



MAYOR'S TASK FORCE

for Housing Creation



Members

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Message

MESSAGE FROM MAYOR LEAL

It's no secret that Peterborough, like so many other cities across the country, is in the midst of a housing crisis.

Our vacancy rate 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. These are not the characteristics of a healthy housing market, especially for a city the size of Peterborough.

Everyone in our community is affected by the lack of housing – whether you're a young couple trying to afford a suitable place to raise a family, parents who worry their children will never own a home of their own, or a local business whose employees can't afford to live close to where they work.

We have a housing supply problem – we simply haven't built enough housing units in our community to meet the demand from our residents. That's not the sole responsibility of municipalities. Aside from our subsidized housing units, we don't directly build housing. Cities 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 the planning and permitting process, the City does have a significant role in facilitating the construction of housing. And we know we need to step up our game.

Since becoming Mayor, I have made it a priority to help get more housing built. This is a priority that I share with all of Council. Last year I accepted the Provincial Government's Housing Target of 4,700 units by 2031, and our Council unanimously passed a corresponding Housing Pledge. Our staff have also been hard at work on a range of initiatives that will improve our processes over the next few years, including a Community Planning Permit System.

But there is an urgent need to take further action now. That's why I convened the Mayor's Task Force for Housing Creation. Over the course of six meetings, a group of local housing developers and experts covered a range of topics and offered suggestions for how the City can improve our processes to better facilitate the construction of housing. Their insights have led to this report and the resulting 15 recommendations to bolster housing construction in Peterborough.

I want to thank each of the members of the Task Force for sharing their time and expertise on this critical issue for our community. I appreciate all the conversations we had and the relationships we have strengthened through this process. Meeting our housing targets will require a true partnership between the City and our local builders, and I'm grateful for all these task force members have invested in Peterborough.



I also want to thank my colleagues on Peterborough City Council who served on this task force, including Councillor Kevin Duguay as the Vice-Chair, and Councillors Dave Haacke and Keith Riel.

I will bring forward these recommendations to Council at the next opportunity in early December 2024. In the meantime, I hope that developers and investors see this report as a signal that Peterborough is open for business. We want to make it easy to build and invest in Peterborough, and if implemented, these proposed changes will go a long way to making that a reality.

Yours sincerely,
Jeff

Overview

RECOMMENDATIONS

Speeding up Development

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.
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.
3. Work with the development industry to establish mutually acceptable lapse provisions for development approvals to encourage timely construction of approved developments.
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.
5. Establish appropriate as-of-right residential zoning to promote missing middle residential development by April 2025.
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.

Cutting the Cost of Building Housing

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.
8. Direct City staff to review By-laws 21-074 and 17-121 to reduce the development cost associated with compensating for tree removals.
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.
10. Amend City Engineering Standards to permit 2-stage curbs in new development.
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.
12. Financially incentivize multi-unit residential development projects, with particular emphasis on projects incorporating affordable housing opportunities.

Partnerships and Advocacy

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



INTRODUCTION

In 2021, the Minister of Municipal Affairs and Housing established a Housing Affordability Task Force (HATF) comprised of industry experts to deliver a report with recommendations to increase housing supply and affordability in Ontario. The HATF final report, released in February 2022, painted a striking picture of a province in crisis: skyrocketing house prices and rents have pushed housing out of reach for more people than ever before.

The City of Peterborough is no exception. Between 2018 and 2023, the average price for a new house in Peterborough (single and semi-detached) increased from \$560,460¹⁰ to \$1,139,095¹¹ while average monthly rent has grown from \$1,027¹² to \$1,325¹³. Over the same period, the average resale price for a single and semi-detached dwelling has risen from \$424,148¹⁴ to \$640,767¹⁵. While new and resale house prices have climbed by 103% and 51% respectively, and average rent has climbed by 29%, average household incomes have only grown by approximately 19%¹⁶ over a similar period (2016-2021).

