



City of
Peterborough

To: Members of the General Committee

From: Mayor Jeff Leal

Meeting Date: December 2, 2024

Report: Mayor's Task Force for Housing Creation,
Report COU24-003

Subject

A report to recommend to Council a series of changes to improve the City's approval processes to increase housing development by expediting housing construction, reducing the cost of development, and building partnerships.

Recommendations

That Council approve the recommendations outlined in Report COU24-003, dated December 2, 2024, of Mayor Jeff Leal, as follows:

- a) That the report from the Mayor's Task Force for Housing Creation, attached as Appendix A, be received for information;
- b) That the seven recommendations provided in Section One be approved and in force effective December 9, 2024;
- c) That, with respect to the eight recommendations provided in Section Two, staff be directed to report back with options for implementation for Council's consideration in one report in April 2025; and,
- d) That staff report back on the status of all approved recommendations from the Mayor's Task Force for Housing Creation Report in the fourth quarter of 2025.

Executive Summary

- This report introduces the Mayor's Task Force for Housing Creation Report (Appendix A) for consideration by City Council.
- Further, this report recommends the implementation of the recommendations of the Mayor's Task Force for Housing Creation, which aim to expedite the approval process for and reduce the cost of housing construction, leading to an increase in new dwellings in Peterborough to help reach the city's Housing Target of 4,700 housing units by 2031.

Background

Peterborough, like so many other cities across the country, is in the midst of a housing crisis. The vacancy rate in Peterborough is 1%, among the lowest in Canada today, and a report last year showed that rents in Peterborough were the 10th highest in the country.

There is a housing supply problem in Peterborough – the number of new housing units in our community hasn't kept up with the demand from our residents.

That's not the sole responsibility of municipalities. Aside from subsidized housing units, the city doesn't directly build housing. Cities also don't control the interest rates set by the Bank of Canada, nor can we influence the cost of construction materials and the availability of labour.

But as the level of government responsible for administering the planning and permitting process, the City does have a significant role in facilitating the construction of housing.

On December 6, 2023, the City of Peterborough pledged to achieve construction of 4,700 new housing units in the City by 2031. As part of the Housing Pledge, the City identified 10 initiatives it will undertake to support the creation of new housing.

To build on these efforts, the Mayor established the Task Force for Housing Creation in January 2024 to bring together housing development professionals to help inform ways of encouraging and promoting the construction of 4,700 new housing units by 2031.

Over the course of six meetings, this group of local housing developers and experts covered a range of topics and offered suggestions for how the City can improve its processes to better facilitate the construction of housing. Their insights have led to a report (Appendix A) and the resulting 15 recommendations to bolster housing construction in Peterborough.

Section One: Recommendations proposed to be in force effective December 9, 2024

The following recommendations are proposed to be in force effective December 9, 2024

- Recommendation 1: One-year approval timeline for qualifying projects;
- Recommendation 4: Ensure firm processing timelines, make development approval status information available on City website, and provide quarterly development approval status reports to Council;
- Recommendation 5: Establish as-of-right residential zoning;
- Recommendation 6: Pre-zone underused properties within the City's Strategic Growth Areas;
- Recommendation 13: Prioritize public-private, public non-profit, and Indigenous partnerships to further housing construction;
- Recommendation 14: Seek funding from upper levels of government to incentivize affordable and Indigenous non-market housing;
- Recommendation 15: Lobby major federal political parties to support modernizing the Federal HST rebate on the purchase of a new home.

Task Force Recommendation 1: Guarantee an approval timeline of one year from pre-consultation to full land use approval (zoning and site plan), for all non-profit housing, and multi-unit residential developments proposing a minimum of 25 new dwellings (minimum 10 dwellings in the Central Area). To do this, establish a dedicated group of staff, including a project manager, to prioritize non-profit and multi-unit residential developments.

