority to transfer annual perpetual care receipts Treasurer authority to transfer income to operations
Library Trust Fund	\$53,096.78	REVIEW WITH LIBRARY BOARD				
DC Fund Balance	\$1,837,167.10	Legislated by DC By-law.				Treasurer authorized to make transfers in and out per Town DC By-law and DC regulations
Parkland Fund Balance	\$13,183.51	The Parkland Fund Balance is used to fund the purchase and development of parkland in developing or redeveloping areas as well as the upgrading of existing parks and facilities needed as a result of the intensification of an area.				Treasurer authorized to make transfers in and out per legislation and regulations
OCIF Balance	\$179,708.77	The (OCIF) Ontario Community Infrastructure Reserve Fund provides funding for projects approved as eligible under the Ontario Community Infrastructure Fund Agreement. The Ontario Community Infrastructure Fund was established by the Government of Ontario to assist small communities in addressing road, bridges, water and wastewater core infrastructure needs. Funds are not to be used for growth-related expansion project.				Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Prov. Gas Tax Fund Balance	\$152,786.15	The Provincial Gas Tax Reserve Fund was established for the funding of mobility costs for the Town.				Council (Budget) Treasurer has the authority to update transfers out based on actual costs

Fed. Gas Tax Fund Balance	\$1,859,177.48	The Federal Gas Tax Reserve Fund was established for the funding of infrastructure costs for the Town.				Council (Budget) Treasurer has the authority to update transfers out based on actual costs
Building Department	-\$7,267.48	Established under the building code to cover the cost of administration and enforcement of the Building Code.				Treasurer authorized to transfer in/out balances based on annual surplus/deficit within building department and per policies
\$24,365,854.36						

Reserves and Reserve Funds Policy

Policy Statement

A Policy governing the management and administration of Reserves and Reserve Funds.

Scope

The Reserves and Reserve Funds Policy applies to all Reserves and Reserve Funds established by the Town of St. Marys. The Treasurer is responsible for the administration of this policy.

Purpose & Objectives

- Adherence to statutory requirements
- Promotion of financial stability and flexibility
- Provision of major capital expenditures
- Smooth expenditures which would otherwise cause fluctuation in the operating budget
- To fund known future obligations
- To be used for cash flow purposes

Definitions

Reserve	Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and managed by approval of Council. Reserves do not receive an annual interest allocation unless specifically specified by this policy
Reserve Fund	Monies set aside for a specific purpose as required by provincial legislation, a municipal by-law, or agreement. Reserve Funds earn and retain their investment income. The Town of St. Marys has both Obligatory and Discretionary Reserve Funds.
Discretionary Reserve Fund	Monies set aside for a specific purpose by Council and legislated by municipal by-law. If Council should decide to

spend the money for purposes other than what it was originally intended for, then a new by-law must be passed under section 417(4) of the Municipal Act.

Obligatory Reserve Fund

Monies set aside and legally restricted by provincial legislation, a municipal by-law, or agreement. The funds are raised for a specific purpose and cannot be used for any other purpose. The main Obligatory Reserve Funds are the Development Charges Reserve Funds that are regulated by the Development Charges Act.

Establishment & Modification

- Reserves can be established through the following processes:
 1. Inclusion in the annual operating or capital budget which is approved by Council;
or
 2. Through resolution of Council
- When establishing a new Reserve or Reserve Fund, a financial plan will be prepared which identifies need, target funding level (if applicable), contribution sources and projected disbursements (when possible) to meet planned future obligations.

Investment

- The Treasurer will have the authority for the cash management and investment of Reserves and Reserve Funds to best meet the financial strategies of the Town
- Reserves and Reserve funds shall not be invested for a term that will exceed its expected date of need;
- Investment earnings on Reserves shall be recognized as revenue in the operating budget; unless specified otherwise in the this policy;
- Investment earnings on Reserve Funds shall be recognized as revenue in each specific Reserve Fund.

Interest will be calculated based on the actual bank interest or investment earnings for funds that are deposited in their own bank account or investment account. In the case of funds held by the Town in its general accounts, interest will be calculated based on the beginning balance of the reserve or reserve fund using an annual interest rate of bank prime less 1.55%.

Contributions to/Withdrawals

1. Contributions to and/or withdrawals from Reserves and Reserve Funds shall be made in accordance with applicable resolution, by-law and this Policy.
2. Contributions to and/or withdrawals from Reserves and Reserve Funds shall be approved by Council as part of the annual budget process, or specifically by resolution with the following exceptions:
 - Transfers required as per legislation, authorized agreements, or Council approved policies
 - Transfers whereby the Treasurer has been provided authority under this policy
 - Transfer of funds between Reserves and Reserve Funds based upon adequacy analysis or other related information, at the discretion of the Town Treasurer, or designate;
 - Transfers from proceeds through the sale of land, equipment, or proceeds

Lending/Temporary Borrowing

- Temporary borrowing to cover a Reserve short-term deficit, interim servicing requirements or internal financing is permitted, when justified, adequately supported and authorized by Council.
- However, the following conditions must be met in order to allow borrowing from Reserve Funds:
 1. Borrowing must not adversely affect the intended purpose of the Reserve.
 2. A plan to repay the Reserve within a reasonable timeframe is required and must be documented.
 3. Interest, equivalent to the Town's interest on Reserve Fund bank accounts, will be applied to outstanding amount borrowed.
 4. Where applicable, legislative requirements may apply. For example, the Development Charges Act permits inter-fund borrowing only between development charge Reserve Funds and prescribes a minimum interest rate (i.e., Bank of Canada prime rate as of the document approval date, updated on the first business day of every January, April, July and October).

Termination/Closure

- If the purpose or purposes for which the Reserve or Reserve Fund was created have been accomplished and the Reserve or Reserve Fund is determined to be no longer necessary, the Treasurer, in consultation with the Department Director, shall report to Council with the recommendation on:

- a) The closure of the Reserve or Reserve Fund
 - b) The disposition of any remaining funds
 - c) The necessary amendment to the Reserve by-law
- A resolution of Council will be required to close a Reserve.
 - The by-law establishing the Reserve Fund will be required to be repealed in order to close a Reserve Fund.

Standard of Care/Responsibilities

The Treasurer shall:

- a) Develop and update this policy as necessary and present changes to Council;
- b) Ensure that the principles and requirements contained in this policy are applied consistently across all departments;
- c) Perform the transfers to and from Reserves and Reserve Funds as authorized by Council;
- d) Recommend strategies for the adequacy of Reserve levels; and
- e) Report to Council the Reserve balances and forecast as part of the annual budget approval process.

Municipal Council shall:

- a) In accordance with the Municipal Act 2001, Section 224 develop and evaluate policies, ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place and maintain the financial integrity of the municipality.
- b) Approve transactions to and from Reserves and Reserve Funds through the budget process or by specific resolution (for Reserves) and by-laws (for Reserve Funds).

The Chief Administrative Officer shall:

- a) Support the Treasurer in ensuring the principles and mandatory requirements contained in this policy are applied consistently across all Town departments.

Department Directors shall:

- a) Provide the Treasurer with the most current capital asset information to be used in the assessment of the adequacy of capital lifecycle Reserves;
- b) Inform the Treasurer when Reserve or Reserve Fund transfers are required; and

- c) Consult with the Treasurer when Reserve Funds are required for unbudgeted transactions.

Reporting

The Town Treasurer, or designate shall prepare the following reports regarding Reserves and Reserve Funds managed by the Town:

- Annual Audited Financial Statements - the annual audited financial statements shall include a statement of financial position, financial activities, and changes in fund balances for Reserves and Reserve Funds
- Budget Reports - Reserve and Reserve Fund balances, projected contributions and planned withdrawals for the current budget shall be presented each year. For capital Reserves, a ten-year projection of the contributions and transfers will be presented in each annual budget.
- DC Reserve Funds Report - an annual report detailing pertinent information regarding DC Reserve Funds shall be presented to Council as required by the Development Charges Act, 1997, as amended.
- Other reports in line with this Policy shall be brought forward to Council as needed.

Review

This Policy shall be presented to Council for review and update, if applicable, every four years, in the first year of each elected Council, or as deemed necessary by Council or the Town Treasurer.

References

End of Document

Rev #	Date	Reason	Initiated	Reviewed	Approved

Appendix A

Reserves:

Tax Stabilization

Policy:

The Tax Stabilization Policy was established to fund any costs associated with stabilizing taxes such as property tax appeals and liabilities. It was created to prevent property tax rates fluctuations as a result of unforeseeable non-recurring expenditures or revenue shortfalls.

Revenues:

The Tax Stabilization Reserve receives a contribution from the annual budget or Council resolution of surplus funds and applied.

Expenditures:

The Tax Stabilization reserve provides a contingency for unforeseen events that might put pressure on the tax rate. Expenditures from this reserve go towards future potential tax appeals and liabilities. Funds are also used to cover for eventualities such as higher-than expected tax write offs.

Council Approved Target Level:

A target value of 5% of the Net Tax Levy of the prior year has been set out for this reserve.

Authorization:

Council has authority for the Tax Stabilization reserve.

Appendix B

Financial Plan for New Reserves and Reserve Funds

*Please fill in the following information about the new Reserve or Reserve Fund to be created

Name of new Reserve or Reserve Fund:

Category (check the category of the new Reserve or Reserve Fund)

- ☐ Reserve
 - ☐ Capital
 - ☐ Operating
- ☐ Reserve Fund
 - ☐ Obligatory
 - ☐ Discretionary
- ☐ Other: _____

Need:

Revenues / contribution sources:

--

Expenditures / projected disbursements to meet planned future obligations (if possible):

--

Target Funding Level (if applicable):

--

FORMAL REPORT

To:	Chair Stratthdee and Members of Strategic Priorities Committee
Prepared by:	Brent Kittmer, Chief Administrative Officer
Date of Meeting:	17 May 2022
Subject:	ADMIN 25-2022 Downtown Service Location Review – Advisory Committee Terms of Reference

PURPOSE

The purpose of this report is for Council to consider a draft terms of reference (TOR) for the project advisory committee for the Downtown Service Location Review and Master Plan project. Staff is seeking direction from Council regarding size, membership, and recruitment related to the committee.

RECOMMENDATION

THAT ADMIN 25-2022 Downtown Service Location Review – Advisory Committee Terms of Reference be received; and

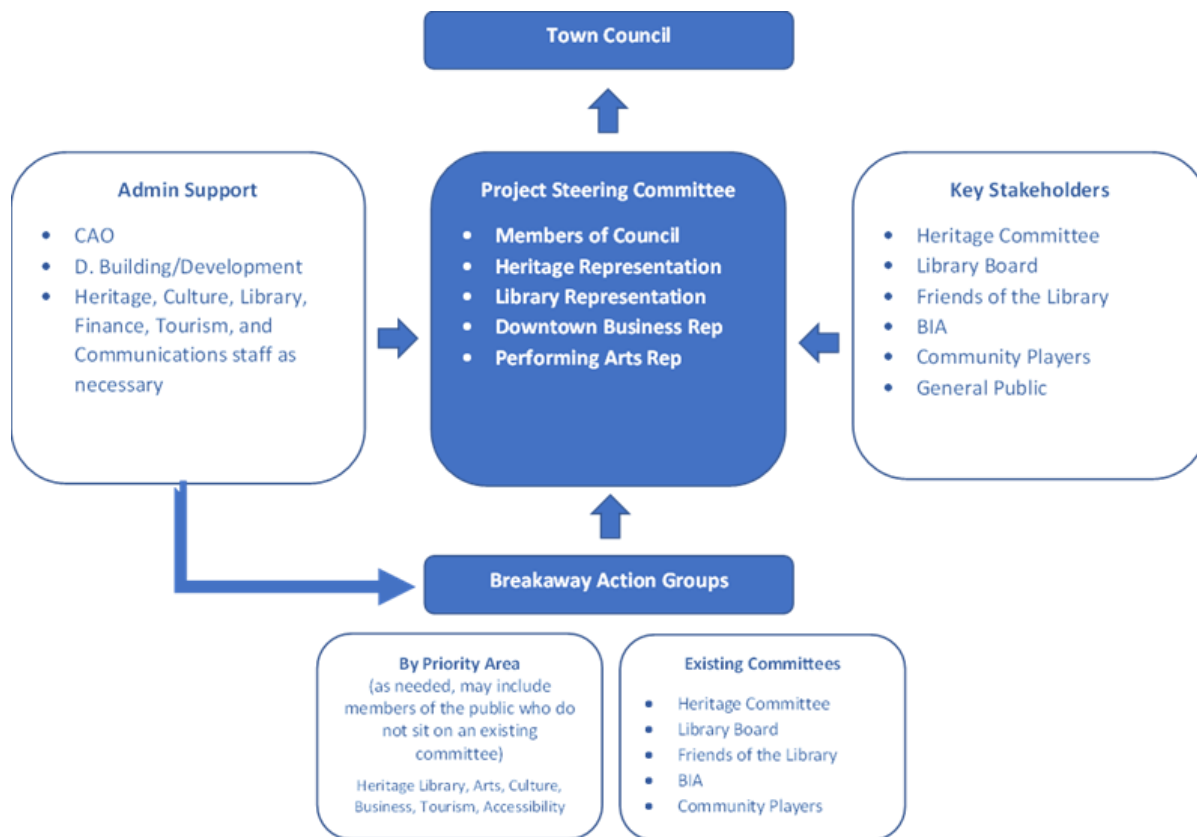
THAT the Strategic Priorities Committee recommends to Council:

THAT the terms of reference for the Downtown Service Location Review and Master Plan project advisory committee be approved with the following amendments:

- *(to be filled in based on the direction received from SPC)*

BACKGROUND

During the April 19, 2022 Strategic Priorities Committee meeting Council considered the next steps for the Downtown Service Location Review and Master Plan project. Council agreed to a project delivery approach that includes public participation. The project delivery approach is generally modelled as follows:



Within this model, a project advisory committee (noted as Steering Committee above) will work directly with the project consultant to develop a master plan and conceptual layouts for how Town services and programs will be organized in each of the Town Hall (lower level and auditorium), the Library, the Train Station, and 14 Church Street North. Under the public participation approach, the advisory committee is intended to include members of the public representing various stakeholders and interests related to the project.

