

**Revised Official Plan Amendment to Encourage the  
Development of Units for Households with Children**

<b>Date:</b>	May 20, 2010
<b>To:</b>	Planning & Growth Management Committee
<b>From:</b>	Chief Planner and Executive Director, City Planning
<b>Wards:</b>	All – General Amendment; Wards 20, 27 & 28 – Area Specific Amendment
<b>Reference Number:</b>	Pg10024

**SUMMARY**

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The Planning and Growth Management Committee, at its meeting of November 4, 2009, considered the report of the Chief Planner and Executive Director on the development of units suitable for households with children. The report provided an overview of the items identified during two prior consultation phases and presented a draft Official Plan Amendment intended to encourage this type of housing, particularly in the downtown area.

The Committee requested that a further report be prepared on a number of specific issues and directed that additional consultation be undertaken. Subsequently, the Building Industry and Land Development Association (BILD) held two focus group sessions and has submitted a report on their findings and recommendations for further action. This Planning report analyzes the specific issues identified by the Committee, in the context of previous staff reports, and comments on BILD's submission. Based on staff's assessment of issues and the industry submission, a revised Official Plan Amendment has been prepared and is appended to the report for the Committee's consideration.

**RECOMMENDATIONS**

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**The City Planning Division recommends that Council:**

1. Amend the Official Plan substantially in accordance with the revised draft Official Plan Amendment to encourage the development of units for households with children presented as Attachment A to the report dated May 20, 2010 from the Chief Planner and Executive Director, City Planning; and

2. Authorize the City Solicitor to make such stylistic and technical changes to the draft Official Plan Amendment as may be required.

### **Financial Impact**

This report has no financial impact.

### **DECISION HISTORY**

At its meeting on November 4, 2009, the Planning and Growth Management Committee considered a City Planning report, dated October 13, 2009, which contained a draft Official Plan Amendment to encourage the development of units suitable for households with children. The meeting constituted a statutory public meeting on the proposed amendment and notice was given in accordance with the requirements under the Planning Act.

After consideration of the matter, the Committee:

1. deferred consideration of the item to its meeting on April 21, 2010; and
2. requested staff to meet with BILD (Building Industry and Land Development Association), members of the Committee, Children Services staff and representatives from the Boards of Education, consult with families currently living in condominiums, review and propose changes to the recommendations concerning:
  - threshold where policy applies;
  - make the policy city-wide or tie targets to school districts where child populations are in decline;
  - address possible funding strategies;
  - amenity space requirements;
  - knock-out panels between units;
  - exempt rental housing projects; and
  - explore zoning options;

and that BILD be requested to consider financing the needed study.

At its meeting of April 21, 2010, the Committee then deferred the matter to its meeting of June 16, 2010.

The online link for the above-mentioned Committee decision and background materials is: <http://www.toronto.ca/legdocs/mmis/2009/pg/decisions/2009-11-04-pg33-dd.htm>

### **ISSUE BACKGROUND**

Over the past few years, the Planning and Growth Management Committee has raised a number of concerns about the lack of housing being developed for families with children. In response to the Committee's requests, several staff reports have been prepared on the

issue. A brief description of the key reports is provided below, followed by the link to the online version of each report. Further discussion of these reports is also provided in the section on “Response to the Committee’s Request”.

At the request of the Planning and Growth Management Committee, Planning staff in consultation with Toronto Building staff, first reported on the matter in August 2007. The report examined the potential use of knock-out panels to allow the merger of units into larger family-oriented units, and also commented on the protection of larger units in high-rent apartment buildings.

<http://www.toronto.ca/legdocs/mmis/2007/pg/bgrd/backgroundfile-5883.pdf>

In August 2008, a Planning report was prepared on the supply and production of larger condominium units and approaches used elsewhere to promote family housing.

<http://www.toronto.ca/legdocs/mmis/2008/pg/bgrd/backgroundfile-15309.pdf>

A preliminary consultation phase was then undertaken in April 2009 to solicit opinions from internal and external stakeholders on a possible policy to encourage the development of residential units for households with children. As part of this phase, the original proposal was distributed to stakeholders for review, and a meeting was held with the Building Industry and Land Development Association. The results of this consultation process were presented in a Planning report, dated May 14, 2009, that was submitted to the Planning and Growth Management Committee’s meeting of June 4, 2009.