Background: Task Force members stressed a need to ensure predictability and reliability in the development approvals process that prioritizes the value of time. In particular, a strong desire was expressed to ensure that approvals of multi-unit developments and non-profit developments, regardless of their location, are prioritized because of both the acute need for these housing types in the community and because of the precarious financial climate within which these housing types are developed. Reorganizing City staff resources and setting application processing standards that prioritize multi-unit and non-profit housing approvals is seen as a significant way to ensure such approvals are granted in a timely and predictable manner that helps to contain project cost. Council gave preliminary approval to fund the Project Manager position in the 2025 Budget at the General Committee meeting held on November 19, 2024.

Report Recommendation: Direct staff to establish a dedicated group within Planning, headed by a project manager, to prioritize multi-unit residential developments which propose to build a minimum of 25 dwellings anywhere in the City, or a minimum of 10 dwellings in the Central Area. This group will also similarly prioritize all non-profit housing proposals, regardless of the number of proposed dwellings. This group will be tasked with establishing a standard to achieve development approvals within one year (subject to concurrent applications at any given time) from pre-consultation to full land use approval (zoning and site plan) that includes clear expectations for City staff and development proponents alike by April 2025.

Task Force Recommendation 4: Ensure accountability by implementing firm application processing timelines, making live development approval status information publicly available on the City's website and by providing quarterly development approval status reports to Council beginning in the second quarter of 2025.

Background: Task Force members stressed a need to ensure predictability and reliability in the development approvals process that prioritizes the value of time. For all developments, a strong desire was expressed to ensure that staff and agency participants in the application review process are held accountable for achieving desired approval timelines by establishing and strictly enforcing firm commenting deadlines. Many Task Force members have noted that application review processes can be significantly delayed if key reviewers do not adhere to comment deadlines which in turn adds cost and time to projects. Strictly enforcing comment deadlines, and publicly reporting on development approval status will help ensure all reviewers are held accountable. Similarly, establishing standardized application processing timelines will also hold development proponents accountable for responding to City or agency comments when needed in a predictable and timely manner. Task Force members acknowledge that it may be challenging to enforce strict commenting deadlines on agencies that are external to the City however a strong desire was conveyed to see strict comment deadlines enforced both among City staff and with external agencies, where feasible.

Report Recommendation: Direct staff to enforce standardized application processing timelines, make live development approval status information available on the City's website by Fall 2025, and begin providing quarterly development approval status reports to Council in the second quarter of 2025.

Task Force Recommendation 5: Establish appropriate as-of-right residential zoning to promote missing middle residential development by April 2025.

Background: On February 5, 2024, Council directed staff to bring forward, with a sense of urgency, updates to appropriate regulatory mechanisms as required including the Official Plan and the Zoning By-law for Council's approval to put an effective end to

"exclusionary zoning" which could include expanding the City's current Additional Residential Unit policies and regulations to permit up to four units per residential lot as of right. This direction was viewed by Task Force members as a tangible way to promote housing creation by removing regulatory barriers, making housing creation more attractive for both non-traditional housing creators (e.g. property owners, small investors) and traditional builders. While City staff is working on this task, the Task Force felt it would be beneficial to assign a specific timeline to this action to ensure accountability in its implementation.

Report Recommendation: Establish appropriate as-of-right residential zoning to promote missing middle residential development by April 2025.

Task Force Recommendation 6: Direct City Staff to work with the development community to identify, prioritize, and pre-zone underused properties within the City's Strategic Growth Areas.

Background: A common concern among Task Force members is that the City's Zoning By-law is dated and not suited to modern development that requires greater regulatory flexibility, especially for infill development within Strategic Growth Areas (SGAs). Presently, the City is working to create a Secondary Land Use Plan and a Community Planning Permit By-law for its SGAs that will effectively pre-zone all properties in the areas and establish an expedited and nimble land use approval process that combines land use (zoning), site plan and minor variance approvals into one. The new Community Planning Permit By-law is anticipated to be complete and in effect in spring 2026. Given the immediate need to facilitate housing creation in order to achieve the City's housing target of 4700 new homes by 2031, the Task Force sought ways to proactively facilitate land use flexibility in advance of the Community Planning Permit By-law. To that end, this Task Force recommendation seeks to identify and pre-zone a limited number of properties within SGAs that present unique potential for development/re-development in the near term.