At the April 26, 2022 meeting, Council agreed to this approach and directed staff to return with a draft TOR for the committee.

REPORT

A draft TOR for the project advisory committee is attached to this report. The Committee is being asked to consider the draft and to provide direction that will allow staff to make final edits and begin the process of recruiting members to the committee.

The draft TOR is reflective of the Town's standard format. Key points of discussion are outlined below.

Committee Mandate and Responsibilities:

The mandate and the responsibilities of the committee are shown in the draft TOR attached to this report. In the project delivery model being proposed, the advisory committee will work with a project consultant to create and recommend a master plan to Council.

So Council is aware of the division of duties, the responsibilities of the consultant will be to:

- Work with internal Town staff to develop a profile that demonstrates how municipal services and programs are currently deployed within and near the downtown core.
- Develop and coordinate a thorough internal and external engagement process that collects various viewpoints on the space "needs and wants" to be located at each of Town Hall (lower level and auditorium), Library, Train Station and 14 Church Street North.

- Consolidate engagement feedback received into a format that allows the Steering Committee to prioritize WHAT services and programs should be offered by the Town in and near the downtown core.
- Develop up to four (4) service organization options and an evaluation matrix that allows the Steering Committee to prioritize and recommend to Council WHERE services and programs should be located in each of the four facilities. It is expected that the Steering Committee will shortlist two preferred options.
 - At this milestone, the consultant will prepare and present an interim report to Council. The interim report will summarize the findings of the engagement process and present the recommendation(s) from the project Steering Committee to be confirmed by Council.
- Using the shortlisted options, develop conceptual size/layout/costing for any proposed changes and renovations to the affected facilities.
 - Conceptual plans will show floor plans and space requirements in each of the affected buildings, accompanied by a preliminary construction cost estimate.
 - Design concepts are expected to promote adaptability, flexibility and multi-use spaces, and expected to avoid purpose-built space for a singular use where possible.
- Prepare a draft final report that summarizes the project work and present a recommended option for the project Steering Committee to review.
- Present a final report to Council which includes the preferred option.

Committee Structure:

As presented, the structure of the committee is envisioned to be:

- 2 Elected Officials as appointed by Council.
- 5 members of the public appointed by Council, with one representative from the following interest areas:
 - Library Services
 - Heritage and Culture
 - Downtown Business
 - The Arts
 - Public at large with a skillset relatable to the project.

Seven (7) committee members has been proposed to keep the committee to a manageable size while still allowing for a diverse range of interest areas to be represented.

Staff are asking Council to consider the following points so that direction can be received to finalize the TOR:

- **Stakeholders represented:** as above, staff have proposed four interest areas to be represented.
 - The rationale for including the Library is that they have a strategic need for space as outlined in the 2017 space needs study.
 - The rationale for including representation from each of Heritage and Culture, Downtown Business and The Arts is that each of these areas of interest are noted in the Town strategic plan as it relates to downtown revitalization.
- The questions for Council to consider are:

- ➔ Are there any other significant areas of interest that should be represented through a full-time seat on the committee?
- ➔ Is it necessary to include a member representing the public at large to keep?
- ➔ If yes to both above, what is a manageable size for the committee to be capped at?

Term of the Committee:

Within the Town's procedure by-law, the project advisory committee is considered a special purpose committee. This means that it is established for a single purpose and is disbanded when that purpose is completed.

The complicating factor regarding the committee's term is the end of the 2018-2022 Council term. During the 2022-2026 Council's Nominating Committee process, staff will be recommending that the project advisory committee approach continue, however the new Council will have the ability to decide if the committee should continue and will have the ability to appoint new membership.

In terms of project timeline, in a best-case scenario, the contract for the project consultant will be awarded on June 28th. The initial work of the consultant will be completing a background review to get themselves up to speed on how the Town currently uses the locations under consideration, how organizational relationships work, what the Town's strategic needs for space are, and what the Town's strategic vision is for the downtown.

It is expected that through the process of getting contract signed, the need for background document review work, and typical summer schedule delays, the kick-off meeting with the project advisory committee will not take place until late August or early September.

The first work the consultant will complete with the committee will be to educate the members on what has been learned through the background review. This process is likely to take 1-2 meetings, meaning that the committee is likely to finally be able to start the real work of the project only for the term of this Council to end.

Given there is no guarantee that membership of the project advisory committee will remain the same after the new Council is seated, it is expected that once the committee resumes the consultant will have to repeat some or all this committee orientation process. This represents a duplication of effort that could cause delays and increased costs in the project.

The decision for today is whether to immediately recruit for committee members, or to wait until 2022-2026 Council is seated.

It is staff's suggestion to delay the work of the project advisory committee until the 2022-2026 Council is seated. The rationale for this suggestion is that this approach avoids duplication of effort by the consultant. This approach also creates consistency and avoids a situation where the project advisory committee seated in August-November moves the project in one direction, only to have the project committee who is seated after November decide to change course which would cause work and costs on the project.

Overall, it is the goal of the project to have public engagement and involvement, and this can still be achieved even if the committee's work is delayed until the new term of Council. To ensure that engagement occurs and that the project timeline is not compromised, it is expected that the consultant start their work immediately after award by completing:

- The background review.
- The necessary internal consultations with staff; designing the external engagement process.
- Implementing the public at large portion of the engagement process.

- Holding an initial meeting and discussion with the Town's existing advisory committees in each of the interest areas identified.

Completing this work will allow the consultant to have plenty of material for when the committee is seated, meaning that the committee will be able to swiftly move from getting up to speed on the project into evaluating conceptual options for each of the four locations.

Committee Member Recruitment:

Members of the steering committee will be responsible for articulating the needs and wants of the areas and interests they represent. Based on experience, each committee member may need a sub-committee specific to their area of interest to fully hash out their comments regarding the location review.

If it is the consensus of Council to defer the work of the project advisory committee until the new term of Council, no further discussion is needed on how the committee will be recruited.

If it is the consensus of Council that the project advisory committee should begin its work as soon as possible, staff would like direction on how to recruit committee members to represent each area of interest. Staff envision two possible options:

1. General public posting that requires applicants to identify the area of interest they represent, and why they would be a good fit for the committee.
2. Directly approaching existing Council advisory committees in each area of interest and asking them to appoint a representative to sit on the committee.

The advantage of Option 2 is that project committee members would be able to take these strategic discussions back to existing committees that they sit on to gather feedback (i.e. project committee member that represents the Library would be able to report back to the Library Board, who provides the input for it to be shared).

FINANCIAL IMPLICATIONS

Public members of committees receive remuneration of \$20/meeting.

The Town has received a grant of \$50,880 under the Municipal Modernization Program (Intake 3) to hire a consultant to administer this project.

SUMMARY

As noted, staff are seeking direction from Council on several points to finalize the TOR for the Downtown Service Location Review and Master Plan project advisory committee.

STRATEGIC PLAN

☒ This initiative is supported by the following priorities, outcomes, and tactics in the Plan.

- Balanced Growth/Culture and Recreation/Economic Development

Business Attraction, Retention and Expansion

- ➔ Identify vacant spaces to host entrepreneurs and create an inventory.
- ➔ Use vacant space in the downtown for entrepreneurs.
- ➔ Create a shared service centre for new business and to support retention activities.

Downtown Revitalization

- ➔ Seasonally, rent storefront space in the core for Tourism and Economic Development Staff.

- ➔ Create a permanent tourism hub/office in central location.
- ➔ Promote local theatre and arts in the core by making an investment in space and programming.
- ➔ Investigate opportunities to invest in space in the core to further promote and expand local arts, culture, and theatre.

Incubators

- ➔ Research the possibility of introducing business incubator(s) as part of the industrial strategy, including potential partners, budget, utilizing existing facilities, governance model etc.
- ➔ If feasible, create a policy and budget to launch a municipal incubator. Develop a sectorial focus for its activities.

OTHERS CONSULTED

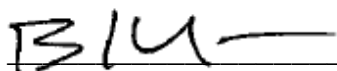
N/A

ATTACHMENTS

1. Draft Terms of Reference – Downtown Service Location Review and Master Plan Advisory Committee

REVIEWED BY

Recommended by the CAO



Brent Kittmer
Chief Administrative Officer

Downtown Service Location Review and Master Plan Project Advisory Committee Terms of Reference

MANDATE

The project advisory Committee for the Downtown Service Location Review and Master Plan project has been established to advise and assist Council on matters specifically relating to the master planning process for organizing Town services and programs at each of the Town Hall (lower level and auditorium), Library, Train Station, and 14 Church Street North. The Committee is considered a “special purpose committee” whose work will be deemed complete once a final master plan has been delivered to Council.

The Committee will work with a project consultant to understand how Town services and programs are organized at locations in and near the downtown today; will complete a comprehensive engagement process to gather internal and external feedback perspectives for the uses of each of these municipal locations; and will make recommendations on how to best organize services by location.

Throughout their work, the Committee shall have regard for the Town’s goals related to strategic needs for space and operational efficiencies AND the community’s vision for each location.

Specific duties of the Committee may include:

1. Review and understand how Town services and programs are currently organized within the locations in and near the downtown core.
2. Review and understand the Town’s strategic needs for space.
3. Articulate the needs and wants of the area(s) of interests they represent.
4. Actively participate in the public engagement process delivered by the project consultant.
5. Review the consultant’s summary of the public engagement process and prioritize WHAT services and programs should be offered by the Town in and near the downtown core, balancing the Town’s strategic needs for space and operational efficiencies with the community’s vision for each location.
6. Review and evaluate service organization options developed by the project consultant and recommend to Council WHERE services and programs should be located in each of the four locations.
7. Review and evaluate conceptual layout plans for short-listed service organization options.
8. Make a recommendation to Council on a preferred service organization and master plan for the four locations.

The Committee will not be responsible for the following:

- Undertaking or directing the daily operations of the Town.

- Administrative matters including directions to staff.
- Reviewing staff structure, staff compensation, or other staffing related matters.
- Preparing, approving or delivering the annual budget and capital projects.
- Performing project and program implementation, unless assigned by Council.
- Reviewing any matter that may be subject to the Town's closed meeting provisions.
- Acting as a forum to debate decided matters of Council, or a forum to organize political advocacy for Council to reconsider decided matters.

COMMITTEE STRUCTURE

- 2 Elected Officials as appointed by Council.
- 5 members of the public appointed by Council, with one representative from the following interest areas:
 - Library Services
 - Heritage and Culture
 - Downtown Business
 - The Arts
 - Public at large with a skillset relatable to the project.
- Eligible members of the public are those who are entitled to be an elector in the Town under section 17 of the Municipal Elections Act. For clarity, members do not necessarily have to be Canadian Citizens, but must reside in St. Marys or be a property owner (personal or business).
- Employees of the Town of St. Marys are not eligible to serve on Town committees. Immediate family members of employees are eligible, but only for Committees where there is no potential for a conflict of interest.
- Eligible members of the public include youth (under 18 years of age) who reside in the Town of St. Marys.

GENERAL RULES OF OPERATION

The Committee is subject to the control and direction of Council. The Committee is subject to the rules established in Council's Code of Conduct and Council's Procedure By-Law. All meetings of the Committee are open to the public, and rules governing the procedure for Council meetings shall be observed by the Committee insofar as they are applicable.