<http://www.toronto.ca/legdocs/mmis/2009/pg/bgrd/backgroundfile-21308.pdf>

Among the internal stakeholders contacted were staff of: Legal Services; Affordable Housing Office; Shelter, Support and Housing Administration; Toronto Building; Social Development; Public Health; Finance and Administration; Children’s Services; and Parks, Forestry and Recreation. External stakeholders consisted of representatives from: the Toronto District and Toronto Catholic District School Boards; Residents, Neighbourhood and Business Associations; the Building Industry and Land Development Association; specific developers and solicitors; the Federation of Metro Tenants’ Associations; City Parents Network; and Home Ownership Alternatives Non-Profit Corporation.

A further consultation phase was conducted on a revised version of the policy amendment in September 2009. This process involved the circulation of an earlier draft of the proposed OPA to the identified stakeholders and a formal community meeting with interested parties. The results of this consultation phase were documented in Planning’s October 13, 2009 report, considered by the Planning and Growth Management Committee meeting last November, and mentioned in the Decision History section above.

<http://www.toronto.ca/legdocs/mmis/2009/pg/bgrd/backgroundfile-24366.pdf>

## **COMMENTS:**

### **Need for the Amendment**

Most new condominium development in the City continues to comprise relatively small units consisting primarily of one and two bedrooms. In some areas, the choice in housing type is becoming increasingly limited. Few units are being produced that could adequately accommodate larger households with children.

There is growing concern that certain parts of Toronto, particularly the Downtown (please note that for the purposes of this report, the Downtown or downtown area excludes the Waterfront), will be unable to attract and maintain a diverse population, which includes families. If the recent and current form of development persists, with a continued trend towards reduced unit size and fewer bedrooms, segments of the housing market will have considerable difficulty in responding or adapting to any changes in demand. Greater variety in unit type and more flexibility in design are needed to ensure a range of housing opportunities is provided for Toronto's current and future households.

The following section provides staff's response related to the development of housing suitable for households with children. These include BILD's May 2010 submission and the list of issues identified by the Planning and Growth Management Committee at its November 4, 2009 meeting. Based on this assessment, a number of refinements to the draft policy are proposed.

### **Response to BILD's Submission**

In May 2010, the Building Industry and Land Development Association prepared a report on the City's OPA to encourage the development of units for households with children. The report has been submitted to the Planning and Growth Management Committee and forms part of the agenda materials. Among other matters, BILD's report summarizes the results of the two focus group sessions held on March 3, 2010, provides comments received from its members on the proposed policy, offers an opinion on the planning rationale for the policy, and makes a number of recommendations for Committee's and staff's consideration.

As BILD's report is also before Committee, this staff report does not provide a detailed description of that submission. However, the relevant content is highlighted below. Generally, staff is in agreement with the discussion presented in the BILD report, although some clarification is required.

The submission indicates that BILD does not support the amendment, which was before the Committee last November. As their report does not thoroughly address the background leading up to the most recent Planning report in October 2009, staff notes that significant changes were made by Planning staff through the preliminary and community consultation processes to accommodate BILD's concerns. For example, following the initial consultation in April 2009, the option of convertible units was introduced to offer the industry greater flexibility in satisfying the policy. The BILD report makes no mention of this concession.

The background discussion in the report also indicates that the proposed amendment is now subject to all Wards in the City. While the area of coverage is an issue that staff has been asked to address, this Planning report recommends that the specific Official Plan Amendment continue to apply to the downtown area only.

As described in BILD's submission, the focus groups did offer a number of insightful opinions regarding preferred unit elements, and building and neighbourhood amenities. Although the focus groups were not well attended, both the preliminary and community consultation processes held in April and September of 2009, in addition to previous forums and letters received, have shown that there is considerable community interest in the subject of family-oriented housing.

