



City of  
**Peterborough**

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**To:** Members of the General Committee

**From:** Blair Nelson, Commissioner, Infrastructure, Planning and Growth Management

**Meeting Date:** April 7, 2025

**Report:** Zoning By-law Amendment and Community Improvement Plan to End Exclusionary Zoning, Report IPGPL25-013

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## **Subject**

A report to address Council's directive and corresponding initiative under the City's Housing Accelerator Fund, to eliminate exclusionary zoning practices and to permit up to four (4) residential dwelling units on a lot as-of-right, City-wide. Additionally, the report recommends a new Community Improvement Plan, funded by the Housing Accelerator Fund (HAF2) to incentivize Missing Middle Housing forms within a designated Community Improvement Project Area

## **Recommendations**

That Council approve the recommendations outlined in Report IPGPL25-013, dated April 7, 2025, of the Commissioner of Infrastructure, Planning and Growth Management as follows:

- a) That Council approve amendments to the City's Comprehensive Zoning By-law (By-law 1997-123) to permit up to four residential dwelling units on a lot as-of-right, city-wide within the R.1 and R.2 Zoning Districts, and to update the Zoning By-law provisions for Additional Residential Units in keeping with recent legislative changes, in accordance with the draft By-law attached hereto as Appendix A of Report IPGPL25-013;
- b) That Council designate lands as a Community Improvement Project Area for the 'Missing Middle Community Improvement Plan' as identified on Schedule A of the draft By-law attached hereto as Appendix B of Report IPGPL25-013; and

- c) That Council approve the 'Missing Middle Community Improvement Plan' pursuant to Section 28(4) of the **Planning Act**, in accordance with the draft By-law attached hereto as Appendix C of Report IPGPL25-013.

## Executive Summary

- The City of Peterborough is responding to Federal and Provincial directives that call for the end to exclusionary zoning practices by amending the City's Comprehensive Zoning By-law to permit up to four residential units on a lot as-of-right in the R.1 and R.2 residential districts.
- Addressing the gap between primarily single detached dwellings and mid-rise apartment buildings by ending exclusionary zoning, coupled with providing financial incentives for missing middle housing forms, will provide greater diversity in the housing supply, including unit type, tenures and price-points, that better serve the changing demographics of Peterborough while ensuring an efficient use of land and municipal infrastructure.
- The creation of a new Missing Middle Community Improvement Plan (MMCIP) is in keeping with the City's initiative under the HAF2 application and will provide financial incentives for the creation of missing middle housing forms, such as duplexes, triplexes and fourplexes into low-density residential neighbourhoods.
- The MMCIP is fully funded through the HAF2 funds. The Plan includes details for a Development Charge Rebate Program that will rebate all, or a portion of the applicable Development Charge fees on the second, third and fourth dwelling units on qualified properties.
- Programs under the MMCIP are well-suited for delegated approval and signing authority since their funding source poses minimal financial risk to the City. As such, this report recommends that Council authorize Staff as the delegated approval and signing authority to administer and approve applications for the Missing Middle Community Improvement Plan.

## Background

Shifting household demographics and evolving market preferences have created a gap between the City of Peterborough's existing housing stock and current housing needs. The City's September 2024 Housing Needs Assessment, prepared by Dillon Consulting on behalf of the City, (September 2024) highlights this disconnect, revealing that single detached homes with three or more bedrooms dominate the market, while only 14% of the City's housing consists of bachelor or one-bedroom units. These results indicate the City's housing supply primarily serves families, despite nearly 68% of households being comprised of one or two people and considering the City's average household size is

2.3 individuals. These demographic shifts underline the growing need for smaller, more accessible housing options that cater to singles, seniors, and smaller households—demographics that are currently underserved by Peterborough’s existing housing stock.

Housing affordability trends are also shifting significantly. In Ontario, house prices have nearly tripled over the past decade, while Peterborough’s rental vacancy rate has remained low, between 1-3.3% in recent years. Rising housing demand and associated costs for both owners and renters continue to outpace income growth. This widening gap highlights the need for a greater supply of diverse and affordable housing options to meet the needs of current and future residents.

Traditionally, prescriptive density and use-based planning and zoning regulations were designed to separate land uses, and in recent years have been criticized for creating urban environments that hinder the integration of diverse housing forms, uses, and building types, particularly in established residential neighborhoods. This approach to land use planning is commonly referred to as exclusionary zoning.