All appointed members will be voting members, and a quorum of the Committee shall be the majority of those appointed by Council as members of the Committee.

At the first meeting, the members shall determine the preferred day and time for Committee meetings.

If the Committee refuses or neglects to give due consideration to any matter assigned to it or before it, the Committee may, by Council resolution, be discharged of its responsibilities.

If a member is absent from meetings of the Committee for three successive months without being authorized to do so by a resolution of the Council, the position held by the member will consider to be vacated.

Should a vacancy exist on the Committee during the term, Council may appoint a person to fill the vacancy for the unexpired portion of the term.

ROLE OF COUNCIL REPRESENTATIVES

- The Council Representative is a participating voting member of the Committee
- The Mayor may attend and participate in Committee meetings as ex officio and shall have voting rights in accordance with the Town Procedure By-law.

ROLE OF COMMITTEE CHAIR

A committee Chair and Vice-Chair will be elected yearly from committee members to preside over meetings and committee business.

The Chair's role is to:

- In accordance with the Town's Procedure By-Law, preside at all meetings, and control proceedings and discussion to ensure smooth transition of the business as listed on the agenda.
- Vote on all matters requiring a formal motion.
- Report on the activities of the Committee to Council as required.

ROLE OF COMMITTEE MEMBERS

The Committee Members shall:

- Report to the Chair any issues that they feel should be addressed by the Committee.
- Attend and participate in Committee meetings.
- Contribute time, knowledge, skill and expertise during meetings in order to fulfill the Committee's mandate and report their concerns and issues to the Committee.
- Abide by the procedural decisions made by the Chair.
- Disclose any pecuniary interests and conflict of interest per the requirements of the *Municipal Conflict of Interest Act*.
- Actively participate in carrying out the responsibilities of the Committee.
- Be considered to be voting members of the Committee.

ROLE OF STAFF

- Corresponding with members of the Committee.
- Is without voting privileges.
- Act as the Committee Secretary and give notice of meetings and prepare all associated correspondence.
- Research reports and prepare meeting packages in co-operation with the Chair.
- Preserve all records and correspondence in accordance with the Town Records Retention By-law.
- Act as a resource personnel for Town policies and procedures.

REPORTING REQUIREMENTS

Committee minutes are to be provided to the Clerk for insertion on the Council agenda. Recommendations for Council's consideration are to be presented to Council in a report format under signature of the staff liaison to the Committee.

FINANCIAL PLANNING

Members of the public serving on the Committee will receive remuneration in the amount of \$20.00 per meeting attended. There will be no remuneration for Council members serving on the Committee.

Reimbursement for travel and other expenses incurred in the performance of Committee duties will be paid in accordance with the Town's policies.

Any financial requirement of the Committee shall be approved by Council prior to expenditure.

FREQUENCY OF MEETINGS

The Committee will meet a minimum of monthly, with the actual frequency to be determined by the Committee once it is seated. It is expected that the Committee will meet frequently enough to achieve the project timeline as recommended by the project consultant.

TERM

The project advisory committee is considered to be a "special purpose" committee per the Town's procedure by-law, meaning it is a specific purpose committee. The Committee will be disbanded after they have recommended a master plan to Council and that master plan has been accepted.

The 2018-2022 Term of Council will end before the Committee's work is complete. Nothing in law binds the 2022-2026 Council to re-establishing the project advisory committee. If re-struck, the appointment process for the project advisory committee will be at the sole discretion of Council.



FORMAL REPORT

To:	Chair Stratthdee and Members of Strategic Priorities Committee
Prepared by:	Mark Stone, Planner
Date of Meeting:	17 May 2022
Subject:	DEV 30-2022 St. Marys Housing Strategy – Tiny Homes

PURPOSE

The purpose of this report, along with two other reports related to the Town's Housing Strategy also on the May 17, 2022 Strategic Priorities Committee agenda (DEV 31-2022 – Surplus Lands and DEV 32-2022 – Inclusionary Zoning), is to assist Council in considering certain policies available to Ontario municipalities to assist in addressing affordability/attainability and providing a wider range and mix of housing types/tenures in St. Marys.

This report presents an overview of approaches that could potentially be implemented by St. Marys to permit and support alternative forms of housing, known as 'tiny homes'. Recommendations are also identified in regard to next steps, should Council wish to proceed with any of the discussed tools/directions.

RECOMMENDATION

THAT DEV 30-2022 St. Marys Housing Strategy – Tiny Homes report be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the Town support the implementation of Option 1: Permit tiny homes on existing smaller lots of record, and Option 3: Permit tiny homes development projects – infill, as set out in DEV 30, 2022.

BACKGROUND

According to the recently published [Report of the Ontario Housing Affordability Task Force](#), house prices have almost tripled in the past 10 years, growing much faster than incomes. This has home ownership beyond the reach of most first-time buyers across the province, even those with well-paying jobs. Additionally, rental housing has become very expensive and out of the reach for many, and this includes in rural communities and small towns.

There are a number of factors contributing to housing issues in St. Marys including low housing supply and low vacancy rates, impacts on housing prices due to migration from the Greater Toronto Area, and the rising gap between household incomes and housing prices.

The Town has adopted a comprehensive, multi-faceted approach to addressing issues related to housing in St. Marys, with a goal of creating as much housing supply as possible. The Town's Strategic Plan identifies housing as an important pillar and in 2018-19, the Strategic Priorities Committee (SPC) and Town Council considered and indicated support for a range of affordable housing policies and financial incentives. The Town has already implemented, or is the process of implementing, many of these strategic directions and incentives as shown below:

Strategic Plan – Initiatives and Achievements

The following is a summary of strategic priorities under the Housing Pillar of the Town's Strategic Plan. To-date, a number of achievements have been made by staff towards each of the strategic priorities, and additional next steps have been identified to continue to advance short-term initiatives.

Priorities

- **Attainable & mixed-use housing:** In order to get the “right demographic mix” for St. Marys, it will be essential to ensure housing stock is flexible and attractive for youth, workers, immigrants and persons of all abilities.
- **Explore alternative forms of housing:** To ensure affordability, new forms of housing styles should be investigated; for example amongst millennials, smaller "tiny houses" are becoming a popular alternative.
- **Seek public-private partnership models:** New approach to housing may require a different form of initial financial investment to get established. Given the large number of Town-owned lands and properties, funding for many of the other initiatives in this revised Strategic Plan may require the sale or lease of these assets.

Achievements To-date

- Through the Official Plan Review, specific areas that could accommodate potential residential intensification have been identified and policies have been developed to allow for higher densities of development where appropriate.
- The establishment of a new Medium/High Density Residential sub-designation has been included in the adopted new Official Plan to ensure the early provision of higher density, attainable housing on Greenfield properties.
- Policy changes to the Official Plan have been included to permit residential uses on the ground floor of low-rise apartment buildings in parts of the downtown.
- The Town approved a new Community Improvement Plan with financial incentives to encourage small-scale conversions of existing vacant or underutilized space for rental housing.
- Staff have met with the local builders and developers to discuss and encourage the development of other forms of housing.
- Staff have encouraged the development industry to bring forward projects that will help the Town meet its housing related objectives.
- The Town established an attainable housing strategy with a series of objectives and initiatives (as summarized below).
- Staff have made recommendations regarding opportunities related to Town-owned lands.

St. Marys Attainable Housing Strategy – Initiatives and Achievements

As indicated above, as an outcome of the St. Marys Strategic Plan, a local Attainable Housing Strategy was prepared and the Town has implemented, or is in the process of implementing, several other Council initiatives from this Strategy to encourage the provision of attainable freehold and rental housing. A list of some of the notable initiatives is provided below, with notes on achievements to-date.

- Amendments to the Zoning By-law on a Town-wide *By-laws No. Z130-2018 and Z144-2021* basis to permit secondary units in accordance with the Planning Act, and subject to specific provisions to regulate things such as parking. *Note: this has been implemented through Zoning.*
- Engaging in discussions with local builders and developers. *Note: the consensus has been that the best way to encourage more affordable housing in St. Marys is to provide financial incentives and relief.*

- Including a policy in the new Official Plan to encourage pre-zoning of certain lands with a holding provision, to permit certain attainable/affordable forms/types of housing, where appropriate. *Note: such policies have been included in the adopted new Official Plan.*
- Updating the Development Charges (DC) By-law to reduce development charges for non-profit housing and introduce additional incentives where possible. *Note: A DC Background Study was recently initiated by the Town, which will explore opportunities to reduce or waive development charges for affordable housing, rental housing, and/or secondary units.*

On February 15, 2022, the SPC received DEV 08-2022 “St. Marys Housing Strategy Update and What’s Next” report, and directed staff to report back on:

1. Amendments to the Town’s Zoning By-law and the preparation of urban design guidelines to permit tiny home development that is appropriately located and designed; and / or,
2. Opportunities for disposing of surplus municipal land for the provision of new affordable housing or to provide proceeds to an affordable housing fund; and/or,
3. An IZ strategy for new development in the Town.

REPORT

Since the February 15th meeting, Town staff has researched and reviewed information from a variety of federal, provincial and municipal sources, and has identified and met with broad spectrum of representatives from the housing industry with a particular focus on Southwestern Ontario. These representatives have provided a wealth of information based on their knowledge and experience in the housing industry and have provided staff with valuable advice that is now shared with Council. Some of the organizations and individuals staff met with include Stratford Social Housing, the United Way, experts in tiny home development, and an attainable housing expert. Some of the general feedback staff has received when discussing the Town’s Housing Strategy includes:

- St. Marys is ahead of the game in encouraging and supporting affordable housing when compared to other municipalities
- Municipal construction and operation of affordable housing projects is discouraged
- The focus should be on affordable rental vs affordable freehold
- Tiny home development is not as efficient as multi-unit projects in terms of development costs
- If selling surplus lands, the Town should look at any incentives to help with the costs of development (e.g. rezoning, planning application and building permit fees)
- Very important to secure federal / CMHC funding and provincial funding, and limit municipal funding
- An affordable housing fund can be very effective
- Accessible design and availability of such units should be a key consideration with any affordable housing
- Need more Community Improvement Plan funding and/or more funds allocated under the current program

This report provides an overview of options and recommendations to Council, specifically with respect to the creation of a planning/zoning framework to encourage and permit the development of tiny homes, where appropriate.

In recent years, tiny homes as a viable housing option has grown in popularity for a number of reasons including the high cost of land, the 'overheated' housing market, and the desire by some for a simpler way of life with reduced maintenance requirements for tiny homes.

There is no one commonly accepted or legislated definition of a tiny home. According to the Province of Ontario's 'Build or buy a tiny home' guide, a tiny home:

- can be considered a small, private and self-contained dwelling unit intended for year-round use with living and dining areas, kitchen and bathroom facilities, and a sleeping area; and,
- cannot be smaller than the minimum required size set out in Ontario's Building Code, which is 17.5 m² (188 ft²).

Tiny homes can be built on-site or can be factory built and shipped to a property.

Figure 1: Example of Site-built Tiny Home



Source: Build or Buy a Tiny Home guide, Province of Ontario

A tiny home can be a primary home or a separate structure on a property that already has an existing house. In the case where tiny homes are on a property that has an existing house, they would be classified in Ontario planning terms as an 'Additional Residential Unit' and subject to the Planning Act and applicable regulations. In the case where a tiny home is created as a primary home, they are often part of what is commonly known as a 'tiny home village' or 'tiny home community'. (Note: Campers, recreational vehicles, cottages and other structures used on a seasonal basis are not considered tiny homes).

Despite their size, tiny homes must still comply with the health and safety requirements of Ontario's Building Code, municipal zoning and other local by-laws. Tiny homes must also have necessary servicing such as water and sewage.

For the purposes of this discussion, the size of tiny homes in St. Marys will be 180 to 450 ft².

According to one of the experts consulted, tiny home developments are attractive to single people, retirees, 'snowbirds' and short-term accommodation investors (e.g. Airbnb). Through our consultations, some experts were of the opinion that tiny home development is not the best way to achieve more affordable housing and tiny homes should only be an option on existing undersized lots or as secondary units on residential lots as permitted by the Zoning By-law.

Planning Context

Planning Act

Section 2 of the Planning Act sets out a list of planning matters that are of 'provincial interest', and planning authorities and municipal Councils must have regard to these interests when carrying out their responsibilities under the Act. Section 2 identifies the following as a matter of Provincial interest:

(j) The adequate provision of a full range of housing, including affordable housing.

In the case where tiny homes are on a property that has an existing house, they would be classified as an 'Additional Residential Unit' and subject to the Planning Act and applicable regulations.