As of October 2023, Peterborough's rental vacancy rate sits at 1.1%¹⁷ – the fourth lowest in the country among Census Metropolitan Areas (CMAs). Meanwhile, Central Lakes Association of Realtors (CLAR) reports¹⁸ that between 2016 and 2023, active listings in Peterborough remained consistently below 55% of 2014–2015 levels. As the Housing Service Provider for Peterborough City and County, the City currently has a wait list of approximately 1,900 applicants for government-supported rent-g geared-to-income (RGI) housing. In Peterborough, a shortage of available housing is helping to push house and rent prices to unprecedented heights. The HTAF, highlighting the link between low housing supply and house price escalation across the province, identified the need to build 1.5 million new homes in the province by 2031.

¹⁰ CMHC Price Quartiles and Averages: Absorbed Homeowner and Condo Units, 2018 (November 2020)

¹¹ CMHC Price Quartiles and Averages: Absorbed Homeowner and Condo Units, 2023 (April 2024)

¹² CMHC Rental Market Survey Data Tables, 2019 (January 2020)

¹³ CMHC Rental Market Survey Data Tables, 2023 (January, 2024)

¹⁴ Peterborough Examiner, January 10, 2019

¹⁵ Central Lakes Association of Realtors, 2023, Regional Housing Market Report, Peterborough – October 2023

¹⁶ CMHC Housing Information Portal: Population and Households Report 2016 and 2021

¹⁷ CMHC Rental Market Survey Data Tables, 2023 (January, 2024)

¹⁸ Peterborough and the Kawarthas Residential Market Activity and MLS Home Price Index Report, September 2023

HOUSING PLEDGE

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, summarized as follows:

1. Implement a Community Planning Permit System for strategic growth areas and establish a new, modern Zoning By-law;
2. Revise Parking Requirements and modernize Cash-in-lieu of Parking Policies;
3. Establish a corporate policy for the disposition of City lands that promotes mixed-use development on City-owned lands, including the development of affordable housing;
4. Establish a corporate policy for Public-Private Partnerships;
5. Modernize/streamline building approval processes for modular and pre-fabricated buildings;
6. Update regulations and establish incentives to promote Additional Residential Units;
7. Advance infrastructure planning to support growth;
8. Implement on-line digital tool (AMANDA) for receiving and processing planning and building applications and enhance in-person technical administrative support for clients through the Plan-Build Peterborough service;
9. Accelerate secondary land use plans to support long term growth; and,
10. Update the City's Downtown Parking Strategy.
11. 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.

OBJECTIVES, MEMBERSHIP, TIMELINE

The Mayor's Task Force for Housing Creation (the "Task Force") was created to provide evidence-informed and action-oriented observations and recommendations based on local experience and knowledge via a collaborative process with key partners to promote the construction of 4,700 new housing units in Peterborough by 2031 in line with the City's Housing Pledge.

The mandate of the Task Force was to gather ideas, information, experiences and best practices related to housing creation with a goal of identifying and recommending new or enhanced initiatives that can be undertaken specifically in Peterborough to promote housing creation. The Task Force met monthly between January 2024 and June 2024 with the objective of delivering a final report to the Mayor recommending specific actions that the City of Peterborough can take to help facilitate the construction of 4,700 new housing units by 2031.

Work Undertaken

SUMMARY

January 18, 2024

At the inaugural meeting of the Task Force, members introduced themselves and briefly described their background, their experience in the housing industry, and their interest in the Peterborough housing sector. City staff gave an overview of:

- the Task Force Terms of Reference (Appendix A) and meeting procedures;
- the City's housing context including demographics and housing need;
- City and provincial land use planning policies;
- the City's Housing Pledge;
- recent construction activity; and,
- a summary of ongoing, completed and planned City initiatives to accelerate housing creation.