In the City of Peterborough, some of the City’s most cherished and in-demand neighborhoods, like Ashburnham Village and the historic downtown, emerged from a pre-war era that pre-dates exclusionary zoning. During this time, three-unit and four-unit buildings (e.g., triplexes, fourplexes, and low-rise apartment buildings) were more commonplace, contributing to a more diverse housing mix. Many of these buildings, particularly in the City’s Downtown, are comparable in size and scale to single-detached homes and blend seamlessly into streets and blocks primarily composed of single-detached dwellings, while offering greater density through three- and four-unit configurations.

In neighbourhoods that post-date exclusionary zoning practices, a contrasting land use pattern can be observed, dominated by single-detached homes interspersed with mid- and high-rise apartment buildings. This pattern has exposed the gap known as Missing Middle Housing, which refers to the lack of housing types such as duplexes, triplexes, fourplexes, rowhouses, and townhouses that provide a middle ground between single detached homes and larger apartment buildings. Missing middle housing forms offer more diverse and attainable housing options by enabling building densities and typologies that are compatible with the single detached dwellings, which predominate stable residential neighbourhoods.

Gentle intensification through multi-unit housing types, designed to be compatible in scale with single detached homes, creates opportunities for a more diverse housing stock with a mix of unit sizes. This approach to missing middle housing also promotes the development of more affordable housing options by leveraging cost efficiencies from utilizing already serviced land and optimizing the use of existing community services and facilities, commercial opportunities, and transit infrastructure.

## The Call to End Exclusionary Zoning

### Ontario's Housing Affordability Task Force

In December 2021 the Provincial Government along with the Ministry of Municipal Affairs and Housing appointed a task force, known as the Housing Affordability Task Force (HATF), to provide recommendations on opportunities to address housing affordability in Ontario. The group was comprised of industry leaders and experts tasked with consulting with stakeholders such as municipalities and advocacy groups to devise a final report (February 2022) with recommendations to address the current housing crisis.

This final report yielded 55 recommendations centred around five key themes, being: 1) increasing the density of housing across the province; 2) end exclusionary municipal rules that block or delay new housing; 3) depoliticize the housing approval process; 4) prevent abuse of the housing appeals system; and 5) provide financial support to municipalities that build more housing.

Final Report Recommendation No. 3 specifically advocates for limiting exclusionary zoning in municipalities and permitting "as-of-right" multiple units of residential housing on a single lot.

The HATF report highlights that increasing the construction of missing middle housing forms could help alleviate the ongoing shortage of skilled tradespeople, who are vital to housing development. This is because the Province's skilled labour shortage is less pronounced among smaller developers and contractors specializing in building renovation and construction. These smaller firms generally utilize a different workforce than those involved in mid-rise and high-rise development or large-scale subdivision projects, allowing them to expedite housing starts in the short term. By addressing the missing middle housing gap, the City can increase its housing supply while broader efforts continue to close the labour gap and train the next generation of tradespeople.

### Provincial Introduction of Additional Residential Units (ARUs)

On November 28, 2022, the Province of Ontario passed Bill 23, known as the **More Homes Built Faster Act**, aimed at increasing the housing supply and advancing efforts to end exclusionary zoning. The Province introduced amendments to the **Planning Act** to allow gentle intensification by requiring municipalities to adopt zoning regulations to permit two (2) Additional Residential Units (ARUs) on a lot containing an eligible Primary Residential Unit (detached house, semi-detached house or rowhouse). Currently, the **Planning Act** allows a total of three (3) residential units on a lot as-of-right, distributed as follows:

- Up to two (2) ARUs located within the same building as the Primary Residential Units; or

- One (1) ARU located within the same building as the Primary Residential Unit, and/or one ARU located within a detached accessory building or structure

The minimum regulated ARU unit size determined by the Ontario Building Code (approximately 145 square feet). Through Bill 108, the *More Homes, More Choice Act, 2019*, ARUs have been exempt from Development Charges, as well as Parkland and Community Benefit contributions, to promote intensification and lower development costs and barriers.

Although this Provincial legislation helps municipalities move away from exclusionary zoning, this legislation is aimed to increase the availability of housing by enabling municipalities to permit, with conditions, up to three residential units on a lot.

While Additional Residential Units (ARUs) help fill some gaps in the housing market, they also have limitations in fully addressing missing middle housing needs. Here's how ARUs can be deficient:

**More limited Scale of Density:** ARUs typically add only one or two additional units per lot, which does not expand the overall housing supply as effectively as multi-unit or four-unit buildings that more accurately represent missing middle housing.