Section 16(3) of the Planning Act states that an official plan shall contain policies that authorize the use of additional residential units by authorizing the following:

(a) the use of two residential units in a detached house, semi-detached house or rowhouse; and

(b) the use of a residential unit in a building or structure ancillary to a detached house, semi-detached house or rowhouse.

In 2019, the Ontario Government established Ontario Regulation 299/19 for Additional residential units. The regulation set standards and requirements for Additional residential units in order to reduce barriers to the approvals and construction of Additional residential units. Specifically, the regulation requires each Additional Residential Unit to have one parking space that is provided and maintained for the sole use of the occupant of the Additional Residential Unit(s) (299/19, 2.1), except when the by-law does not require a parking space for the occupant of the primary residential unit. This parking space may be a tandem parking space.

Further, the regulation states that the Additional residential units can be occupied by any person regardless of their relationship to the owner or ownership status of the unit. Where the use of an Additional Residential Unit is authorized, an Additional Residential Unit is permitted regardless of the date of construction of the primary residential unit.

Provincial Policy Statement

Section 1.1.1 of the Provincial Policy Statement (PPS) states that healthy, livable, and safe communities are sustained by accommodating an appropriate market-based range and mix of residential types, including single-detached, additional residential units, multi-unit housing, affordable housing, and housing for older persons. Section 1.4 of the PPS is entirely dedicated to providing direction on how to achieve a wider range of housing options. 'Housing options' is defined as:

A range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi-residential buildings. The term can also refer to a variety of housing arrangements and forms such as, life lease housing, co- ownership housing, co-operative housing, community land trusts, land lease community homes, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

Section 1.4.3 of the PPS requires municipalities to:

- Permit and facilitate the development of housing that responds to demographic changes and employment opportunities.
- Permit and facilitate all types of residential intensification and redevelopment.
- Permit additional residential units.
- Establish development standards for residential intensification, redevelopment, and new residential development that minimize housing costs and facilitate compact form.

Housing Affordability Task Force Report and Bill 109

In December 2021, Ontario's Housing Affordability Task Force (HATF) was created by the Provincial government to further explore measures that will address housing affordability and to identify a set of recommendations for the Minister of Municipal Affairs and Housing. On February 8, 2022, the Report of the HATF was published, which included many recommendations to increase the supply of market housing in Ontario. The task force recommended a significant increase to housing of 1.5-million homes over the next 10 years. The full HATF report can be viewed [here](#).

A significant amount of land zoned for housing in Ontario is restricted to single-detached or semi-detached homes. And this type of zoning prevents homeowners from adding additional suites to create housing for Ontarians and income for themselves. Therefore, recommendations #3 and #5 of the task force are:

- Limit exclusionary zoning in municipalities through binding provincial action: a) Allow "as of right" residential housing up to four units and up to four storeys on a single residential lot.
- Permit "as of right" secondary suites, garden suites, and laneway houses province-wide

On April 14, 2022, Ontario's [Bill 109 \(the More Homes for Everyone Act\)](#), which takes a first step in implementing the recommendations of the HATF, received Royal Assent. Bill 109 amends five pieces of legislation, including the Planning Act. Key Planning Act changes address development application processes and there were no changes related to additional residential unit permissions or regulations.

Town Official Plan

The Official Plan does not define or provide specific policy direction with respect to tiny homes, but permits a range of dwelling types from single detached dwellings to walk-up type apartments, parks and open spaces, and institutional uses subject to the policies of the Plan. The objectives of the Residential designation include:

- encouraging the provision of an adequate supply and choice of housing for residents in terms of quality, type, location and cost (3.1.1.1)
- maintaining and improving the existing housing stock and character of residential areas (3.1.1.3)
- promoting housing for senior citizens, the handicapped and low income families (3.1.1.6)
- encouraging and promoting additional housing through intensification and redevelopment (3.1.1.7)
- encouraging a diversification and inter mixing of different housing types and forms (3.1.1.8)

The Official Plan permits residential infilling throughout the Residential designation provided such development "is in keeping with the attributes of the neighbourhood" (Section 3.1.2.3). Section 3.1.2.14 of the Official Plan states that "Council will encourage the development of affordable housing with 30% of the new housing units created being considered by Council as affordable to households with incomes in the lowest 60 per cent of income distribution for Perth County households".

Town Zoning By-law

Tiny Homes as Accessory Units

In 2018 and 2021, the Town of St. Marys amended the Zoning By-law to permit 'accessory apartments' in any single detached, semi-detached or townhouse dwelling, or in an accessory (detached/separate) building or structure subject to certain regulations. The following is a summary of relevant provisions in the Town's Zoning By-law:

- 3.1 Accessory Apartment means a separate dwelling unit, which is located within and subordinate to a single-detached, a semi-detached, or row or townhouse dwelling.

5.1 Accessory Apartments

5.1.1 In a Single-detached, Semi-detached or Row or Townhouse Dwelling

A maximum of one accessory apartment is permitted in any single-detached, semi-detached or row or townhouse dwelling provided that:

- (a) The maximum gross floor area of the accessory apartment shall not exceed 45 percent of the gross floor area of the main building (including the gross floor area of the accessory apartment) and shall not exceed 100 square metres (1,076 ft²); this does not apply to an accessory apartment located entirely in a basement or cellar.
- (b) A home occupation is prohibited in any accessory apartment;
- (c) An accessory apartment is prohibited on any lot where a garden suite dwelling exists;
- (d) The lot is serviced by municipal water and sanitary sewer services; and,
- (e) The establishment of a new accessory apartment on any lot located east of the CNR tracks and north of Trout Creek is prohibited until a secondary means of access to these lands is available.

5.1.2 In an Accessory Building or Structure

Alternatively, the accessory apartment may be permitted in an accessory building or structure on the lot in accordance with Section 5.1.1 and provided that:

- (a) There is an existing single-detached, semi-detached or row or townhouse dwelling on the lot;
- (b) The accessory building or structure complies with minimum front, rear, interior side and exterior side yard requirements for the main building in the applicable zone; and,
- (c) The accessory building or structure complies with Section 5.1.3A.

Figure 2: Example of garage with additional living space



Source: Residential Intensification Guidelines, Huron County

Tiny Homes as Primary/Main Unit

The Town's Zoning By-law does not specifically define or reference tiny homes. The definitions of single-detached dwelling and dwelling unit in the By-law would appear to apply to most tiny homes provided the dwelling is not considered a mobile home as defined.

3.47.13 Dwelling, Single-Detached means a separate **building** which contains one (1) **dwelling unit** in which entrance is gained only by a private entrance directly from outside. **Single-detached dwelling** shall not include a **mobile home**.

3.48 Dwelling Unit means a suite operated as a housekeeping unit, **used** or intended to be **used** as a domicile by 1 or more **persons** and usually containing cooking, eating, living, sleeping, and sanitary facilities.

3.93 Mobile Home means a prefabricated **dwelling unit** designed and intended to be transported or portable for movement from site to site and the frame of such **dwelling unit** is integral to its **structure**.

Single-detached dwellings are permitted in the Residential Zone One (R1), Residential Zone Two (R2), Residential Zone Three (R3) and Residential Zone Four (R4).

To allow for more efficient use of land and provide opportunities for the provision of more affordable housing through tiny homes, planning policies and regulations must permit smaller dwellings on smaller lots. If the Town makes changes to the Zoning By-law to permit tiny homes, there will need to be a review of appropriate development standards through changes to existing residential zones and/or the creation of a new zone dedicated to tiny homes development.

Many of the existing regulations may allow for the establishment of a tiny home on a lot but there may be the need to establish regulations that ensure there is appropriate lot sizes and built form through updated maximum lot size and frontage requirements. Of particular note and requiring specific consideration are the minimum gross floor area requirements in the R1, R2, R3 and R4 Zones (125 m², 100 m², 85 m² and 65 m²). These minimum gross floor area requirements would not permit a tiny home with the lowest minimum floor area being 65 m² or 700 ft² in the R4 Zone.

Wartime Housing

As noted earlier in this report, the size of tiny homes in St. Marys will be considered in the range of 180 to 450 ft² in size. Following consultations, staff suggest that there should also be consideration of alternative sizes for single detached dwellings that are larger than tiny homes but smaller than the smallest single detached or townhouse units built today.

'Wartime' housing was built for workers in war-related industry and returning soldiers. In Canada, approximately 46,000 wartime homes were built during and after the Second World War by the Wartime Housing Corporation (which became the Central Mortgage and Housing Corporation in 1946). Many wartime homes were single storey/bungalows or 1½ storeys, with steep pitch roofs, often referred to as 'Simplified Cape Cod' or 'Strawberry Box' style.

The size of a typical wartime house was in the range of 650 to 750 ft² and comprised of a main floor divided into a living room, dining area, bedroom, kitchen and bathroom.

Figure 3: Wartime Housing, Queensway Park Neighbourhood, Toronto



Source: D. Harris, Toronto.com

For the purpose of this analysis, an alternative 'smaller' detached housing in the range of 450 to 900 ft² in size will be considered (i.e. 'alternative tiny home').

Analysis

Staff have identified the following possible options for permitting and regulating new tiny homes (180 to 450 ft²) and alternative tiny home (450 to 900 ft²) development in St. Marys. It is noted that each option involves tiny homes on freehold lots to provide the opportunity for people to purchase lots that are more affordable and have the potential to gain in value over time.

Option 1: Permit tiny homes on existing smaller lots of record

There are a number of existing lots in the Town that are too small to accommodate traditionally sized dwellings and/or may have zoning that prevents a smaller home to be constructed due to constraints in the applicable zoning. To implement this approach, the Town would review and update the Zoning By-law to establish appropriate regulations through new tiny homes residential zone or zones, or modifications to existing zones to allow for tiny homes.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Potential for provision of housing in short term • Would contribute to a broader and more inclusive range of permanent housing options • Potential to provide housing for households that don't earn enough to afford market housing but earn too much to receive social assistance 	<ul style="list-style-type: none"> • If not properly controlled, potential that development is not in keeping with neighbourhood character • No guarantee of affordability in long term

Option 2: Permit tiny homes development projects – Greenfield

This would permit tiny homes to be considered as part of new plans of subdivision. To implement this approach, the Town would:

- create urban design guidelines to establish the Town's expectations with respect to building and lot design, and neighbourhood compatibility
- review and update of the Zoning By-law to establish appropriate regulations through a new tiny homes residential zone or zones

Advantages	Disadvantages
<ul style="list-style-type: none"> • Potential for provision of housing in short to medium term • Would contribute to a broader and more inclusive range of permanent housing options • Potential to provide housing for households that don't earn enough to afford market housing but earn too much to receive social assistance 	<ul style="list-style-type: none"> • Development industry concerns (e.g. not in keeping with design vision for larger plan of subdivision) • Not the most efficient use of land, as compared to other forms of housing • No guarantee of affordability in long term

Option 3: Permit tiny homes development projects – Infill

This would permit tiny homes to be considered through severances or small plans of subdivision on existing infill lots. To implement this approach, the Town would:

- create urban design guidelines to establish the Town's expectations with respect to building and lot design, and neighbourhood compatibility
- review and update of the Zoning By-law to establish appropriate regulations through a new tiny homes residential zone

Advantages	Disadvantages
<ul style="list-style-type: none"> • Potential for provision of housing in short to medium term • Would contribute to a broader and more inclusive range of permanent housing options • Potential to provide housing for households that don't earn enough to afford market housing but earn too much to receive social assistance 	<ul style="list-style-type: none"> • If not properly controlled, potential that development is not in keeping with neighbourhood character • Not the most efficient use of land, as compared to other forms of housing • No guarantee of affordability in long term

A key consideration will be the appropriateness of tiny home development in terms of compatibility and 'fit' with neighbourhood character, whether through minor infill development or larger developments. This why the preparation of urban design guidelines is cited above. Guidelines could also provide visual examples to demonstrate the Town's expectations for tiny home development.

It is also noted that the adopted new Official Plan (currently with the Province for final approval) contains new policies for residential development including:

- 3.1.2.3.2 Policies for the Creation of Lot(s) for Single Detached and Semi-detached Dwellings Between Existing Lots
- Proposed building heights should reflect the pattern of heights of adjacent housing and shall not exceed two storeys.
 - Proposed lot coverage should be similar to the lot coverage permitted on adjacent housing through the applicable zoning.
 - The predominant or average front yard setback for adjacent housing should be maintained to preserve the streetscape edge, and character.
 - Similar side yard setbacks should be provided to preserve the spaciousness of lots on the street.
 - The depth of a new dwelling should provide for a usable sized rear yard amenity area.