Despite the interest that has been expressed, affordability is clearly an issue and an important factor in determining demand. In their report, BILD estimates that an 1,100 square foot dwelling unit in the downtown, costing in the order of \$643,000 with parking, would require an annual household income of about \$145,000 to cover the carrying costs. Similarly, it was estimated that a household income of approximately \$119,000 would be needed to finance the \$533,000 estimated cost of a 900 square foot unit. Although these figures are based on a variety of assumptions, they do provide a helpful and valid reference point for this discussion. Some unit costs could conceivably be lower, depending on the assumptions used.

BILD referred to the experience in other cities, such as Vancouver, where there are requirements for a percentage of units in new developments to be provided with two bedrooms. Unfortunately, as evidenced in Vancouver, and Toronto for that matter, without a specific requirement for three-bedroom units, few of them are being built, and larger families cannot be adequately accommodated.

The comment has been made by BILD that there has been relatively low demand for large condominium units as the units are expensive and have high monthly carrying costs. While this is certainly true, other factors may also be responsible for artificially dampening demand. These factors may include limited choice of unit types being marketed and lack of consumer awareness about larger or more innovative designs that are available.

In their discussion of the Planning Rationale, BILD suggests that proposal may be premature for a variety of reasons. While they make a number of valid points, the information is not conclusive with respect to the lack of need for family housing and, in certain respects, points to the importance of policy intervention. Despite the fact that families with children are living in condominiums, other data suggests that many families in high-rise accommodation are living in crowded or unsuitable conditions.

BILD's review of the Official Plan is not intended to be complete, but does mention there are policies that currently support the intent of the proposed amendment. Therefore, BILD advises that a new layer of conditions is not warranted. Staff is of the view that

while policies of the Plan, adopted by Council in November 2002, encourage housing for households with children, larger units are simply not being constructed in adequate numbers, particularly in the Downtown. This suggests that additional action is required to stimulate further opportunities.

The BILD report offers recommendations on a number of related topics, including the planning process, incentives, functional and flexible suite designs, and stronger market campaigns for families.

The recommendation is made by BILD that the requirement for these types of units continue to be negotiated on a case by case basis, as it has been for a few years in Ward 20. The proposed OPA would apply the existing practice with two modifications and extend it to include parts of two neighbouring Wards. As such, it does not represent a substantial change, but would result in greater efficiencies and consistency, and would clarify the City's expectations for new proposals in the downtown area.

A number of incentives have been recommended by BILD including reducing development charges and reallocating Section 37 funds to make these units more affordable. Additional consumer incentives have been suggested, including a rebate or credit offered directly to consumers purchasing combinable units. The issues of affordability and incentives are discussed later in this report, as they were also raised by the Planning and Growth Management Committee at its November 4, 2009 meeting.

One of the recommendations made by BILD relates to the use of knock-out panels, which may be used between two small units to allow the units to be combined at some point in time into a larger three-bedroom suite. BILD has stated that, in general, they would support the use of knock-out panels as a means of achieving family units. Staff considers that this method deserves further attention, and that it may be viewed as one of a number of possible solutions. Additional discussion of this option is provided later in this report.

Staff agrees that a marketing campaign for families along the lines suggested by BILD may be beneficial. This could promote a greater awareness of potential family-friendly amenities and facilities in new development, and opportunities for more flexible unit design. A key priority, however, would be to introduce policies and development practices that lead to the actual construction of units. Otherwise, the options available to consumers will continue to be very limited. The adoption of the proposed policy contained in this report represents a good starting point.

### **Response to the Committee's Request**

As mentioned in the Decision History section, the Planning and Growth Management Committee, at its meeting of November 4, 2009, requested that staff review and propose changes to the recommendations concerning:

- threshold where policy applies;
- make the policy city-wide or tie targets to school districts where child populations are in decline;

- address possible funding strategies;
- amenity space requirements;
- knock-out panels between units;
- exempt rental housing projects; and
- explore zoning options;

These issues, along with an additional item dealing with the percentage of units required, are addressed below. All of these issues have been, at least to some extent, the subject of previous research and consultation, and were discussed in earlier Planning reports. The following table provides a brief review of the material presented in each report.