**Design and Layout Constraints:** Layout constraints for ARUs can lead to suboptimal building designs, limited unit sizes, and restricted unit compositions, hindering the creation of a diverse housing stock. For example, ARUs must be smaller than the primary dwelling unit and are limited to a maximum of two bedrooms, which may not accommodate families or provide larger units that offer a living experience comparable to single-detached homes.

**Limited Redevelopment Options:** Legislative requirements restrict ARUs to eligible primary dwelling units, being detached house, semi-detached house or rowhouse dwellings, limiting the existing properties eligible for redevelopment. In comparison, missing middle housing could permit the conversion of a duplex (divided horizontally) into a triplex or fourplex or the conversion of a three-unit dwelling (triplex) into a four-unit dwelling (fourplex).

**Tenure and Affordability Limitations:** Legislative requirements require ARUs to be subordinate to and situated on the same lot as the eligible primary dwelling unit. As a result, ARUs are typically suited for rental tenure, with a single entity owning all units on the lot. In contrast, missing middle housing forms offer greater tenure flexibility, allowing for either rental or ownership models. To facilitate more affordable home ownership, properties can be divided into individual condominium units with shared common elements for individual unit ownership.

Government of Canada Housing Accelerator Fund

Launched in March of 2023, the Housing Accelerator Fund (HAF) is a Government of Canada initiative, administered by Canada Mortgage and Housing Corporation (CMHC),

to assist municipalities in removing barriers to housing construction and increasing the supply of diverse and affordable housing options. Administered in funding rounds, the HAF was created to incentivize local governments to implement structural and lasting reforms that will increase the supply of housing.

Minimum requirements under this program included:

- Complete a Housing Needs Report;
- Developing an action plan with the prescribed number of initiatives;
- Commit to a housing supply growth target within their action plan that increases their average annual rate of housing growth by at least 10% above levels without HAF2 incentives and an annual City-wide growth rate exceeding 1.1%;
- Provide a housing supply growth target with projections based on a three-year period; and
- Submit periodic reports to CMHC in the form and timelines prescribed.

In addition to these requirements, the second round of HAF funding introduced new conditions, whereby the proposed action plan initiatives must align with 10 HAF best practices and, importantly, commit to allowing four (4) units per lot as-of-right in their action plan.

Relevantly, the following were identified as part of the 10 Housing Accelerator Fund best practices:

### **1. End exclusionary zoning**

- Stop low-density zoning and regulations that exclude housing types, such as affordable and social housing and which limit the variety of housing typologies in residential areas.
- Allow 4 units per residential lot as-of-right to support infill development in low-density neighbourhoods municipality-wide.

### **5. Comprehensive review of development charges and fee schedules**

- Waive application and/or permit fees for priority housing types including non-market housing and/or purpose-built rentals.
- Implement disincentives or other strategies to encourage development of vacant, underdeveloped or idle land.

## 7. Eliminate restrictions and add flexibility

- Explore form-based zoning as an alternative approach, that focuses on the form and scale of residential buildings in relation to the lot. This approach focuses on the physical characteristics of the building instead of the number of dwellings inside the building.

### City of Peterborough Mayors Housing Task Force for Housing Creation

In January 2024, the City formed the Mayor's Task Force for Housing Creation to explore strategies for encouraging and promoting the development of new housing units. The Task Force presented 15 recommendations focused on three core themes: 1) accelerating development, 2) lowering housing construction costs, and 3) fostering partnerships and advocacy. Notably, the following recommendations addressing the elimination of exclusionary zoning, and emerged from the Task Force's recommendations.

- Establish appropriate as-of-right residential zoning to promote missing middle residential development by April 2025.
- Financially incentivize multi-unit residential development projects, with particular emphasis on projects incorporating affordable housing opportunities.

### City Council Motions to End Exclusionary Zoning

On February 5, 2024, the City of Peterborough Council passed a motion to end exclusionary zoning, aiming to increase flexibility in addressing the housing supply and affordability crisis as follows:

"Therefore, be it resolved, that staff be directed 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" in Peterborough, 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."

## Purpose

In January 2025, the City of Peterborough was invited to participate in the Housing Accelerator Fund Round 2 (HAF2) Program. Through the approval of the City's application and an agreement under the second round of funding (HAF2), the City is slated to receive over \$10.6 million dollars to eliminate barriers to building housing faster.