Report Recommendation: Direct Planning Staff to work with the development community to identify and prioritize underused properties within the City's Strategic Growth Areas by implementing a City-initiated Zoning By-law Amendment to pre-zone the properties by June 2025.

Task Force Recommendation 13: Prioritize public-private, public-non-profit and Indigenous partnerships by co-developing formal engagement practices with each that recognizes the ongoing housing work of others and includes persons that have lived experience with housing precarity, local First Nations and urban Indigenous.

Background: The Task Force highlighted numerous challenges facing the creation of non-market housing such as affordable housing, non-profit housing and Indigenous

housing. Concern was raised that providers of non-market housing, including the City's Peterborough Housing Municipal Services Corporation, currently function in relative isolation from each other and that greater efficiency could be achieved by fostering partnerships between both the City and non-market housing providers and among housing providers. Partnerships would allow for collaboration on the acquisition/disposition of land for housing (e.g. excess City lands), to identify and target specific housing needs in the community including Indigenous housing and supportive housing, and to create a stronger coalition for harnessing funds to support non-market housing.

Report Recommendation: Direct staff, including the Manager, Government Relations & Corporate Strategy and Advisor, Indigenous Relations, as well as the City's Housing and Planning staff, to prioritize public-private, public-non-profit and Indigenous partnerships that would lead to more housing being built. Staff are directed to do this by co-developing formal engagement practices, recognizing the ongoing housing work of others and including persons that have lived experience with housing precarity, local First Nations and Urban Indigenous organizations.

Task Force Recommendation 14: Seek sustained funding from all levels of government to support incentive programs for affordable housing and Indigenous non-market housing.

Background: The Task Force stressed that government financial support is essential to providing affordable and non-market housing. Recognizing that the City has limited opportunity to generate funds to support affordable and non-market housing through development charges and tax revenue, the Task Force highlighted the critical role that upper levels of government must play in funding housing together with the City. Continuous lobbying for funding supports is essential for addressing the community's need for affordable and non-market housing.

Report Recommendation: Direct staff, including the Manager, Government Relations & Corporate Strategy, to seek sustained funding from all levels of government to support incentive programs for affordable housing and Indigenous non-market housing.

Task Force Recommendation 15: Lobby all major Federal political parties to commit to modernizing the Federal HST rebate on the purchase of a new home which is not available to homes priced \$450,000 or more.

Background: The Task Force noted that the eligibility criteria for Federal HST rebates on purchases of new homes have remained relatively unchanged since 1991¹² and have not kept pace with the price escalation of new homes. Today, virtually all new non-rental homes are ineligible for the Federal HST rebate. In Peterborough, a new home purchased for \$990,000 (median home price for a single detached home in Peterborough, 2023³) would be subject to an additional \$49,500 in Federal HST – a significant cost for most home buyers. Modernizing the Federal HST eligibility criteria could be a helpful tool for improving housing affordability.

Report Recommendation: Direct the Manager, Government Relations & Corporate Strategy, to advocate for all major Federal political parties to commit to modernizing the Federal HST rebate on the purchase of a new home, which is not available to homes priced \$450,000 or more.

Section Two: Recommendations proposed to be approved for Council's further consideration in one report from staff in April 2025.