Date of Planning Report	Description
October 13, 2009	Presented revised draft official plan policies, and a summary of comments offered by stakeholders during a Community Consultation meeting and via e-mail.
May 14, 2009	Provided suggested refinements to the original draft policy and a summary of the comments received during a preliminary consultation process of internal and external stakeholders.
August 27, 2008	Examined available data on the supply of and need for larger units, reviewed several approaches used by other municipalities in North America to promote family housing, and discussed appropriate changes to the Official Plan.
November 7, 2007	Provided a brief update and presented recently published data contained in the “Living Downtown” survey.
August 16, 2007	Offered a preliminary discussion on policy options; investigated the use of knock-out panels to facilitate the alteration of units; and responded to questions regarding the protection of larger rental units.

These reports are mentioned in staff’s response to the issues raised, to provide background and appropriate references in the event that further information is needed. Following a discussion of each issue, staff’s proposed direction concerning policy refinements or future action is presented.

#### Development Size Threshold

The original draft policy circulated for preliminary consultation in April 2009 first suggested that the requirement for family-oriented units apply to buildings with 20 or more dwelling units. As indicated in the May 2009 report, following the initial consultation phase, the threshold was increased to buildings with 100 or more units as staff considered that larger buildings would be of an appropriate size to justify the provision of amenities specifically suited to children, such as indoor and outdoor play areas and equipment. Also, larger developments would be better able to absorb any additional costs related to the design and construction of potentially larger units or the provision of specific amenities or facilities. By analyzing applications in the approval pipeline, staff determined that this significant increase in development size threshold

would result in only a 3.9 percent reduction in the overall number of three-bedroom or larger units produced, as compared to the 20 unit threshold.

*Proposed Direction: That the policy continue to apply to buildings with 100 or more units.*

#### Percentage of Units Required

Over the last few years a number of rezonings for new developments in Ward 20 have been approved with one of the conditions being that 10 percent of their units have three or more bedrooms. A few of these developments have employed innovative design features such as changeable floor plans and knock-out panels to allow some units to be adapted for different household sizes over time.

This 10 percent requirement, with certain qualifications, has also been proposed in the past two planning reports on the subject. An earlier report, prepared in August 2008, also examined a number of data sources to determine the appropriateness of using the 10 percent figure as part of an Official Plan Amendment. It showed that, based on the 2006 Census data, units with three or more bedrooms made up about 9 percent of the total dwellings in buildings with 5 and more storeys. This represents a snapshot of the percentage of larger units occupied at that time. Staff is of the opinion that additional data, if generated, would reveal that three-bedroom units comprised a greater percentage of the total units prior to 2006, and a lesser percentage after that point due to the trend toward the construction of smaller units. As such, this figure would be lower than 9 percent, if more recent development activity and tenure were considered.

Another relevant source of information was City Planning's "Living Downtown" study highlighted in the November 2007 and August 2008 Planning reports. The study, undertaken in December 2006, surveyed downtown residents to find out more about the nature of the population and the reasons for living in the area. Details of the survey results can be found at: [http://www.toronto.ca/planning/pdf/living\\_downtown\\_nov1.pdf](http://www.toronto.ca/planning/pdf/living_downtown_nov1.pdf)

Among other matters, the study examined occupancy patterns of households living in newer housing (built in and after 2001) and more established housing (built before 2001) in the Downtown. The study showed that only about 7 percent of all households in the newer stock lived in units with three or more bedrooms, whereas 15 percent of households in the more established stock resided in larger units. Although the survey involved various structure types, the vast majority of units analyzed were in apartment buildings with 5 or more storeys.

In terms of sales activity, the August 2008 report provided data for new condominiums sold from 2002 to 2007 (as reported by Urbanation). It indicated that, excluding penthouses, three-bedroom units comprised less than 2 percent of all unit sales.

When looking at active applications in the development pipeline (from 2003 to 2007), it was found that 4.1 percent of all proposed residential units in the downtown area



consisted of three-bedrooms. For apartment developments only, this figure decreased slightly to 3.8 percent.