In alignment with the provincial and municipal efforts to end exclusionary zoning and in accordance with the City's successful HAF2 application, this report seeks to commence

initiative no.2 under HAF2 agreement, aptly titled 'End Exclusionary Zoning Through As-of-Right Housing Policy and Allow 4 Units As-of-Right City-Wide and Incentivize Missing Middle Housing'. Elements of this fund initiative include, but are not limited to:

1. Amend the Zoning By-law to eliminate exclusionary zoning, pre-zone lands and reintroduce a greater variety of housing typologies (including duplexes, triplexes and fourplexes) with appropriate supportive regulations (i.e., increased height and building coverage) into the City's low-density neighbourhoods as-of-right.
2. Create a Community Improvement Plan (CIP) for the creation of missing middle housing, to reduce upfront development costs and encourage infill development through programs that:
  - a. Offer partial rebates on Development Charges for the construction of two-, three-, and four-unit dwellings;
  - b. Provide grant funding to cover building permit fees for eligible missing middle housing projects; and
  - c. Enable interest-free loans of up to **\$10,000** per unit to support the construction of missing middle housing.

Therefore, the purpose of this report is three-fold. Firstly, it proposes a Zoning By-law Amendment to implement as-of-right zoning, allowing up to four units per lot within the City's residential zone districts. Secondly, it introduces housekeeping amendments to the Zoning By-law to align with the new legislation governing Additional Residential Units (O. Reg 462/24). Lastly, this report introduces a newly proposed Community Improvement Plan (CIP), named the Missing Middle CIP aimed at bolstering the creation of missing middle housing forms through financial incentives that support this locally defined objective. These three objectives are explored in further detail below:

### **1. As-of-Right Zoning to Permit 4 Units on a Lot**

To eliminate exclusionary zoning and allow up to four units per lot as-of-right across the City's neighborhoods, a Zoning By-law Amendment is necessary to increase the maximum number of dwelling units permitted per lot in Residential District 1 (R.1) and Residential District 2 (R.2) from one and two units, respectively, to four. It's important to note that these zoning categories already permit up to three units on a lot in accordance with the provincial legislation and the Zoning By-law's general provisions on Additional Residential Units (ARUs), provided the lots contain a detached house, semi-detached house, or rowhouse. Therefore, the proposed amendment aims to further enhance housing flexibility and density within these districts, by permitting a net total of one additional dwelling unit. These amendments are limited to the standard R.1 and R.2 residential zoning districts, since the other residential zoning districts, under Section 9-12 of the City's Comprehensive Zoning By-law, already permit four or more residential units on a lot as-of-right. In other words, the R.1 and R.2 districts are currently the only standard districts that are considered exclusionary. The proposed Zoning By-law



Amendment introduces building types under the residential districts' permitted use sections, clarifying the permitted built form and introducing purpose-built missing middle housing typologies, including three-unit and four-unit dwellings, as defined under the By-law. This approach aligns better with form-based zoning principles by emphasizing the building's physical form, rather than focusing solely on the number of dwelling units it contains.

It's important to note that, despite the changes to lot area coverage required by O. Reg 462/24 (as outlined below), the existing regulations within the residential zone districts have been intentionally maintained. This deliberate approach offers several key advantages:

- **Managed Integration:**  
It supports a gradual and controlled introduction of missing middle housing forms into the City's established neighborhoods. By maintaining existing zoning regulations, it challenges the assumption that adding more units creates larger buildings or incompatible built form.
- **Interim Solution for More Thoughtful Planning:**  
Retaining the current regulations serves as an interim measure while the City explores more comprehensive changes to residential zoning that aim to further reduce development barriers for missing middle housing. This approach allows for additional time to engage the community and gather meaningful input. Future reviews and adjustments to zoning regulations could be integrated into broader policy planning initiatives, such as a potential City-wide Community Planning Permit System or a Comprehensive Zoning By-law Update, helping to streamline efforts and avoid duplication of work.
- **Immediate Access to Missing Middle Housing:**  
Property owners on eligible lots can take advantage of permitted increased residential density without waiting for broader planning processes, accelerating community access to a greater range of housing options.
- **Ongoing Monitoring and Policy Improvement:**  
Staff will assess the effectiveness of the zoning changes in promoting missing middle housing forms, identifying any development barriers and using these insights to guide future updates to planning policies or zoning regulations.