FINANCIAL IMPLICATIONS

To be determined (if necessary)

SUMMARY

Based on the analysis above, **staff recommends implementation of:**

Option 1: Permit tiny homes on existing smaller lots of record

Option 3: Permit tiny homes development projects – Infill

Based on the analysis above, **staff does not recommend implementation of:**

Option 2: Permit tiny homes development projects – Greenfield

STRATEGIC PLAN

Refer to discussion of Strategic Plan in this report.

OTHERS CONSULTED

Consultation discussed in this report, DEV 31-2022 - Surplus Lands and DEV 32-2022 – Inclusionary Zoning.

ATTACHMENTS

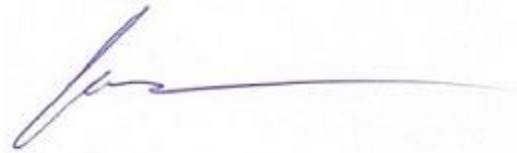
None.

REVIEWED BY

Recommended by the Department



Mark Stone
Planner



Grant Brouwer
Director of Building and Planning

Recommended by the CAO



Brent Kittmer
Chief Administrative Officer

FORMAL REPORT

To:	Chair Strathtree and Members of Strategic Priorities Committee
Prepared by:	Mark Stone, Planner
Date of Meeting:	17 May 2022
Subject:	DEV 31-2022 St. Marys Housing Strategy – Surplus Lands

PURPOSE

The purpose of this report, along with two other reports also on the May 17, 2022 Strategic Priorities Committee agenda (DEV 30-2022 – Tiny Homes and DEV 32-2022 – Inclusionary Zoning), is to assist Council in considering certain policy available to Ontario municipalities to assist in addressing affordability/attainability and providing a wider range and mix of housing types/tenures in St. Marys.

The purpose of this report is to assist Council in considering different options available with respect to the use of surplus municipal lands as a potential strategy to increasing needed housing supply. Examples of strategies and practices from Ontario municipalities and other levels of government are reviewed that could potentially be implemented by St. Marys in regard to municipally-owned land.

RECOMMENDATION

THAT DEV 31-2022 St. Marys Housing Strategy – Surplus Lands report be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the Town support the implementation of the following options, as set out in DEV 31-2022:

Option 1: Sell Surplus Land at or Below Market

and/or

Option 2: Partnership Approach

and/or

Option 4: Consider Opportunities to Sell or Lease Parts of Underutilized Town Lands

BACKGROUND

Please refer to the 'Background' section of "DEV 30-2022 – Tiny Homes" for background regarding the housing affordability issue in St. Marys, a list of accomplishments to date, the basis for preparing this report, and an overview of what we have heard as a result of consultations since February of this year.

REPORT

This report provides an overview of options and recommendations to Council with respect to possible opportunities for disposing or leasing of surplus or underutilized municipal land for the provision of new affordable housing or to provide proceeds to an affordable housing fund. For the purposes of this report:

Surplus land includes land that is either vacant or no longer needed to deliver government goods or services.

Underutilized land is any government-owned property that is in use, but that has the potential for much more productive uses. As an example, a property used for a transit station or recreational facility with an oversupply of parking or unused land.

Planning Context

Please refer to the 'Planning Context' section of DEV 30-2022 – Tiny Homes for a discussion of relevant provisions in the Planning Act and policies in the Provincial Policy Statement.

Housing Affordability Task Force Report and Bill 109

In December 2021, Ontario's Housing Affordability Task Force (HATF) was created by the Provincial government to further explore measures that will address housing affordability and to identify a set of recommendations for the Minister of Municipal Affairs and Housing. On February 8, 2022, the Report of the HATF was published, which included many recommendations to increase the supply of market housing in Ontario. The task force recommended a significant increase to housing of 1.5-million homes over the next 10 years. The full HATF report can be viewed [here](#).

Surplus government lands fell outside the mandate of the Task Force however, it was noted that several stakeholders raised issues worthy of consideration including:

- Review surplus lands and accelerate the sale and development through RFP of surplus government land and surrounding land by provincially pre-zoning for density, affordable housing, and mixed or residential use.
- All future government land sales, whether commercial or residential, should have an affordable housing component of at least 20%.
- Purposefully upzone underdeveloped or underutilized Crown property (e.g., LCBO).
- Sell Crown land and reoccupy as a tenant in a higher density building or relocate services outside of major population centres where land is considerably less expensive.
- The policy priority of adding to the housing supply, including affordable units, should be reflected in the way surplus land is offered for sale, allowing bidders to structure their proposals accordingly.

On April 14, 2022, Ontario's [Bill 109 \(the More Homes for Everyone Act\)](#), received Royal Assent. Bill 109 amends five pieces of legislation, including the Planning Act. Key Planning Act changes address development application processes, and there were no changes caused by Bill 109 related to the use or sale of surplus lands.

Literature / Study Review

Association of Municipalities of Ontario: A Blueprint for Action (February 2022)

AMO developed the Blueprint for Action with nearly 90 recommendations for the federal, provincial and local municipal governments, and for the development sector (private, non-profit, and co-operative). A copy of the report can be found [here](#)

The report provides two recommendations with respect to the use of surplus lands:

#8 [Provincial]: Support the repurposing of surplus school lands to housing by donating to municipalities.

#12 [Federal]: Redesign and expand the Federal Lands Initiative and provide surplus or under-used crown lands to municipal governments and contingent on building affordable and/or 'missing middle' housing solutions.

There are no recommendations in this report aimed at the municipal level, but there is recognition that there is a role for the use of surplus lands in addressing the housing crisis.

Ryerson University Centre for Urban Research and Land Development Report 2019

This report was commissioned by the Ontario Home Builders' Association (OHBA) and the Ontario Real Estate Association (OREA). A copy of the report can be found [here](#)

The report notes that “governments at all levels have turned to the use of public surplus lands to build affordable housing, either through putting up the land for sale or by leasing it out for development”. The report provides examples to demonstrate how the use of public surplus lands “can help ease the province’s affordable housing challenge”.

As an example, the authors of the report note that the City of Vancouver established the Vancouver Affordable Housing Agency (VAHA) to work “with the private sector and provincial government agencies to provide land, incentives and financing for projects”. The authors also note that the City of Toronto has had success through CreateTO, the City’s “agency in charge of managing its real estate, along with the former Build Toronto” which “has put up more than 50 properties for development since its creation”. However it is noted that the majority of these properties have been sold at market value with no provision for affordable housing.

To unlock the potential benefits of using surplus municipal lands, the Centre for Urban Research recommends that governments:

1. Provide a detailed inventory of public lands owned across the province. Much information is known about the City of Toronto, but other communities in Ontario may have more development potential.
2. Identify surplus government lands and their development potential more broadly across municipalities in Ontario. This will require analysis by an organization such as a housing agency to identify the opportunities.
3. Identify underutilized lands owned or tenanted by crown corporations and other government agencies, such as the LCBO and Toronto District School Board, that could be leveraged for mixed-use communities, including affordable housing.
4. Utilize land leasing of surplus land to private and non-profit developers in order to develop affordable housing that can be mandated to remain affordable in accordance with the terms identified in the lease.
5. Identify a means for municipalities to weigh the costs and benefits of selling the land at market value versus selling the property at below market value in exchange for the provision of affordable housing. While governments may lose some capital gain on the sale of surplus lands at below market prices, they would also gain affordable housing that can help them trim down their waiting lists.
6. Earmark some of the gains made from market-value sales of surplus lands towards affordable housing projects.

Current Practices and Examples in Ontario

City of Mississauga Housing Strategy – Making Room for the Missing Middle (2017)

The City’s Making Room for the Missing Middle document is a housing strategy focussed on middle income people and families, and provides 40 recommended Actions for the City and federal and provincial governments. With respect to the use of surplus lands, the strategy calls for the optimization of City assets recognizing that it is “difficult for affordable housing providers to find and compete on the open market for development sites” and that the “City can assist by making surplus lands available for affordable housing proposals and consider how housing could be incorporated into City facilities”.

Action 7: Implement a “housing first” policy for surplus City lands

Action 8: Investigate infill opportunities and co-development of affordable housing with City facilities

In the strategy document, it states that “the availability of land is a barrier to many housing providers, particularly nonprofit organizations. Senior levels of government should make surplus land available to affordable housing providers before placing the land on the open market”.

Township of North Huron

On April 5, 2022, the Township of North Huron issued a request for expressions of interest (REI) seeking a design-builder to develop a vacant parcel of land with high density residential as “the preferred type of housing in order to address housing shortages in the community”. The Township indicated that the REI is intended to:

- Generate interest in the property;
- Identify and communicate with those parties who are interested;
- Act as a vetting process of interested parties and development concepts; and
- Present North Huron with various development ideas/opportunities for the land.

The Township has taken proactive steps to increase the readiness of the property for development including extending municipal water and sanitary services to area (completion expected in 2023) and by completing the following studies and plans:

- Environmental Impact Study;
- Traffic Impact Study;
- Legal Survey of the Property;
- Stage 1 & 2 Archeological Assessment Study;
- Planning Brief; and
- Stormwater Management Report & Servicing Brief.

Town of Deep River

In 2021, the Town of Deep River issued a request for proposals (RFP) related to the development of Town owned land for an affordable housing project. The review is still ongoing but the RFP provides an example of evaluation criteria which included:

- a) development company and project team/consultant experience
- b) financial capacity to undertake and complete the project
- c) comparable projects (demonstrating experience in affordable housing projects)
- d) proposed design concept (livability and appeal of the project, energy efficiency and sustainability initiatives, etc.)
- e) revenue to the Town from land sale
- f) market affordability

City of Peterborough and Habitat for Humanity

Habitat for Humanity’s model for affordable homeownership involves no down payment. Mortgage payments are geared to income, and residents will be responsible for heating/cooling costs for their home and condo fees (which are estimated at \$250/month). Further information related to Habitat for Humanity’s model is attached to this report, but in general, they are interested in developing projects with a scale of 4+ units and have direct access to CMHC funding.

The Leahy's Lane project in Peterborough is an example of a large scale project. It consists of a new 3 storey, 41 unit apartment building that has:

- a mix of 1, 2, and 3 bedroom units;
- provided appliances: in-suite washer and dryer, dishwasher, fridge, stove;
- a party room and basement storage units;
- been designed to be fully accessible;

Habitat for Humanity Peterborough and Kawartha Region (Habitat) applied for Affordable Housing Community Improvement Plan (CIP) program incentives (refunds of \$707,783 in Development Charge fees and \$151,961 in Cash-in-lieu of parking fees), and through Habitat Canada, the CMHC provided \$4.1M in funding. Habitat also worked to raise support in the community and received commitments of \$1.2M in discounted materials and/or donations of materials and services.

Figure 1: Habitat for Humanity, 33 Leahy's Lane, Peterborough



Source: P. Rellinger, kawarthaNow

City of Kingston

The City purchased a property with the intent of using the land for an affordable housing development and subsequently sold the lands in two parcels to Kingston Co-Operative Homes Inc. and the Kingston and Frontenac Housing Corporation (the 'partnership') for the development of 90 affordable housing units. Affordable housing unit rents will range from Rent Geared to Income to 80% of Canada Mortgage and Housing Corporation market rent with the site also to contain a significant number of market units.

The partnership applied for Canada Mortgage and Housing Corporation Seed Funding and Co-Investment program funding. Council approved a contribution of up to \$100,000 from the City's Social Housing Seed Funding Capital budget to the partnership to support costs of obtaining the reports and studies required to submit a required Zoning By-Law Amendment application. Council also approved a total of up to \$10M to be funded from the Municipal Capital Reserve Fund to be allocated to the partnership to support the development. It is anticipated that development will commence this summer.

Municipal Affordable Housing Funds

City of Cambridge

The City established an Affordable Housing Reserve Fund to provide capital grants on a per unit basis to eligible not-for-profit organization and/or partnerships of not-for-profit organizations and the private sector to assist in the development of affordable rental housing targeted to low-income individuals or families determined to be in core need of housing. A household in core housing need is one whose dwelling is considered unsuitable, inadequate or unaffordable and whose income levels are such that they could not afford alternative suitable and adequate housing in their community. The City clearly notes that “it is not the intent of monies from the Reserve Fund to be the only source of funding for an affordable rental housing project. Any monies from the Reserve Fund are to supplement funding from other levels of government, businesses, private donors, community groups, etc. The Reserve Fund is structured in such a way to receive funds through conditions of plans of subdivisions/site plans; and/or donations from the private sector and individuals”.