During the preliminary consultation process, referenced in the May 2009 report, one developer indicated that many of the projects he has worked on contain about 5 percent of a combination of two-bedroom plus den and three-bedroom units. Recent sales data shows that a reasonable number of new developments are offering more than 5 percent of their units as a combination of two-bedrooms with den/solarium, two-storey lofts, three-bedrooms and penthouses. Also, in the Waterfront area (e.g. East Bayfront), contractual arrangements are made with private developers on public land to ensure that 5 percent of units contain three or more bedrooms.

Residents' and ratepayers' associations have vocalized significant support for the recently proposed policy which recommended that 10 percent of units be set aside in larger projects for units suitable for households with children. One comment suggested that the policy should be amended to target up to 20 percent of units for this purpose.

The previous draft amendment proposed that 10 percent of the units be built with three or more bedrooms, but allowed the option of convertible units. To recognize the development industry's concerns, yet provide some incentive for the initial construction of three-bedroom units, staff has now reduced the proposed requirement for three-bedroom units to 5 percent. This figure, while typically higher than the percentage of three-bedroom units provided in new developments, is considered by staff to be achievable with refinements to products now being offered.

The 10 percent requirement should remain in place where the convertible option is preferred by the developer. An additional option involving combinable units (knock-out panels) is discussed later in this report.

*Proposed Direction: That the percentage of units to be constructed with three or more bedrooms under the policy be reduced to 5 percent, and that the 10 percent requirement continue to apply where the option of convertible units is chosen. The discussion on knock-out panels later in this report also suggests a further possible option, with a greater percentage requirement, where combinable units using "knock-out panels" are preferred.*

#### Area of Policy Application: City-wide, or Specified School Districts

##### a. Downtown vs. City-wide Application

When the subject first surfaced at Planning and Growth Management Committee, concern was raised about the lack of new family-oriented housing being constructed in the City's Downtown. Studies such as "Living Downtown" mentioned above reinforced this assertion.

The study indicated that the majority of people living in the Downtown were young singles or couples without children, who generally occupied bachelor, one-bedroom or

two-bedroom apartments, and rarely lived in units with three or more bedrooms. The percentage of households consisting of families with children was somewhat higher in the more established versus newer housing stock. Couples with children and single-parents occupied about 12 percent of the housing units built prior to 2001, whereas they lived in only 9 percent of the housing constructed after 2001.

The August 2008 report indicated that, across the City as a whole, very few large units have been constructed in recent years. Specifically, it showed that less than 2 percent of all units (excluding penthouses) in new residential condominiums built between 2002 and 2007 contained three bedrooms. Unit size has also dropped significantly. During the 10 year period leading up to 2008, the average suite size in the resale condominium apartment market, fell from over 1,100 to 900 square feet.

Data on the projects in the development pipeline, for all structure types, showed that the number of three-bedroom units proposed for construction is relatively small. Of the four Community Council districts, Toronto & East York had the lowest percentage of three-bedroom units being constructed.

An assessment of the type of units in the development pipeline was also undertaken for the Etobicoke, North York and Yonge-Eglinton Centres, and the Downtown and Waterfront area. The Downtown and Waterfront indicate the highest percentage of three-bedrooms underway, but at only 4.1 percent of the total residential units. The analysis showed that the residential development in the Centres, which consisted primarily of one and two-bedroom units, was being offset to a certain degree by the larger units offered in the surrounding neighbourhoods. The Downtown and Waterfront, on the other hand, encompasses a very large geographic area relative to the Centres and the Avenues. Unlike the Centres, little choice in housing type or size can be found in many parts of the Downtown, often requiring families to move at least to other areas of the City.

While an argument could be made that the policy be applied on a city-wide basis due to an overall shortage of new larger units, the problem is more pronounced in the downtown area where fewer alternative options exist. Therefore, staff recommends that the unit percentage requirement for new three-bedroom units only be applied to the downtown area.

Another question concerned whether only the Downtown should be the sole focus of the policy, or if the Waterfront should also be covered. As mentioned in the May 2009 report, the Central Waterfront Plan is now before the Ontario Municipal Board. As both this Plan and the new Official Plan are not yet in effect for this area of the City, staff is of the opinion that it would be premature to amend the policies for the Waterfront. Further consideration may be given to including this area at a later date. In any case, some areas of the Waterfront are already imposing a requirement for large units. As indicated earlier, in the East Bayfront area on the Waterfront Toronto/City-owned lands, contractual arrangements now ensure that private developers construct at least 5 percent of their units with three or more bedrooms.