The proposed amendments to the City's Comprehensive Zoning By-law to permit four units on a lot as-of-right in the R.1 and R.2 districts are provided in **Appendix A** to this report.

## **2. Additional Residential Units Zoning Amendments**

Ontario Regulation 462/24 (amending O. Reg. 299/19) came into effect on November 20, 2024, and introduced several key changes to facilitate the development of Additional Residential Units (ARUs) across the Province. Therefore, applicable housekeeping

amendments to the City's Comprehensive Zoning By-law are proposed as outlined below:

- **Applicability and Unit Limits:** The definition of "primary residential unit", and language in Section 4 of the Regulation clarify that eligible buildings or structures that contain additional residential units are located on "parcels of [urban residential] land", clarifying the interpretation of this regulation that properties exceeding three residential units do not qualify under this regulation.
- **Increase in Maximum Lot Coverage:** With respect to parcels of urban residential land on which additional residential units are located, up to a maximum of 45 per cent of the surface of the parcel is permitted to be covered by buildings and structures.

Given the increase in maximum lot coverage for properties with ARUs, the lot coverage for semi-detached homes, triplexes, and fourplexes is also recommended to be adjusted to 45% across residential districts (Sections 7-12 of the By-law) to ensure these purpose-built missing middle housing forms remain desirable and comparable to ARU development. Lot coverage for all other permitted building types remains unchanged.

The proposed housekeeping amendments to the City's Comprehensive Zoning By-law (Being By-law 97-123) are provided in **Appendix A** to this report.

### **Missing Middle Community Improvement Plan and Community Improvement Project Area**

Financial incentives can play a key role in overcoming the economic barriers to ending exclusionary zoning by making it more financially viable for owners to construct missing middle housing. By adopting a new Community Improvement Plan, the City of Peterborough is able to offer certain development incentives within a defined project area without contravening the bonusing provisions under the **Municipal Act** [Section 106(1)]. The proposed CIP is provided in **Appendix C** to this report and is entitled the "Missing Middle Community Improvement Plan" (MMCIP).

Section 28 of the **Planning Act** allows municipalities, through enabling policy in the City's Official Plan, to designate a 'Community Improvement Project Area' (CIPA) through By-law and to prepare and adopt a Community Improvement Plan for such an area. This section of the **Planning Act** authorizes municipalities to define a CIPA for any "... environmental, social or community economic development reason". A community improvement project area may encompass a single property, a larger area identified for redevelopment, or even the entire municipality.

The proposed CIPA for the purpose of the MMCIP is city-wide, as depicted in **Appendix B** to this report; however, eligible properties under the Development Charge Rebate Program are limited to properties designated 'Residential' on Official Plan Schedule 'B' and within the 'Downtown Neighbourhood' designation on Official Plan Schedule 'C'.

The CIPA takes on a neighbourhood-wide approach to end exclusionary zoning and permit a greater variety of building typologies through infill development.

The proposed MMCIP introduces a CIP framework that includes the MMCIP's purpose and objectives, the legislative authority and policy framework, proposed incentive programs under the Plan, general program eligibility requirements, and plan administration guidelines. Presently, only one program is proposed under this CIP, being the Development Charge Rebate Program, with placeholders for forthcoming incentive programs, being a Building Permit Grant Program and Municipal Loan Program.

The purpose of the Development Charge Rebate Program is to provide upfront financial assistance for the creation of second, third- and fourth units on a lot by reimbursing partial Development Charge fees, calculated in accordance with City's Development Charge By-law 24-081. The purpose of the Development Charge Rebate Program is to provide upfront financial assistance for the creation of second, third- and fourth units on a lot by reimbursing the otherwise payable (non-exempt) city-wide or uniform charge portion of the Development Charge fees associated with purpose-built second, third and fourth units, calculated in accordance with City's Development Charge By-law 24-081. Eligible properties will be purpose-built missing middle housing projects that do not otherwise meet the definition, or legislative requirements to be deemed an Additional Residential Unit, which are exempt from paying DC charges. This program provides a rebate for Development Charges (DC) on the second, third, and fourth units on a lot, matching the City-wide uniform charge for Residential C units. This equates to approximately \$44,012 per unit (2025 rate), with a maximum total funding of approximately \$132,036 (2025 rate). Portions of the total payable DCs associated with applicable area-specific (planning area) charges or education development charges are not eligible for reimbursement under this program.