Upon receipt of an application for funding and before presenting a staff recommendation to Council, a Review Committee (consisting of City staff, a representative from Regional of Waterloo Housing Division and a member nominated by the Affordable Housing Roundtable) assesses the submission based on established criteria including:

- The applicant has the experience and qualifications to develop, manage and maintain affordable rental housing;
- The applicant has a mandate that relates to the provision of affordable rental housing;
- The applicant must commit to maintaining the units as affordable rental housing for a period of 20 years based on affordable rents adjusted year to year as provided by the Canada Mortgage and Housing Corporation (CMHC);
- Financing for the project is in place and outlined in the application with proof provided through commitment letters from financial institutions and/or other funders;
- The cost per unit is realistic and reasonable;
- A realistic and reasonable timeline from planning approvals to construction as provided by the project manager (for example, 2 years);
- The neighbourhood context and the proximity/access to services including transit; and
- A management plan is provided which includes staffing and operating costs.

Other Affordable Housing Funding or Assistance

CMHC Affordable Housing Innovation Fund

The Affordable Housing Innovation Fund is intended to:

- support the development of innovative approaches to affordable housing;
- create inclusive and accessible communities; and
- contribute to the fight against homelessness.

As recently announced by the Federal Government, \$600M is being invested to renew and expand the Program.

Innovation Fund applications must meet the following minimum criteria:

- **Affordable units:** At least 5 new units, renovations or retrofits must be considered affordable.

- **Innovative design or financing models:** Demonstrate the use of innovative solutions for affordable housing. This includes novel financing models or unique designs used to overcome barriers and lower the costs and risks associated with housing projects.
- **Unit affordability maintained for at least 10 years:** Demonstrate how your project will remain affordable for at least 10 years.
- **Resource Efficiencies in the design:** Demonstrate how your project will achieve a minimum 10% decrease in energy intensity and greenhouse gas (GHG) emissions relative to the National Energy Code of Canada for Buildings 2015 (NECB)
- **Accessibility features must be included:** At least 10% of the units of a project must meet accessibility requirements. Accessible features can include ramps, lifts, modified kitchens, bathrooms, and home automation (for more information on accessibility please see the application guide).
- **Plans for viability and sustainability without long-term government subsidies:** Units must demonstrate that they can be viable while decreasing or eliminating the need for ongoing government subsidies.
- **Other factors that may be included in scoring:** Projects with replicable designs, easy access to transit or have a focus on social inclusion.

CMHC Seed Funding

The New Construction Stream of the Fund provides interest-free loans and/or non-repayable contributions to help with costs related to pre-development activities (e.g. business plans, preliminary designs, development permits). Eligible proponents include municipal, provincial, territorial governments for up to 30 percent of the total approved funding, to a maximum of \$150,000 (whichever is less). Community housing providers and private sector groups can also apply. Eligible project types include:

- Indigenous community housing
- community and affordable housing
- mixed-used market / affordable rental
- shelters, transitional housing and supportive housing
- conversion of non-residential buildings to affordable multi-residential
- renovation of existing affordable units at risk of being abandoned or demolished

CMHC National Housing Co-Investment Fund

This program prioritizes projects that support partnerships between non-profits, the public sector and the private sector to make federal investments go further. The following types of projects are considered for funding:

- community and affordable housing
- urban indigenous community housing
- mixed use market / affordable rental
- new construction and/or conversion from a non-residential use to affordable multi-residential
- shelters
- transitional and supportive housing

Projects must have support from another level of government (such as municipalities, provinces, territories, indigenous government). Contributions may be monetary or in-kind including, but not limited to: the provision of land; accelerated municipal approvals processes; waiving development charges and fees; tax rebates; other loans and grants.

Certain applications can be prioritized based on:

- affordability
- energy efficiency
- accessibility
- proximity to transit, amenities and community supports
- collaboration/partnerships
- social inclusion
- supporting federal priority groups

City of Stratford Social Services

The City of Stratford Social Services Department is the provincially-designated Consolidated Municipal Service Manager responsible for administering social services in the City of Stratford, Perth County, and the Town of St. Marys, and this includes rent-geared-to-income assistance.

The Affordable Homeownership Loan Program is also available to provide down payment assistance loans that are interest-free and forgivable after 20 years, provided there has been no default under the terms of the loan. If a residential property is sold before 20 year period ends, the principal amount of the loan plus a percentage of the capital gain realized through the sale is repayable.

The 2021 maximum household income limit for applications to the Affordable Homeownership Loan Program is \$90,700 if applying as a couple or family and \$74,600 if applying as an individual. The current maximum purchase price of an eligible residential property for 2021 is \$437,622.

Analysis

Options

Through the consultation process, some stakeholders expressed concern with the sale of surplus municipal land due to the loss of valuable assets and the loss of land for future parks or other facilities. We heard that the Town should not be in the business of developing land for affordable housing and/or acting as a landlord. We also heard that even with the sale or lease of surplus lands, the Town should look at any incentives to help with the costs of development (e.g. rezoning, planning application and building permit fees)

Staff have identified the following possible options related to the utilization of surplus lands to support the creation of affordable housing in St. Marys.

Option 1: Sell Surplus Land at or Below Market

Proceeds of sale would be deposited into a Town of St. Marys affordable housing fund (AHF) and the developer would be required to build affordable housing. The AHF would be used to support qualifying housing projects.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Significant funding for AHF • AHF can be used to support other housing initiatives in a variety of ways • Could provide land to affordable housing sector at a reduced cost • Town investment is low with potential high return by providing the opportunity for additional affordable housing 	<ul style="list-style-type: none"> • Loss of Town asset • Requirement for developer to build and maintain affordable housing could discourage interest from some and/or reduce potential revenues

Option 2: Partnership Approach

In general terms, this option would involve:

1. The Town providing shovel-ready land (could include extending services, rezoning lands, etc. if required) and financial incentives (through Community Improvement Plan, development charge relief, etc.).
2. Developer/builder constructs project.
3. Not-for-profit accepts development and maintain housing for long term.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Town led process can prioritize urgency for housing to be built • Town is not the developer, builder or landlord • Non-profit takes ownership for long-term housing • Town can set conditions (e.g. design standards, timing to complete, etc.) 	<ul style="list-style-type: none"> • Loss of Town asset • Limited or no funds for AHF • Reduced development charges, building permit and planning fees • Could involve complex negotiations, agreements, etc. between all parties

Option 3: Town as Developer and Landlord

Advantages	Disadvantages
<ul style="list-style-type: none"> • Town led process can prioritize urgency for housing to be built and type of development, design, etc. 	<ul style="list-style-type: none"> • Loss of Town asset • Limited or no funds for AHF • Long term financial costs related to construction, maintenance and administration by the Town

Option 4: Consider Opportunities to Sell or Lease Parts of Underutilized Town Lands

Advantages	Disadvantages
<ul style="list-style-type: none">• Town assets retained• Funding for AHF• AHF can be used to support other housing initiatives in a variety of ways• Could provide land to affordable housing sector at a reduced cost• Town investment is low with potential high return by providing the opportunity for additional affordable housing	<ul style="list-style-type: none">• Could involve complex negotiations, agreements, etc. between all parties

Option 5: Do Nothing

The Town does not sell or lease any Town owned land.

Advantages	Disadvantages
<ul style="list-style-type: none">• Town assets retained	<ul style="list-style-type: none">• No funding for AHF• Must continue to rely on the private sector to provide needed housing

Detailed Analysis of Surplus Lands

Should Council support further consideration of the use of surplus municipal land, Town staff would:

1. Present an inventory of available properties and assess which properties would provide the best opportunities to support the Town's affordable housing objectives but would first identify any properties that should be retained in Town ownership for current or future needs (e.g. roads, municipal facilities, parks). This assessment would then focus on development potential based on criteria such as:
 - a) applicable Official Plan designations and policies, and applicable zoning;
 - b) constraints (e.g. potential contamination, floodplain);
 - c) property size, configuration and topography; and,
 - d) availability of water and sewer services.
2. Also consider land leasing of surplus land to private and non-profit developers in order to develop affordable housing that can be mandated to remain affordable in accordance with the terms identified in the lease.
3. Depending on Council's direction, staff could then prepare a Request for Expressions of Interest or Request for Proposals.

FINANCIAL IMPLICATIONS

To be determined.

SUMMARY

Based on the analysis above, staff recommends implementation of:

Option 1: Sell Surplus Land at or Below Market
and/or

Option 2: Partnership Approach
and/or

Option 4: Consider Opportunities to Sell or Lease Parts of Underutilized Town Lands

Based on the analysis above, staff does not recommend implementation of:

Option 3: Town as Developer and Landlord

Option 5: Do Nothing

Consulting Assistance

Based on discussions with those in the housing industry and consideration of the amount and complexity of work that may be required, staff recommends that the Town seek outside assistance once a work plan is established. This recommendation is also made since it is clear that establishing partnerships and identifying and securing funding sources is critical to the success of many of these initiatives. In particular, a consultant can:

- Provide housing expertise advice to Council and staff;
- Identify funding sources and other resources;
- Assist with the preparation of requests for expressions of interest and/or requests for proposals for housing projects;
- Negotiate with builders, developers, non-profits, etc.; and,
- Assist with the preparation and negotiation of required agreements.

STRATEGIC PLAN

Refer to discussion of Strategic Plan in this report.

OTHERS CONSULTED

Consultation discussed in this report, DEV 30-2022 – Tiny Homes and DEV 31-2022 Surplus Lands.

ATTACHMENTS

None.

REVIEWED BY

Recommended by the Department



Mark Stone
Planner



Grant Brouwer
Director of Building and Planning

Recommended by the CAO

A handwritten signature in black ink, appearing to read "BK" followed by a horizontal line.

Brent Kittmer
Chief Administrative Officer



Rendering of
Brantford, Ontario build site

**everyone deserves
a safe and decent
place to live**



**Habitat
for Humanity®**
Heartland Ontario



our purpose

Habitat for Humanity Heartland Ontario brings together volunteers, donors and partner families to build homes and hope. We provide opportunities for families to achieve affordable and sustainable home ownership as a means of breaking the cycle of poverty and strengthening communities. We welcome supporters and partners to help us build simple, decent and affordable homes.

our builds



Brantwood Project
Brantford, Ontario - 56 affordable units



28 Willowdale St., Brant County Ontario
Single family home built to passive* standards

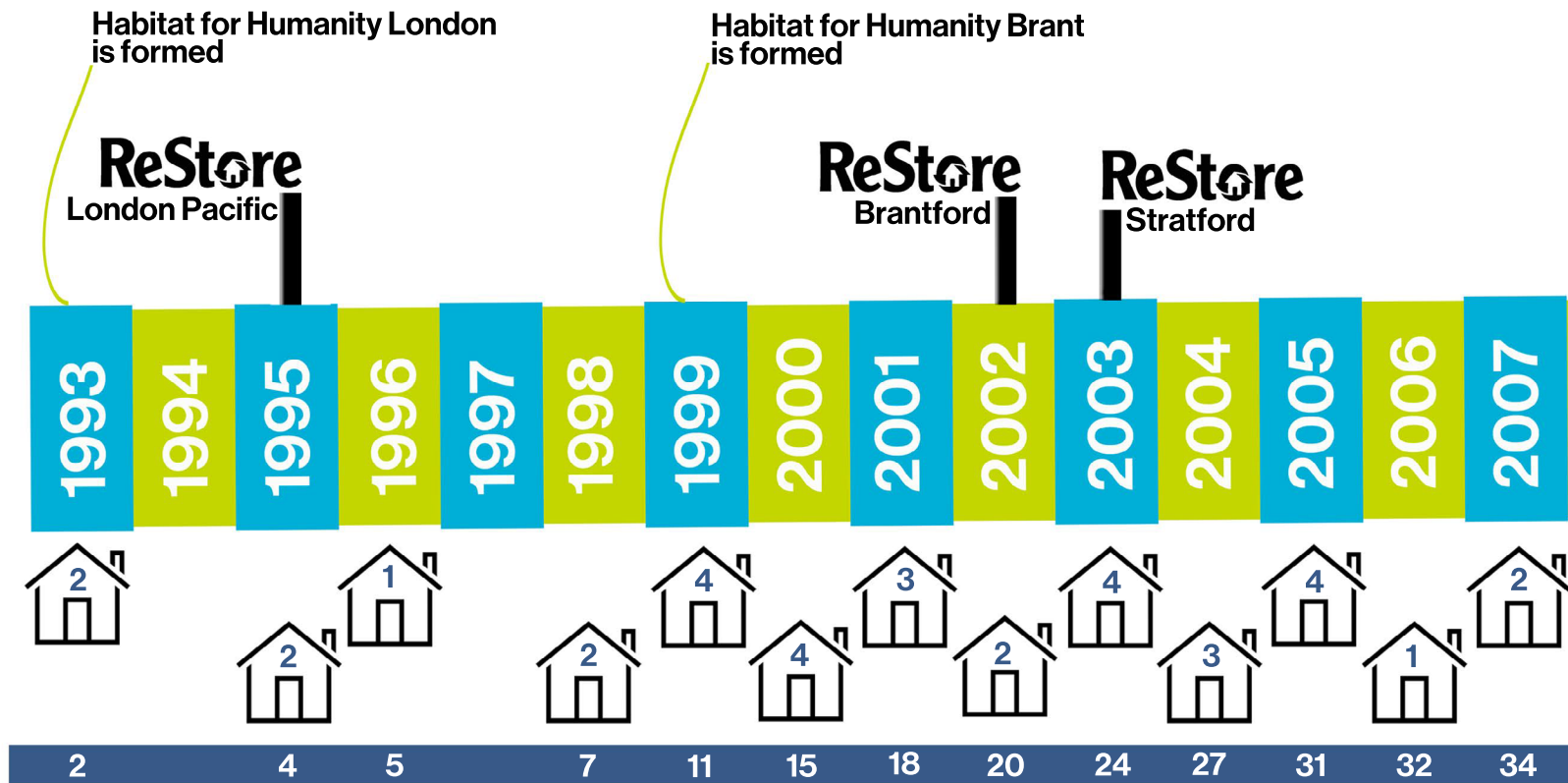
*Passive buildings consume up to 90 percent less heating and cooling energy than conventional buildings