*Proposed Direction: As previously proposed, this report recommends that Policy 3.2.1.1 be amended to promote “housing suitable for families with children” as part of the full range of housing options available. This change would apply generally to the provision and maintenance of housing across the City and within neighbourhoods. However, staff recommends that the more rigorous area-specific amendment, which sets out the percentage unit requirement, only apply to the downtown area.*

b. Tying Targets to School Districts

The proposed Official Plan Amendment is designed to promote a greater range of housing choice by ensuring that some larger units, suitable for households with children, are also being produced. Provision of the units will not guarantee that they are occupied by families with children. In fact, at certain points in time, many of these units will be used by non-family households. As it is unclear how many additional families will stay in or move to the downtown as a result of the proposal, the impact on school enrolment is also uncertain.

Experience has shown that the character of a community changes over time. The demographic make-up of an area shifts and is often cyclical. Although some neighbourhoods may provide ample family-oriented housing, the degree to which families occupy these units fluctuates. Schools in many areas of the City are seeing declining enrolment, despite being surrounded by housing stock consisting of a high proportion of larger units. Housing is just one of many factors that may influence school enrolment in a given part of the City.

City Planning staff will continue to work closely with school board staff to identify ways in which residential development can improve the viability of local schools; however, limiting the proposed policy to those areas of declining enrolment is not considered an appropriate solution.

Staff from both school boards have been consulted on the issue and are supportive of additional measures being taken to stimulate an increased number of larger units suitable for families with children in the Downtown. However, they also agree that linking the Official Plan Amendment to areas of declining enrolment would likely not be effective or practical.

*Proposed Direction: For the reasons stated above, tying targets to school districts where child populations are in decline is not recommended.*

Affordability and Possible Financial Incentives (Funding Strategies)

Both the October and May 2009 reports discussed the issues of affordability and financial incentives and included comments made by various stakeholders, including BILD and the Affordable Housing Office. BILD’s most recent submission also addresses these subjects. These issues are considered separately in the following paragraphs.

a. Affordability

BILD has suggested that annual household incomes of \$119,000 and \$145,000 would be needed to cover the carrying costs for a 900 and 1,100 square foot unit in the downtown area, respectively. Most government housing programs cater to households with substantially lower incomes.

While there is a definite need for more affordable family housing, particularly in the Downtown, this policy on its own may not be able to assist those with low to moderate incomes. The unit prices that have been quoted, or the associated rents, are unfortunately well beyond the thresholds provided under the Federal and Provincial government affordable housing and rent subsidy programs.

Apart from this proposed Official Plan Amendment, affordable housing will continue to be developed and maintained under the various government housing programs. The City is now pursuing a number of affordable home ownership ventures; however, due to estimated sale prices and private sponsorship, it is unlikely that many developments in the Downtown would be eligible.

One means of making three-bedroom units less expensive is through the convertible option, whereby an additional bedroom may be added at a later stage (albeit at the expense of other living space). Experience with one specific development showed that the price difference between two and three-bedroom unit layouts was not significant (i.e. about \$5,000 more to install the additional partitions and features required to create the third bedroom).

b. Financial Incentives

The policy amendment as proposed is concerned with stimulating the development of these units, first and foremost. Staff believes that this can be accomplished through the 5 percent requirement that may, in some cases, be achievable through adjustments in condominium products now being designed and constructed. The policy also offers greater flexibility as it provides developers with the alternative choices of using either convertible or combinable suites. Although these options involve some additional cost in terms of design and marketing, these costs should not be prohibitive. Furthermore, increasing the range of consumer choice should also improve the marketability of these projects.

Use of funds secured through the application of Section 37 of the *Planning Act* has been raised by BILD and others as a means of improving the affordability of these units. However these funds, although not typically substantial in amount relative to the value of the density/height increase, are used for a variety of other important purposes. Some of these include the provision of community services and facilities considered desirable to maintaining and attracting family households.