Under the **Development Charges Act**, the City cannot exempt desirable types of development, such as missing middle housing, from development charges without first amending the DC By-law. This process can be complex and subject to challenge and any amended exemption effectively shifts the development charge repayment to the DC reserve to the taxpayer. To overcome this challenge, this program will utilize \$700,000 of the MMCIP's estimated \$1,000,000 annual budget, which is funded through the Housing Accelerator Fund (HAF2) program, to rebate the DCs for eligible projects. Once all funds are allocated, the CIP program will close for that intake year and reopen the following year if additional HAF2 funding is secured under the City's contribution agreement. The program will permanently end once all HAF2 funding installments are completed unless additional funding is provided in the Capital Budget or from other sources.

Council is the approval and signing authority for CIP; however, due to the nature of the funding programs and their funding source, requiring full Council approval for each application introduces delay that can be problematic for construction timelines, particularly given the City's reporting deadlines and Council meeting schedule. To

address this, staff recommend Council authorize Staff as the delegated approval and signing authority to administer and approve applications for the Missing Middle Community Improvement Plan, in accordance with the City's existing exempt expenditure authorities, under the City's Procurement By-law 24-077.

Notwithstanding the funding approval authority outlined above, the day-to-day administration of the Plan requires an approval authority for determining program eligibility. This role is proposed to be fulfilled by the City's Director of Planning, Development, and Urban Design, or their delegate. In the event of a dispute over eligibility between the applicant and City staff, the applicant may request Council approval by way of a staff-directed report to Council.

Programs under the MMCIP are well-suited for delegated approval and signing authority as they streamline housing construction, and since they are federally funded, they pose little financial risk to the City.

## **Analysis**

### **City of Peterborough Housing Pledge**

On November 27, 2023, Council pledged to support the construction of 4,700 new dwellings by 2031 as requested by the Minister on June 16, 2023. Provincially, municipal housing pledges are a key tool for ensuring the construction of 1.5 million new homes by 2031 to address an ongoing housing supply and affordability crisis. To help the City meet its housing targets, eliminating exclusionary zoning and introducing a new Community Improvement Plan (MMCIP) to incentivize missing middle housing construction will reduce barriers to infill development. This includes streamlining the approval process and lowering upfront capital costs for new residential units. As outlined in Section 3.3.3(b) of the City's Official Plan, at least 50% of new housing units approved annually will be in the form of intensification. Limiting the Development Charge Rebate Program to the 'Residential' and 'Downtown Neighbourhood' designations, as depicted on Schedules 'B' and 'C' of the City's Official Plan acknowledges the important role the City's neighbourhoods play in addressing the City's chronic and emerging housing challenges.

### **Provincial Planning Statement, 2024 (PPS)**

Any decision of Council must be consistent with the PPS which came into effect on October 20, 2024. The PPS provides general direction to municipalities with respect to matters of provincial interest in land use planning. The PPS seeks a supply and mix of housing options to address a full range of affordability needs and emphasizes a strong and competitive economy that is investment ready. There is an underlying theme of aligning land use planning with transit, infrastructure, public services, while balancing cultural heritage, agriculture and natural resources. The recommendations of this report are consistent with the Provincial Planning Statement.

For instance, in support of the policies under Section 2.2 of the PPS, the proposed By-laws, CIP and Zoning By-law amendments work collectively to promote the development and introduction of new housing options within previously developed areas, and redevelopment, resulting in a net increase in residential units. Doing so will provide for an appropriate range and mix of housing options and densities, including housing arising from demographic changes.

Furthermore, in accordance with Section 2.3 of the PPS, the recommendations in this report encourage housing densities that maximize the efficient use of land, resources, infrastructure, and public services, while also promoting active transportation and the development of complete communities.

### **Official Plan**

Adopted by City Council in 2021, the City of Peterborough's new Official Plan was approved by the Minister of Municipal Affairs and Housing on April 11, 2023. The City's Official Plan serves as the primary long-term municipal planning document, providing a framework for land use decisions and guiding community growth through to 2051. Eliminating exclusionary zoning practices and implementing a new Community Improvement plan that provides financial support for the creation of missing middle housing forms and infill development support the purpose and objectives of the City's Official Plan, notably:

- Section 7.16 of the Official Plan contains enabling language and policies for Community Improvement Plans and Areas pursuant to Section 28(2) of the **Planning Act**. The Act requires that a by-law be passed to designate the whole or any part of an area covered by such an official plan as a CIP project area. The proposed By-law provided in Appendix B was prepared for this effect. Once a CIP project area has been established, Council can then adopt the proposed community improvement plan.
- Section 3.3.2 of the City's Official Plan (Objectives for Growth Management) emphasizes that to support intensification and redevelopment, the City may designate key strategic development and investment areas as priorities for implementing financial and planning tools, such as Community Improvement Plans (CIPs). These areas are identified based on their potential to advance the City's vision and growth objectives. Additionally, Section 5.2.3 (Housing Supply) states that the City should identify neighbourhoods as Community Improvement Areas, and plan for, and implement neighbourhood improvement programs, in accordance with the applicable policies of this Plan.
- The City's Official Plan prioritizes the creation of complete communities by promoting a mix of land uses and diverse housing options. Section 4.2 of the Plan outlines the Neighbourhood Designation, which supports varied residential building types and compatible land uses. Key objectives include encouraging a broad range of housing in terms of location, size, cost, tenure, design, and accessibility, while also supporting residential intensification and infill

development where impacts are minimal, and municipal services can be efficiently used.

- The proposed as-of-right zoning for up to four residential units in R.1 and R.2 districts aligns with Section 4.2.2 of the Official Plan, which already recognizes triplexes, fourplexes, townhouses, and row dwellings as low-rise, compatible development within the 'Residential' Designation. Furthermore, the proposed Zoning By-law Amendment and MMCIP supports policies under this section of the Plan by directing infill development to neighborhood interiors and along Local and Collector Roads.
- The proposed Zoning By-law Amendment and MMCIP program aim to enable and incentivize infill development to support complete communities. Aligned with Section 5.2.3 of the Official Plan, these initiatives promote efficient land use, infrastructure, and public services, and support the use of active transportation and transit in areas where it exists or is to be developed.
- The City's Official Plan recognizes City-initiated Zoning By-law Amendments as a key tool for implementing Provincial and Municipal policies and achieving the City's housing objectives. Notably, Section 5 of the Official Plan supports a flexible Zoning By-law to accommodate diverse housing types and sizes, particularly for affordable and accessible housing.

## **Strategic Plan**

Strategic Pillar: Growth & Economic Development

Strategic Initiative: 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 report's recommendations will support the creation of medium-density residential neighborhoods by strategically targeting infill development that makes efficient use of existing land and municipal services. Additionally, financial incentives for purpose-built missing middle housing will create more affordable and attainable housing options with greater tenure flexibility than ARUs alone can provide.

Strategic Pillar: Growth & Economic Development

Strategic Initiative: Establish area-specific plans for the redevelopment of key sites in the City to promote strong, compatible, and connected neighbourhoods that enhance quality of life and encourage greater infill.

Introducing a new CIP program (MMCIP) will help the City leverage tools available to it under the **Planning Act** to foster redevelopment opportunities. Limiting the eligibility of the Development Charge Rebate Program to the Official Plan's 'Residential' and 'Downtown Neighbourhoods' designations aligns with the intent of the Community Improvement Plan.

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Support review/update of City's by-laws to make them effective and efficient, meeting the needs of our growing City.

Amending the City's Comprehensive Zoning By-law responds to both Provincial and Municipal calls to end exclusionary zoning while ensuring that zoning regulations for Additional Residential Units (ARUs) remain up to date. These amendments promote the efficient and consistent application of the City's zoning regulations to streamline the development approval process, and they take advantage of any increased legislative flexibility to better address the City's housing needs.

The proposed MMCIP program builds on the City's toolkit for supporting infill development that is responsive to current conditions of the market and need for housing creation.

Strategic Pillar: Infrastructure

Strategic Initiative: Continue to invest in lower carbon footprint initiatives which support the City's unique biodiversity to ensure the sustainability of our future.

Introducing a new CIP and permitted greater unit densities in the R.1 and R.2 zoning districts as-of-right will enhance the opportunity for private investment and optimize the use of the City's established residential neighbourhoods. These locations have existing infrastructure and the ability to accommodate new residential units and uses within a compact land mass, thereby reducing the reliance on more carbon intensive development.

## Engagement and Consultation

The preparation of a Community Improvement Plan is treated in the same manner as the preparation of an Official Plan Amendment. Subsection 28(5) incorporates the

provisions of Section 17 respecting consultation and public meetings, submissions and comments, adoption of the community improvement plan, and prescribed notice.