Heartland On The Thames
1697 Highbury Ave. N., London Ontario
20 affordable units

Habitat Heartland

Milestones 1993-2021



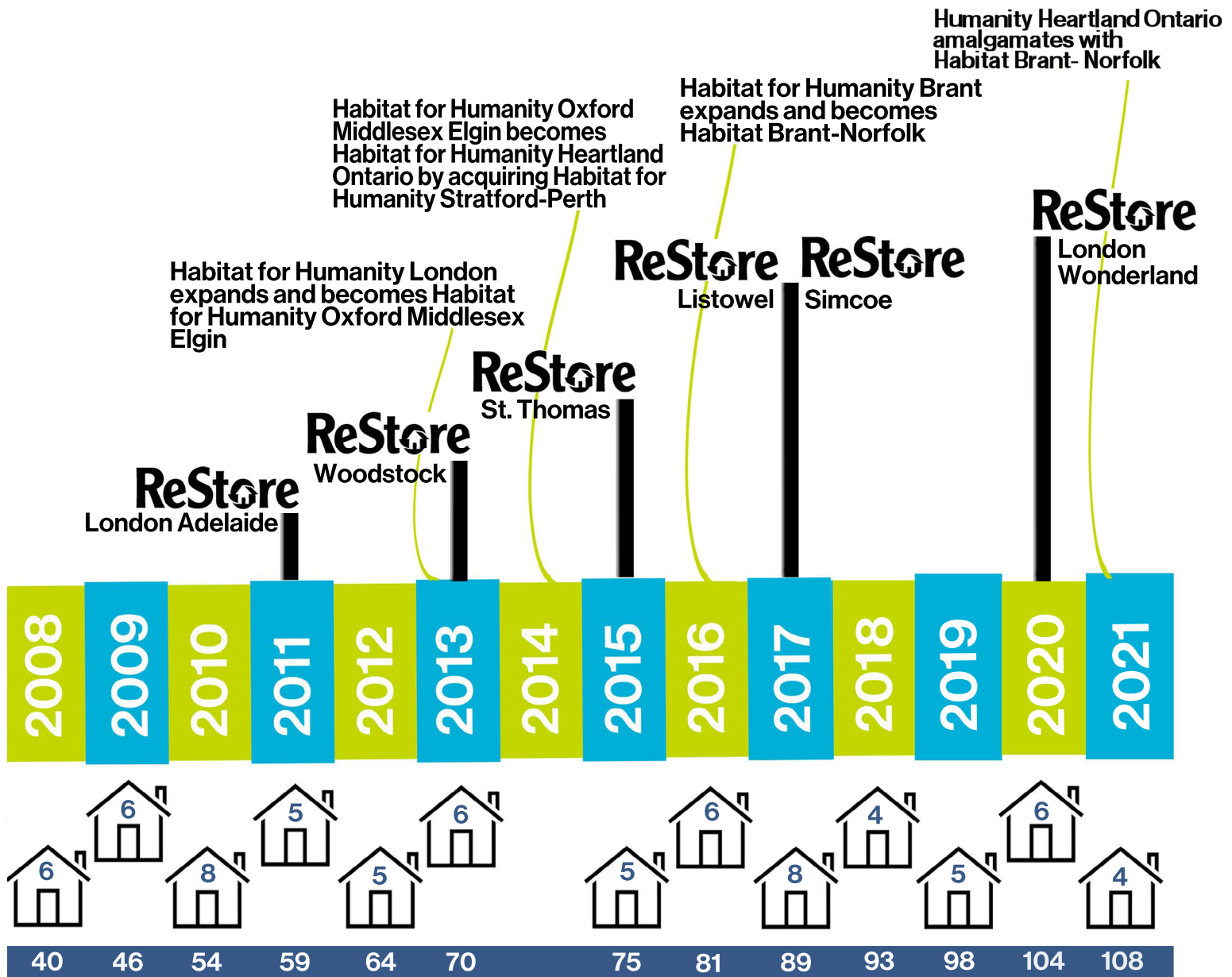
Since 1993, Habitat for Humanity Heartland Ontario has worked with organizations like yours to help families in Brant, Elgin, Middlesex, Oxford, Norfolk, and Perth counties to build strength, stability and independence through affordable homeownership.



Use **100% of donations** to build homes



Collaborate with **60 community partners**



This work has had a tremendous social impact, and has helped supporting partners achieve their organizational goals of giving back to the community. In the next three years we will:



Offer
5,000 hours
of Skills Training



Provide geared to
income mortgages to
140 families



homeowners

Habitat homeowners purchase an affordable home from Habitat for Humanity Heartland at fair market value, with no down payment required. To qualify, applicants must show a need for housing, an ability to pay their mortgage and a willingness to contribute 500 volunteer hours. Habitat homeowners often continue to volunteer in their community and contribute by paying municipal taxes.



Habitat homeowners experience an increase in the quality of employment - parents worked fewer jobs with greater stability



of children from Habitat homeowner families attain a bachelor's degree or higher



“I’m so grateful to be a Habitat homeowner... We all need a helping hand sometimes. I know in my heart this is where I am meant to be.”

partners

Some of our most valued partners:



The Skills Catalyst Training Program is funded by the Government of Ontario



London
CANADA



FANSHAWE
COLLEGE



We rely on gifts from individuals, corporations, and community groups to help families in need of decent and affordable homes in in our region.



Donations Grants & Gifts

100% of every dollar & gift donated to Habitat Heartland goes directly into building affordable homes.



ReStore Profits

Habitat Heartland is self-funded
We cover our administrative costs (to pay our staff and overhead etc.) through the profits from our nine ReStore locations.

funding

Revenue from the ReStore covers Habitat's administrative expenses so that every dollar donated to a project can go directly to building homes. ReStores sell new and gently used building supplies and furniture, diverting items from landfill and recycling electronic waste.

thank you

At Habitat Heartland we know that stable housing transforms futures, strengthens communities, and fosters resiliency and stability to transcend generations. That's why we're going beyond the build to advocate for affordable housing and affordable homeownership in Canada. In the next three years, we will build and renovate more housing than in the past thirty years combined.

Thank you for your consideration to support the work of Habitat Heartland! We invite you to please join us as we do our part to contribute to affordable homes for Canadians living in Brant, Elgin, Middlesex, Oxford, Norfolk and Perth counties.



Al MacKinnon
Board Chair

Habitat for Humanity Heartland ON
1-611 Wonderland Road North
London ON N6H 4V6

board@habitat4home.ca
(519) 455-6623

FORMAL REPORT

To: Chair Stratthdee and Members of Strategic Priorities Committee

Prepared by: Mark Stone, Planner

Date of Meeting: 17 May 2022

Subject: **DEV 32-2022 St. Marys Housing Strategy – Inclusionary Zoning**

PURPOSE

The purpose of this report, along with two other reports also on the May 17, 2022 Strategic Priorities Committee agenda (DEV 30-2022 – Tiny Homes and DEV 31-2022 – Surplus Lands), is to assist Council in considering certain policy available to Ontario municipalities to assist in addressing affordability/attainability and providing a wider range and mix of housing types/tenures in St. Marys.

In this report, the implementation of inclusionary zoning (IZ) through the use of a development permit system (DPS) is explored. Current planning practices from other Ontario municipalities are also reviewed that could potentially be implemented by St. Marys in certain areas of the Town.

This report provides an overview of options and recommendations to Council, specifically with respect to the use of IZ tools in St. Marys.

RECOMMENDATION

THAT DEV 32-2022 St. Marys Housing Strategy– Inclusionary Zoning report be received; and

THAT the Strategic Priorities Committee recommends to Council:

THAT the Town does not pursue an inclusionary zoning approach in St. Marys at this time.

BACKGROUND

Please refer to the 'Background' section of DEV 30-2022 – Tiny Homes for background regarding the housing affordability issue in St. Marys, an overview of the accomplishments to date, the basis for preparing this report, and an overview of what we have heard as a result of consultations since February of this year.

REPORT

One of the opportunities identified in the St. Marys Attainable Housing Strategy is:

To engage in discussions with the development industry with respect to opportunities and potential issues related to implementing inclusionary zoning in St. Marys.

The potential for use of the inclusionary zoning tool has been further explored by staff and the findings are presented in this report.

Planning Context

Please refer to the 'Planning Context' section of DEV 30-2022 – Tiny Homes for a discussion of relevant provisions in the Planning Act and policies in the Provincial Policy Statement.

Inclusionary Zoning

Under Section 16(4) and 34 of the Planning Act, the municipal Official Plans of prescribed municipalities can implement IZ policies in order to require new development/redevelopment to dedicate and maintain a portion of new residential units to be affordable by people with low to moderate incomes:

An official plan of a municipality that is prescribed for the purpose of this subsection shall contain policies that authorize inclusionary zoning by:

- (a) authorizing the inclusion of affordable housing units within buildings or projects containing other residential units; and*
- (b) providing for the affordable housing units to be maintained as affordable housing units over time.*

Under Section 16(5), if a municipality is not prescribed by regulation, it may only implement IZ policies for:

- (a) a protected major transit station area identified in accordance with the Planning Act; or*
- (b) an area in respect of which a development permit system is adopted.*

Currently, there are no municipalities prescribed by regulation for the purpose of IZ.

The Planning Act also outlines what the requirements are for IZ policies in the Official Plan. Section 16(6) states that goals and objectives and a description of the measures and procedures proposed to attain those goals and objectives are required. Section 16(7) states that Official Plan policies must also address matters that are prescribed by regulation, as discussed below.

Per Section 16(9) before adopting Official Plan policies related to IZ, municipalities are required to undertake an assessment:

Before adopting the parts of an official plan which contain policies described in subsection (4), the council of the municipality shall ensure that an assessment report has been prepared.

As stated in Section 17 (24.1.2) of the Planning Act, there are no appeal rights with respect to the decision of council to adopt IZ policies through an Official Plan.

In terms of Provincial regulations, Ontario Regulation (O. Reg.) 232/18 was enacted in April 11, 2018 under the Planning Act to enable municipalities to implement IZ. The regulation also provides requirements for municipalities implementing IZ. According to Section 2(1) of O. Reg. 232/18, the following information must be included in an IZ assessment report and must be considered in the development of official plan policies:

- 1. An analysis of demographics and population in the municipality.*
- 2. An analysis of household incomes in the municipality.*
- 3. An analysis of housing supply by housing type currently in the municipality and planned for in the official plan.*
- 4. An analysis of housing types and sizes of units that may be needed to meet anticipated demand for affordable housing.*
- 5. An analysis of the current average market price and the current average market rent for each housing type, taking into account location in the municipality.*
- 6. An analysis of potential impacts on the housing market and on the financial viability of development or redevelopment in the municipality from inclusionary zoning by-laws, taking into account: value of land, cost of construction, market price, market rent, and housing demand and supply.*

7. *A written opinion on the analysis described in paragraph 6 from a person independent of the municipality and who, in the opinion of the council of the municipality, is qualified to review the analysis.*

Section 3(1) of O. Reg. 232/18 requires that Official Plan policies set out the approach to inclusionary zoning, including the following:

1. *The minimum size, not to be less than 10 residential units, of development or redevelopment to which an inclusionary zoning by-law would apply.*
2. *The locations and areas where inclusionary zoning by-laws would apply.*
3. *The range of household incomes for which affordable housing units would be provided.*
4. *The range of housing types and sizes of units that would be authorized as affordable housing units.*
5. *The number of affordable housing units, or the gross floor area to be occupied by the affordable housing units that would be required.*
6. *The period of time for which affordable housing units would be maintained as affordable.*
7. *How measures and incentives would be determined.*
8. *How the price or rent of affordable housing units would be determined.*
9. *The approach to determine the percentage of the net proceeds to be distributed to the municipality from the sale of an affordable housing unit, including how net proceeds would be determined.*
10. *The circumstances in and conditions under which offsite units would be permitted.*
11. *The circumstances in which an offsite unit would be considered to be in proximity to the development or redevelopment giving rise to the by-law requirement for affordable housing units.*

Section 3(2) of O. Reg. 232/18 also requires that Official Plan policies for IZ set out the approach for monitoring and ensuring that the required affordable housing units are maintained for the required period of time.