The meeting concluded with a focus on identifying specific topics of investigation/discussion for the remaining Task Force meetings. Following the meeting, City staff surveyed Task Force members to identify a list of opportunities and barriers that the Task Force should investigate as they relate to accelerating housing creation.

February 15, 2024

The second Task Force meeting included a presentation from a small sub-group of members specializing in both greenfield land development and residential construction to discuss issues of common interest regarding their experiences with creating housing in the city. Following the presentation, staff presented the results of the Task Force member survey conducted after the first meeting, identifying the following key issues for Task Force consideration:

- Financial Incentives and Government Support;
- Development Approvals Process;
- Specific Development Initiatives;
- Public/Staff/Political Sentiment;
- Policy/Regulation Improvements; and,
- Market Conditions/Other Factors.

Given the limited timeframe for the Task Force, the members resolved to focus on three discussion themes for the next three Task Force meetings (one theme per meeting):

- The City Development Approvals Process;
- Experience with existing City guidelines and standards; and,
- Incentivizing development.

March 21, 2024 (The City Development Approvals Process)

The third Task force meeting began with a City staff overview of:

- the City's current development application approval process;
- current approval authority delegations to staff;
- proposed amendments to the City's application review process (the Community Planning Permit System); and,
- an overview of what City staff had heard from Task Force members to date regarding the City's development approvals process.

Task Force members broke into small groups for the second half of the meeting to discuss in detail:

- Suggestions to improve the City Land Use Planning Approval process;
- Suggestions to improve the City Building Approval process;
- Identifying Planning and Building Approval best practices from other jurisdictions; and,
- Considerations for the City's planned and ongoing development streamlining initiatives.

April 18, 2024 (Guidelines and Standards)

The fourth Task force meeting included a City staff overview of the City's current guidelines and standards affecting development including their purpose, their basis (e.g. Official Plan policy, accepted professional practice, legislation, City By-laws), and how they are implemented. Particular focus was given to:

- the City's recently adopted (2023) Urban Design Guidelines for the Central Area and the Mixed-Use Corridors;
- the City's Engineering Design Standards; and,
- the City's By-laws for tree removal and woodland conservation.

Task Force members broke into small groups for the second half of the meeting to discuss in detail:

- Experiences with current City Guidelines and Standards;
- Experiences and Best Practices from other jurisdictions; and
- Opportunities for using guidelines and standards to achieve desired housing and community outcomes.



WORK UNDERTAKEN (CONTINUED)

May 16, 2024 (Incentives)

The fifth Task force meeting included a City staff overview of incentives currently available for development including:

- the Central Area Community Improvement Plan (CIP) programs;
- the City's Affordable Housing CIP;
- Canada Mortgage and Housing Corporation incentives;
- the City's Heritage Property Tax Relief program; and,
- various development charge exemptions and reductions.

Task Force members broke into small groups for the second half of the meeting to discuss the following questions in detail:

- What forms of partnerships between developers (both private and non-profit sectors) and government would be beneficial for housing creation?
- What kinds of developments do you believe are most in need of incentive support to achieve the City's Housing Pledge, Official Plan, and affordability objectives? How should incentives be prioritized?
- What forms of incentives do you believe are most effective at facilitating the creation of new housing? Are there effective non-financial incentives that should also be considered?
- Please describe your experience with accessing development incentive programs (including in other municipalities) and describe their effectiveness. How can they be improved?

June 27, 2024

For the final Task Force meeting, staff introduced a list of 40 potential recommendations/action items for accelerating housing creation based on members' feedback received in the three previous meetings. The list of potential recommendations primarily focused on improvements to approval processes, the use of standards and guidelines, and prioritizing incentives. Additional recommendations were also provided reflecting feedback beyond the Task Force's three core focus areas.

From that list of potential recommendations, the Task Force endeavored to create a list of 10 to 15 priority recommendations – actions that could be achieved within 3 years – and other longer-term priorities for action to form the basis of the Task Force's Final Report. Members were distributed into two group discussion tables facilitated by staff to generate a draft list of final recommendations.