Therefore, On March 3, 2025, in accordance with Section 17 and 34 of the **Planning Act**, both the circulation to agencies and departments was issued and the Notice of Public Meeting was published in the Peterborough Examiner. The proposed Official Plan Amendment and Zoning By-law Amendment files were presented to the City's Planning Advisory Committee on March 25, 2025. Internal staff groups such as City Solicitor's office and Finance & Corporate Support Services were consulted in reviewing the proposed program and related material.

As a City-initiated amendment, the Zoning By-law Amendment and the related draft Missing Middle CIP by-laws were circulated to and received by the City's Planning Advisory Committee on March 25, 2025.

## **Budget and Financial Implications**

There are minimal to no direct budget or financial implications arising from the approval or adoption of the proposed 1) CIPA By-law; 2) MMCIP, or 3) amendments to the City's Comprehensive Zoning By-law. The MMCIP is funded by the City's successful procurement of Housing Accelerator Fund (HAF2) monies and does not require reoccurring capital funding within the City's budget. Using HAF2 funds for this purpose prevents the need to forego development charge revenue by granting DC exemptions pursuant to By-law 24-081, which would otherwise require the recovery of any lost revenues in future capital budgets.

Indirectly, approval or adoption of the proposed CIPA By-law, MMCIP, and Zoning By-law amendments will incentivise the construction of missing middle housing forms and directly result in infill investment across the City's residential neighbourhoods. This supports the City's financial sustainability and makes more efficient use of the existing services. Potential increases in tax revenue will be determined by the assessed value of the property which will be calculated by the Municipal Property Assessment Corporation (MPAC) once a building permit has been issued.

Eliminating exclusionary zoning restrictions; and increasing flexibility in lot area requirements (as required per O. Reg 462/24), is expected to streamline the development approval process, minimize variance requests, and reduce staff workload and review time. This optimization of existing staffing resources will also lead to indirect cost savings across the municipality. However, and notwithstanding, the Missing Middle Community Improvement Plan will require the allocation of staff time and resources to administer, which includes (an) appointed Plan Administrator(s) who will be responsible for the day-to-day administration of the Plan.



## Conclusion

The recommendations of this report recognize opportunities for neighbourhoods to evolve incrementally to assist with meeting current and future housing needs. Planning Staff recommend that Council approve the proposed amendments to the City's Comprehensive Zoning By-law as a critical step to ending exclusionary zoning. Approving these amendments will also ensure zoning regulations for Additional Residential Units remains up to date with recent changes to Provincial legislation.

Additionally, City Staff recommends that Council designate the proposed Missing Middle Community Improvement Plan (MMCIP) Project Area (**Appendix B**) and adopt the proposed MMCIP (**Appendix D**). Doing so will make financial assistance available for eligible missing middle housing developments, notably through a Development Charge Rebate Program, making projects more financially feasible and bringing missing middle housing development costs in line with ARU incentives.

Approving these recommendations will mark a critical milestone in achieving HAF program targets and will contribute to a more diverse housing stock, offering a range of affordability and tenure options to meet the needs of current and future residents.

## Attachments

- Appendix A: A By-law to Amend Sections 1, 6, and Sections 7-12 of the City's Comprehensive Zoning By-law, being By-law 1997-123
- Appendix B: A By-law to designate a Community Improvement Plan Project Area to facilitate the Missing Middle Community Improvement Plan
- Appendix C: A By-law to adopt the Missing Middle Community Improvement Plan for the City of Peterborough

Submitted by,

Blair Nelson, P. Eng.  
Commissioner, Infrastructure, Planning and Growth Management

**Contact Name:**

Brad Appleby, RPP, MCIP  
Director, Planning, Development and Urban Design Division  
Phone: 705-742-7777 Ext. 1886  
Toll Free: 1-855-738-3755  
E-Mail: [bappleby@peterborough.ca](mailto:bappleby@peterborough.ca)

Caroline Kimble, RPP, MCIP  
Manager, Policy Planning  
Phone: 705-742-7777 Ext. 1735  
Toll Free: 1-855-738-3755  
E-Mail: [ckimble@peterborough.ca](mailto:ckimble@peterborough.ca)

Megan Peck  
Planner, Policy and Research  
Phone: 705-742-7777 Ext. 1501  
Toll Free: 1-855-738-3755  
E-Mail: [mpeck@peterborough.ca](mailto:mpeck@peterborough.ca)