Finally, under Section 7(1) and (2), if a council of a municipality passes an IZ by-law, O.Reg. 232/18 requires council to ensure that a report is prepared and made publicly available at least every two years that describes the status of the affordable housing units required in the by-law, including the following information for each year that is the subject of the report:

1. *The number of affordable housing units.*
2. *The types of affordable housing units.*
3. *The location of the affordable housing units.*
4. *The range of household incomes for which the affordable housing units were provided.*
5. *The number of affordable housing units that were converted to units at market value.*
6. *The proceeds that were received by the municipality from the sale of affordable housing units.*

Housing Affordability Task Force Report and Bill 109

In December 2021, Ontario's Housing Affordability Task Force (HATF) was created by the Provincial government to further explore measures that will address housing affordability and to identify a set of recommendations for the Minister of Municipal Affairs and Housing. On February 8, 2022, the Report of the HATF was published, which included many recommendations to increase the supply of market

housing in Ontario. The task force recommended a significant increase to housing of 1.5-million homes over the next 10 years. The full HATF report can be viewed [here](#).

The HATF report also states that one avenue for delivering more affordable housing that has received much recent attention is IZ. Although it recognizes some of the implementation challenges of IZ, the HATF encourages governments to:

Closely monitor the effectiveness of IZ policy in creating new affordable housing and to explore alternative funding methods that are predictable, consistent and transparent as a more viable alternative option to IZ policies in the provision of affordable housing.

On April 14, 2022, Ontario's [Bill 109 \(the More Homes for Everyone Act\)](#), which takes a first step in implementing the recommendations of the HATF, received Royal Assent. Bill 109 amends five pieces of legislation, including the Planning Act. Key Planning Act changes address development application processes and no changes to the use of IZ tools were made.

Development Permit System (also called a Community Planning Permit System)

As mentioned, in accordance with the Planning Act, municipalities that are not prescribed by regulation for the use of IZ, or do not have a Major Transit Station Area (MTSA) as identified by the Province, must implement a DPS in order to use the IZ tool.

The DPS is a land use regulation system, permitted by the Planning Act that combines zoning, site plan, and minor variance approvals into one process. The system provides greater flexibility to address local contexts, increased environmental protection, and an expedited application approval process. It is an alternative to the current planning approval process in Ontario. Like a Zoning By-law a DPS by-law identifies permitted uses and, minimum and maximum development standards for a site or area. However, a DPS by-law can set conditions for building to those standards as well as additional conditions for variances from them. Conditions might include infrastructure requirements, community contributions, and environmental impact mitigation among others.

Section 70.2 of the Planning Act provides local municipalities the power to establish a DPS subject to conditions that are set out in regulation. O.Reg. 173/16 currently establishes these conditions, and the following is a summary:

- Section 2 of the regulation states: *the council of a local municipality may by by-law establish a DPS/community planning permit system within the municipality for any area or areas set out in the by-law;*
- Section 3 states: *the council shall not pass a community planning permit by-law for any area in the municipality unless, before the passing of the by-law, the official plan in effect in the municipality:*
 - a) *identifies the area as a proposed community planning permit area;*
 - b) *sets out the scope of the authority that may be delegated and any limitations on the delegation, if the council intends to delegate any authority under the community planning permit by-law; and*
 - c) *for each proposed community planning permit area identified under clause (a),*
 - i. *contains a statement of the municipality's goals, objectives and policies in proposing a community planning permit system for the area,*
 - ii. *sets out the types of criteria that may be included in the community planning permit by-law for determining whether any class of development or any use of land may be permitted by community planning permit, and*
 - iii. *sets out the types of conditions that may be included in the community planning permit by-law in accordance with clause 4 (2) (i) and subsections 4 (4), (5) and (6).*

- Section 4(2) states: *A community planning permit by-law shall:*
 - *contain a description of the area to which the by-law applies, which shall be within the boundaries of an area identified in the official plan;*
 - *set out and define the permitted uses of land;*
 - *set out a list of minimum and maximum standards for development;*
 - *set out any internal review procedures regarding decisions;*
 - *set out the manner in which notice shall be given;*
 - *provide that a community planning permit may be amended as described in the by-law;*
 - *provide for how agreements will be amended, if required;*
 - *outline any of the conditions council wishes to;*
 - *if and how approval authority is to be delegated; and*
 - *state that the placement of a portable classroom on a school site of a district school board is exempt from the requirement for a community planning permit if the school site was in existence on January 1, 2007.*
- According to Section 4(3) a community planning permit may also:
 - *prohibit any development or change of use of land unless a community planning permit is obtained;*
 - *set out and define classes of development;*
 - *exempt any defined class of development or use of land from the requirement for a community planning permit;*
 - *set out a list of classes of development or uses of land that may be permitted if the criteria set out in the official plan and in the by-law have been met;*
 - *give effect to inclusionary zoning policies if the municipality is not prescribed;*
 - *set out criteria that the council shall use in making decisions;*
 - *set out a range of possible variations from the standards that may be authorized in connection with the issuing of a community planning permit.*

The DPS was first introduced by the Province of Ontario in 2002. However, to date, only four municipalities have adopted Development Permit By-laws: Lake of Bays (2004), the Town of Carleton Place (2008), the Town of Gananoque (2010), and the City of Brampton - Main Street North (2012). The City of Toronto has recently adopted authorizing policies in its official plan and is looking to roll out a DPS in a number of locations throughout the city. Current practices from Ontario are discussed in more detail below, as it relates to the use of IZ through the implementation of a DPS.

Current Practices in Ontario

IZ is used in hundreds of municipalities across North America. According to a jurisdictional scan completed by the City of Toronto, while available data on the impact of inclusionary zoning varies by jurisdiction, IZ is generally understood to have created at least 122,320 affordable rental units, 49,287 affordable ownership units across the United States, and over \$1.7 billion in cash-in-lieu payments for affordable housing over the past 20+ years. The following is a brief review of Ontario municipalities that have implemented IZ to-date, or are able to in the future because there is an existing DPS in-place.

Toronto

One of Ontario's first IZ policies was introduced in Fall 2021 by the City of Toronto and applies to MTSA's. The City's IZ Official Plan and Zoning By-law Amendments:

- require developments located in a both a Protected MTSA and an Inclusionary Market Area to provide affordable housing;
- require 5 to 10 percent of condominium developments as affordable housing, depending on where the development is located and whether affordable ownership units or affordable rental units are secured;
- increase requirements incrementally to 8 to 22 percent by 2030;
- ensure units stay affordable for at least 99 years;
- set rents and ownership prices based on new income-based definitions of affordable;
- defer inclusionary zoning requirements for purpose-built rental developments until 2026;
- exempt mid-rise development proposing fewer than 100 units and less than 8,000 square metres of residential gross floor area; and,
- set out an approach to monitor and ensure units remain affordable and for distributing net proceeds of the sale of affordable ownership units.

Internationally, inclusionary zoning has been used successfully to incentivize developers to create new affordable housing by providing density bonuses (more units than they would normally be allowed, if some are affordable) or reductions in government fees. Unfortunately, the City's approach did not include any incentives or bonuses. Instead, Toronto requires market-rate fees and charges for below-market affordable units. This absence of incentives together with lack of clarity on the overall density that will be approved for projects has led developers and some housing advocates to claim that these projects may be uneconomic and thus will not get financed or built. Municipalities shared with us their concerns regarding the restriction in the provincial IZ legislation that prohibits "cash in lieu" payments.

Brampton

The Region of Peel completed a feasibility analysis in December of 2021 and the City is working to develop a strategy to implement IZ. The feasibility analysis looked at 5 test areas in 4 separate provincially designated MTSA's. The City is currently establishing objectives for IZ, reviewing requirements in accordance with Planning Act, market testing to ensure there is no negative impact on the market, drafting policies and engaged in consultation with stakeholders. The required analysis is a complex one requiring a different approach for each MTSA and is facing challenges and requirements including:

- the need to consider housing markets that can change quickly, necessitating regular policy reviews and updates when necessary;
- for the IZ to be successful, market development must be feasible (minimum 15% profit);
- incentives need to be offered as well, or instead (where IZ may be challenging);
- the need to develop and negotiate acceptable legal agreements between the City and development industry;
- creating a mechanism to protect affordability of IZ units over time;
- the need for monitoring, reporting (every 2 years), updating assessment report (every 5 years); and,
- establishing administrative options for management of IZ units (government? developer? non-profits?) *Note: government-led role is prevailing approach.*

Other Municipalities

Markham, Mississauga, London and Kitchener are in the process of developing IZ policies. Each context is unique and there is the need for each approach to be based on local market factors. All of these municipalities have MTSA's. To date, no municipality that does not have an MTSA has prepared an IZ By-law.

Analysis

St. Marys does not have a protected MTSA's (identified in accordance with the Planning Act) nor has the Town adopted a DPS. Therefore, according to current legislation, in order to implement IZ, St. Marys would be required to:

1. Prepare an assessment report that would outline requirements for IZ in Official Plan policies. The assessment report is prepared to understand local demographics and incomes, housing supply and demand (including types and sizes), average housing market prices and rents, and potential impacts of implementing IZ locally.
2. Based on the assessment report, develop Official Plan policies authorizing IZ setting out minimum size of development where IZ applies, permitted locations (site specific or area wide), housing types and sizes, how incentives and affordable prices and rents would be determined, etc.
3. Update the Zoning By-law to implement Official Plan policies through regulations such as the number of units to be set aside for affordable housing units, the length of time in which affordable housing units are to be kept as affordable, and requirements and standards relating to the affordable housing units (for example, external design standards, number of bedrooms).
4. Require landowners to enter into an agreement with the Town that could be registered against the land and enforced against subsequent owners, to ensure that the units remain affordable over time.
5. Establish procedures for monitoring to ensure affordable housing units are maintained during the affordability period.
6. Meet reporting requirements every two years and these reports must be made publicly available.

Based on the research and analysis summarized in this report, staff have identified the following advantages and disadvantages of implementing an IZ approach in St. Marys.

Advantages	Disadvantages
<ul style="list-style-type: none"> Assists the Town in meeting affordable housing requirements Potential to provide housing for households that don't earn enough to afford market housing but earn too much to receive social assistance Guarantees the provision of affordable housing with new development. 	<ul style="list-style-type: none"> Development industry may cite concerns with mandatory requirement to provide affordable housing Requirements (including costs) and timing to complete and implement an assessment report and DPS Amendments to the Official Plan required to implement The need to respond to housing markets through ongoing monitoring, study and updates

Advantages	Disadvantages
	<ul style="list-style-type: none"> • The need to develop and negotiate acceptable legal agreements between the City and development industry • The need to create a mechanism to protect affordability of IZ units over time • The need for monitoring, reporting (every 2 years), updating assessment report (every 5 years) • The need to establish administrative options for management of IZ units

FINANCIAL IMPLICATIONS

To be determined (if necessary)

SUMMARY

Based on the analysis above, **staff does not recommend implementation of an inclusionary zoning approach in St. Marys.**

However, should Council support a further review of inclusionary zoning in St. Marys, direction should be given to bring forward a detailed cost/benefit analysis related to such an approach. This information would then be brought back in a future report.

STRATEGIC PLAN

Please refer to the 'Strategic Plan – Initiatives and Achievements' section of DEV 30-2022 – Tiny Homes.

OTHERS CONSULTED

Consultation discussed in this report, DEV 30-2022 – Tiny Homes and DEV 31-2022 – Surplus Lands.

ATTACHMENTS

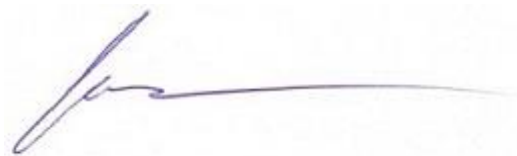
None.

REVIEWED BY

Recommended by the Department



Mark Stone
Planner



Grant Brouwer
Director of Building and Planning

Recommended by the CAO



Brent Kittmer
Chief Administrative Officer