Conclusion



KEY MESSAGES HEARD

Peterborough, Ontario, and Canada are in the midst of a housing affordability and supply crisis. According to RBC Economics¹⁰, the cause of this crisis is multi-faceted and was decades in the making including:

- Increasing housing demand due to low interest rates (particularly 2015 to 2022), demographic shift to smaller household sizes, and aggressive Federal immigration policy;
- A lack of purpose-built rental apartments since the 1980s;
- A pandemic-fueled shift in the work-housing relationship enabling some homebuyers to work from home and move to distant communities;
- Aggressive pandemic financial supports that boosted many households' homebuying power; and,
- An overarching shortage of national homebuilding capacity to meet the demand for new homes.

Between 2022 and 2024, rising interest rates have reduced individuals' homebuying power and helped to cool the homebuying market, however demand for housing still continues to grow.

Most, if not all, of these factors are beyond the control of homebuilders and municipalities. Notwithstanding this, municipalities (as the land use and building approval authority) and homebuilders need to work together to find ways to enable homes to be built regardless of market conditions.

Housing creation is a complex and costly process. Land with adequate services or the ability to be serviced must be available, land use permissions must be obtained which often requires significant technical study and time to comply with Provincial policy, required infrastructure upgrades must be budgeted for and implemented in a timely manner, and favourable market conditions need to exist to support project financing and product sales, leases and rentals.

The City, as the land use approval authority and the primary authority for planning, delivering and operating infrastructure, plays a key role in the delivery of new housing. In accordance with Provincial policy¹¹, the City must ensure sufficient land is designated and available to support a minimum of 15 years of residential development and sufficient land with servicing capacity to provide at least a three-year supply of residential units. These policy provisions are achieved by issuing timely development approvals when applications are received and by ensuring infrastructure planning, budgeting and implementation aligns with growth priorities.

Despite current challenges in the housing market, there is demand for new housing in Peterborough and many builders are eager to proceed with development. For builders, however, a key piece of the homebuilding puzzle is recognizing the time value of money; time is costly and delays in bringing developments to market threaten project viability. Developers, homebuilders and the City need to work collaboratively to ensure that avoidable delays in the housing approvals and delivery process are minimized or eliminated. This means, among other things, ensuring sufficient City staffing is available to provide timely technical review service, that staff is empowered to make timely development approval decisions, and that staff is available to quickly collaborate with applicants to solve problems as they arise.

¹⁰ RBC Economics. The Great Rebuild: Seven ways to fix Canada's housing shortage (April 2024)

¹¹ Provincial Policy Statement, 2024. Ministry of Municipal Affairs and Housing

KEY MESSAGES HEARD (CONTINUED)

Also challenging cost-effective homebuilding are the rigours which new projects must meet including, but not limited to:

- parking;
- tree protection and urban design standards;
- natural and cultural heritage protection;
- evolving building code standards and stormwater management criteria; and
- land use policies and public sentiment that are perceived by some as emphasizing maintenance of existing built character.

Such standards and guidelines can add significant cost and time delays to projects both with respect to the preparation and approval of studies and to the need for cost-inefficient alterations to building designs at times. Wherever possible, the City is encouraged to simplify and reduce its standards and guidelines to not exceed industry best practices where such standards are deemed to add undesirable cost to development and to fast-track development approvals that meet current policies and regulations or implement key City objectives.

Beyond approval timelines and meeting standards and guidelines, rising costs associated with land, building materials, labour and City fees make housing affordability and even project viability difficult to achieve. While some project costs will vary by location depending on, for example, the extent of infrastructure improvements needed and the need for building demolition or site remediation, other costs are uniform across the City.