With respect to the following eight recommendations, it is recommended that staff be directed to report back with options for implementation for Council's consideration in one report in April 2025:

- Recommendation 2: Identify studies and drawings required for the development approval process within municipal discretion to impose and consider reducing their scope or eliminating, as appropriate;
- Recommendation 3: Lapse Provisions for Development Approvals;
- Recommendation 7: Require sidewalks on one side of local streets in subdivisions;
- Recommendation 8: Review bylaws 21-074 and 17-121 to reduce development costs associated with compensating for tree removals;

¹ Moffat, Mike. One simple way the federal government could save Canadian homebuyers nearly \$2 billion a year. The Hub.ca: <https://thehub.ca/2024/10/16/mike-moffatt-title-federal-government-housing-gst/>

² Draft Legislation to Amend the Excise Tax Act (GST) and Related Statutes: Explanatory Notes. The Honourable Don Mazankowski, Minister of Finance, Government of Canada: https://publications.gc.ca/collections/collection_2016/fin/F34-58-1992-eng.pdf

³ CMHC Price Quartiles and Averages: Absorbed Homeowner and Condo Units, 2023 (April 2024): https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/price-quartiles-averages-absorbed-homeowner-condo-units?pdf_geo=9EE6E91C-4719-412C-909E-A4B27F3FB16E&pdf_edition=F4A3FF0B-E7FA-4614-9834-3C7700BC1507

- Recommendation 9: Review engineering fees and the City's Development Security Collection and Release Procedures;
- Recommendation 10: Permit two stage curbs in new development;
- Recommendation 11: Expand Community Improvement Plan incentives to all Strategic Growth Areas, and convert incentives from refunds to waivers;
- Recommendation 12: Financially incentivize multi-unit residential development projects.

Task Force Recommendation 2: Direct City staff to identify, by April 2025, all studies, reports, plans and drawings that the City currently requires for the development approval process that are within municipal discretion to impose. Once these have been identified, Council should consider eliminating and/or reducing as appropriate.

Background: Many Task Force members expressed concern that the number of studies and drawings required to support new development has increased substantially over time and that study requirements add both significant cost and time delay to development approvals. The City's Official Plan identifies a wide variety of studies, plans and reports that may be required to support new development and contains policies to specify when those studies, plans and reports will be required. Studies, plans and reports are a vital part of the development approvals process to ensure that important Provincial and City policy direction and standards have been appropriately considered. Notwithstanding the importance of studies, the Task Force notes that the City should have discretion to scope or eliminate the need for certain studies in the interest of supporting housing creation - particularly any studies that are intended to address City policies or standards and are not required to address Provincial policies and standards. To that end, this recommendation seeks to review the City's study requirements with a goal of scoping or eliminating study requirements where feasible. As part of this process, the implications of any such scoping or elimination will need to be considered in light of the City's overarching policy goals and objectives as detailed in the Official Plan and other Council-approved policies.

Report Recommendation: Direct staff to identify, by April 2025, all studies, reports, plans and drawings that the City currently requires for the development approval process that are within municipal discretion to impose. Further, direct staff to identify opportunities for either eliminating or reducing the scope each of these "discretionary" items, with consideration given to the risks and benefits of each, for Council's decision in April 2025.

Task Force Recommendation 3: Work with the development industry to establish mutually acceptable lapse provisions for development approvals to encourage timely construction of approved developments.

Background: Some Task Force members expressed concern that land speculation, particularly the practice of obtaining land use approvals only to then list a property for sale or not pursue the development, is contributing to escalating land and house prices and is delaying the construction of new homes. To address this concern, the Task Force recommended the use of lapse (a.k.a. “use it or lose it”) provisions to both discourage land speculation and encourage house construction. The Planning Act currently requires municipalities to impose a lapse deadline of at least three years for plan of subdivision approvals and was recently amended by Bill 185 to enable lapse deadlines of at least three years to be imposed on site plan approvals. In some instances, developments may require longer lapse dates based on their scale or market conditions and so the Task Force is recommending that a City standard for lapse dates be developed in conjunction with the industry.

Report Recommendation: Direct staff to consult the development industry regarding the establishment of mutually acceptable lapse provisions for development approvals to encourage timely construction of approved developments, and report back by April 2025.

Task Force Recommendation 7: Return to requiring sidewalks on only one side of local streets in subdivisions to help reduce the cost of new development and the ongoing municipal cost of maintaining infrastructure.