Presently, the City is updating its City-wide development charge by-law – a charge that is applied to all new development to pay for development-driven demand for new or increased services including roads, sewers, libraries, recreation and policing. According to the City's draft 2024 Development Charge Background Study¹², the infrastructure and services needed to support projected growth over the next 10 years could cause the City-wide development charge for a single detached dwelling to increase from \$48,014 today to \$70,953 on January 1, 2025. That charge excludes an additional area-specific development charge that applies in some areas of the city that currently varies between \$4,958 and \$14,992 for area-specific infrastructure and a water infrastructure development charge of between \$1,163 and \$6,784 (for single detached dwellings). In the Chemong West planning area, as an example, the total combined development charge for a single detached dwelling as of January 1, 2025 could be approximately \$89,126 compared to \$60,938 today.

While these fees are necessary and are applied to new development to cover the costs of the infrastructure required to support that new development, these costs are generally passed on to new homebuyers and tenants in their purchase or rental price. The City should consider ways to minimize development charge escalation or to even reduce development charges such as changing its service standards to reduce the need for new and expanded infrastructure (e.g. no new widening of roads or intersections, no new or expanded community facilities), investigating alternative services and infrastructure that are less costly, and/or reviewing its land use policies and approvals to require more efficient land development that prioritizes use of existing infrastructure first before creating new infrastructure (e.g. implement city-wide development phasing).

¹² Hemson Consulting. 2024 Development Charges City-wide Background Study (September 2024)

For new below-market affordable housing, these fees, combined with escalating construction costs, make it virtually impossible to construct projects without government financial incentives. While the goal should be to abate all cost escalations, where that is not possible there is a widespread need for government incentives, particularly for affordable and purpose-built rental housing. Provincially-legislated development charge exemptions for affordable housing and discounts for purpose-built rental housing are in effect and are helpful however additional incentives are needed to support these forms of housing. The Task Force acknowledges that discounting and waiving development charges, whether because of legislation or municipal discretion, could create additional need for the existing tax base to support new growth-related services and infrastructure.

According to a Housing Needs Assessment¹³ recently prepared for the City as part of its application to the Canada Mortgage and Housing Corporation's Housing Accelerator Fund, 5000 households, or 14.2% of all Peterborough households, are in core housing need meaning that their housing does not meet one or more of the national adequacy, suitability and affordability standards or that they spend 30% or more of their before-tax household income to access local housing that meets all three standards:

- Housing that does not require major repairs such as defective plumbing or electrical wiring, or structural repairs to walls, floors or ceilings;
- Housing that provides enough bedrooms for the size and make-up of the resident household; and
- Housing that costs less than 30% of before-tax household income¹⁴.

Among Peterborough renters, 28.1% of tenant households are in core housing need. Furthermore, Ontario Aboriginal Housing Services¹⁵ currently has a wait list of 807 households in Peterborough that require affordable, RGI housing in addition to the 1,923 applicants waiting for RGI housing through the City. Between 2018 and 2021, Peterborough saw a 350% increase in unhoused people sleeping outdoors¹⁶.

With such a significant demand for affordable and Indigenous housing, there is a need for the City to investigate innovative partnerships with private developers/builders, non-profit developers/builders, and Indigenous housing providers and communities to begin to address needs.

Overall, there is a need for all forms of housing in the community; however, the need for affordable housing and purpose-built rental housing is particularly pronounced. Working collaboratively with the development, building, and housing provider community to accelerate development approvals, simplify the development approval process, and incentivize key forms of development will give the City its best chance of successfully meeting community needs and achieving 4,700 new housing units by 2031.

¹³ Dillon Consulting Ltd. Housing Needs Assessment, Peterborough (CY) (September 2024)

¹⁴ Canada Mortgage and Housing Corporation. Identifying Core Housing Need. (Accessed September 22, 2024)

¹⁵ Ontario Aboriginal Housing Services. Reporting to Mayor of Peterborough's Housing Task Force (April 2024)

¹⁶ United Way Peterborough & District, 2022. Point in Time Count, 2021: A Survey of People Experiencing Homelessness in the City of Peterborough



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