Background: In new developments, particularly plans of subdivision, developers are required to construct sidewalks on both sides of all streets in accordance with the City's Sidewalk Strategic Plan and the Official Plan. While sidewalks are a key element of the City's active transportation network and play an important role in achieving the City's transportation mode shift goals and promoting equity in transportation, sidewalks also represent a cost to development that is ultimately reflected in the cost of new housing and in property taxes as they become assets to be maintained by the City. In seeking opportunities to reduce development and housing costs, Task Force members note that requiring sidewalks on only one side of a local street (i.e. streets that are generally narrower, have lower traffic volumes, and serve shorter distances) could help reduce cost to both new homebuyers and taxpayers while still maintaining a safe pedestrian facility on the street. In actioning this recommendation, staff and Council will need to consider the implications of reducing the City's sidewalk requirements on the Sidewalk Strategic Plan, the Official Plan, the Transportation Master Plan, and the City's Engineering Design Standards.

Report Recommendation: Direct staff to review the Sidewalk Policy with the goal of requiring sidewalks on only one side of local streets in subdivisions, and report back with options for Council's consideration in April 2025.

Task Force Recommendation 8: Direct City staff to review By-laws 21-074 and 17-121 to reduce the development cost associated with compensating for tree removals.

Background: Several Task Force members noted that financial costs associated with compensating for tree and woodland removals in new developments can add significant cost to a project and ultimately to the cost to new homes. It was also noted that City requirements to assess, quantify and obtain approval for tree removals and their associated compensation can also add significant time delay to a project. In some instances, compensation for tree removals can total into the hundreds of thousands of dollars. In reviewing the City's Tree Protection (21-074) and Woodland Conservation By-laws (17-121), the City will need to consider the implications of any By-law amendments on the achievement of the City's Urban Forest Strategic Plan, the tree and woodland policies of the Official Plan, and the City's climate change objectives and policies.

Report Recommendation: Direct City staff to review By-laws 21-074 and 17-121 to reduce the development cost associated with compensating for tree removals, and report back with options for Council's consideration in April 2025.

Task Force Recommendation 9: Review engineering fees and implement a sliding scale instead of a flat fee to recognize review process efficiencies gained with larger developments, and review the City's Development Security Collection and Release procedures to ensure timely release of funds to development proponents.

Background: Presently, projects that require a detailed engineering design review such as plans of subdivision are required to pay 5.5% of the development's total infrastructure cost as a flat fee to cover the cost of that engineering review. For example, if a subdivision's services are estimated to cost \$1,000,000, the engineering review fee would be \$55,000. Some Task Force members note that for any detailed engineering review, there is certain staff effort that will need to be expended no matter the scale of the development however as a development grows in size, the level of associated engineering review effort does not necessarily grow commensurate with the development; review process efficiencies should be achieved. Any review of engineering fees will need to consider both staff effort for various scales of development as well as best practices from other municipalities to ensure that City engineering fees accurately reflect staff costs.

Report Recommendation: Direct staff to review engineering fees with the goal of implementing a sliding scale instead of a flat fee to recognize review process efficiencies gained with larger developments, and direct staff to review the City's Development Security Collection and Release procedures to ensure timely release of funds to development proponents, and to report back with options to do the above for Council's consideration by April 2025.

Task Force Recommendation 10: Amend City Engineering Standards to permit 2-stage curbs in new development.

Background: In new developments, particularly plans of subdivision, developers are required to construct roadway curbs and gutters altogether in one stage at the outset of development, placing curb drops at pre-determined locations for anticipated future driveway entrances. While this method of construction is believed to produce a better curb with fewer structural defects that maximizes both the curb and the roadbed's lifespan, it also exposes the curb to potential damage from heavy and light construction vehicles as house construction progresses. Such damage can force developers to remove and replace sections of damaged curb prior to the infrastructure being assumed by the City adding cost and delay to the overall project. Some Task Force members note that options exist to pour gutters and curbs in two stages to minimize any potential damage to the facility during the house construction process. Such techniques have been used previously in the City and are used widely elsewhere. To help reduce development costs, best practices for curb design will be reviewed to inform potential changes to the City's Engineering Design Standards.

Report Recommendation: Direct staff to amend City Engineering Design Standards to permit 2-stage curbs in new development, and report back by April 2025.

Task Force Recommendation 11: Expand Community Improvement Plan incentives (funding to defray or cover the cost of Development Charges, Cash in Lieu of Parking, etc.) to all Strategic Growth Areas, and convert these incentives from refunds to waivers where applicable.

Background: Task Force members highlighted the vital role that City financial incentives play in supporting new development in the Central Area. Typically, development in the Central Area is focused on multi-unit infill projects that either renovate existing buildings or redevelop properties entirely. Given the Official Plan's focus on promoting higher density infill development throughout all Strategic Growth Areas, the Task Force strongly encouraged that the City's Central Area Community Improvement Plan (CIP) financial incentives be extended to all Strategic Growth Areas given the similarity of development constraints in both areas. In reviewing this recommendation, staff and Council will need to consider the budgetary impacts of making the existing incentives more widely available and whether incentives for the Strategic Growth Areas should be established by amending the existing Central Area CIP or by adopting a new Strategic Growth Areas CIP.

Additionally, some Task Force members noted that some current incentives require development proponents to pay certain fees up front only to be reimbursed for those costs later. For developers, the cost of paying fees up front can be significant and challenging to a project. To help reduce up front development costs and promote project viability, the Task force has recommended that fee refunds be converted to waivers where possible.

Report Recommendation: Direct staff to either amend and re-name the Central Area Community Improvement Plan (CIP) to apply to all Strategic Growth Areas or to prepare a new Community Improvement Plan for Council's adoption for all Strategic Growth Areas outside of the Central Area, and convert CIP incentives from refunds to waivers where feasible, and report back by April 2025.

Task Force Recommendation 12: Financially incentivize multi-unit residential development projects, with particular emphasis on projects incorporating affordable housing opportunities.

Background: The Task Force stressed that government financial support is essential to providing affordable and non-market housing. The Task Force also noted that most forms of multi-unit development are financially challenging to build right now. To facilitate the creation of more homes faster and to help address housing affordability and low vacancy rates, the Task Force has recommended that financial incentives should also be established to support multi-unit housing and multi-unit projects that include affordable housing. The City currently has an Affordable Housing CIP that provides incentives for affordable housing. The City does not currently incentivize multi-unit housing explicitly outside of the Central Area. In reviewing this recommendation, staff and Council will need to consider the budgetary impacts and the cost/benefit of creating new incentives or expanding existing incentives for multi-unit and affordable housing. Best practices from other municipalities can be reviewed to identify options for incentivizing multi-unit and affordable housing more broadly than they are currently. Should a new CIP be preferred for multi-unit housing, a CIP By-law will need to be developed and adopted by Council.

Report Recommendation: Direct staff to provide options for financially incentivizing multi-unit residential projects and for enhancing incentives for non-profit housing including, but not limited to, adoption of a new Community Improvement Plan or amendments to existing Community Improvement Plans including the Central Area Community Improvement Plan and the Affordable Housing Community Improvement Plan by April 2025.

Strategic Plan

Strategic Pillar: Growth and Economic Development

Strategic Priority: Plan for mid-density and high-density mixed-use neighbourhoods to make the most efficient use of land and municipal services and provide affordable options for residents.

The approval of the recommendations in this report will further Growth and Economic Development by encouraging the construction of more housing for residents.

Budget and Financial Implications

Recommendation 1 in Section A calls for the Hiring of a Planning Project Manager to oversee a team of planning staff tasked with establishing a standard for a one-year approval timeline for qualifying housing development projects.

This position is intended to be completely funded by the anticipated increase in application fee revenues, with no impact on the tax levy. Council gave preliminary approval to fund this position in the 2025 Budget at the General Committee meeting held on November 19, 2024.

Attachments

Appendix A: Report from the Mayor's Task Force For Housing Creation

Submitted by,

Jeff Leal, Mayor

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