In their submission, BILD also recommended that development charges for three-bedroom units be reduced. This reduction could be offered to the developer to lower the costs of producing three-bedroom units. Alternatively, the reduced development charge

could be passed on directly to the consumer where two combinable suites are purchased as one larger suite.

In previous reports, staff has mentioned that the development charge now levied for a three or four-bedroom unit is the same as it is for two bedrooms, so there is currently no disincentive to building larger units. Any decrease in development charges could conceivably be achieved through unit reconfigurations at the outset of the project, prior to the issuance of a building permit. In the example cited by BILD, some smaller units could be amalgamated at the initial purchasers' request during pre-sales, so that they would be treated as one rather than two units for the purposes of assigning a development charge.

There is an inherent difficulty associated with diverting limited public funds generated through Section 37 or development charges to expensive housing, when so many lower income people are not adequately housed. These limited funds are required to contribute to a number of other important affordable housing and community services and infrastructure needs.

An additional concern associated with providing financial incentives is that families with children may not necessarily occupy these units. This proposal does not attempt to dictate occupancy, but rather is designed to facilitate the construction of a greater range of housing choice that includes larger, three-bedrooms which could be used by larger households with children.

Expanding the range of housing opportunities is itself an important goal. This is a principle espoused in the Provincial Policy Statement, the Growth Plan for the Greater Golden Horseshoe, and the City's Official Plan policies. As such, the provision of a variety of housing opportunities, including a range of unit types, is a matter of good planning.

*Proposed Direction: That no financial incentives be provided to encourage three-bedroom units.*

#### Amenity Space (and Community Service) Requirements

The issues of amenities, built form and building design for families with children was discussed during both the preliminary and community consultation processes and mentioned in the reports of May and October 2009. BILD also addressed these matters in their recent submission drawing, in part, on input received from the focus groups.

Based on the earlier consultation phases, the last two Planning reports conveyed the importance of amenities within the building and the surrounding area. A number of stakeholders felt that it would be beneficial to locate the family-oriented units together on lower floors, with easy access to outdoor play areas at grade or on lower-level podiums. Close proximity to indoor common areas which could be used by children was also suggested. Off-site services of special interest included quality schools, day care facilities, playgrounds, parks, grocery stores, public transit and libraries.

A full summary of the focus group discussions held in March 2009 is provided in BILD's submission. It reinforces the points mentioned in the consultation sessions and provides additional information on preferences relating to unit elements, and building and neighbourhood amenities. Additional amenities identified by participants included commercial or convenience uses for busy families and ready access to visitor parking. They also recommended that community centres be located nearby.

One of the focus group participants suggested that many of the services and amenities that families seek are already available in the downtown core, and perhaps additional marketing may help to make consumers more aware of the convenient location. The observation that existing community services and facilities can generally accommodate an increased child population reflects another important reason for implementing the policy in the downtown area. An additional benefit of living downtown is that many condominium buildings offer on-site services that may be of interest to families, including swimming pools, entertainment and game rooms, and indoor and outdoor common areas.

Both the existing and proposed zoning by-laws require that adequate amenity space be provided for all medium to larger buildings in this area. These requirements, in conjunction with the relevant provisions of the official plan and secondary plans regarding residential amenity space and community services should be incorporated into the development early in the project planning and design stages, with a particular view to family-oriented amenities where appropriate.

*Proposed Direction: That Planning staff work closely with developers, on a project specific basis, to identify the needs and opportunities for indoor and outdoor amenities and services for households with children, and that wherever possible, the principles of multi-purpose and flexible design be considered to allow amenities to be adapted in response to an increase in family populations.*

#### Knock-out Panels Between Units

This issue was raised in the August 2007 planning report. For the purpose of the discussion, the following definition of a knock-out wall panel was used:

“Demising wall, structurally designed to facilitate the future removal of predetermined sections of the wall, where structurally feasible, to allow flexibility in the size of the units through exchanging floor space between abutting units or through combining separate entire units.”

Over the last several years, a number of new residential developments have been constructed in Ward 20 using knock-out panels between some of the units. These panels have allowed for the potential merger of two smaller units (e.g. studio and two-bedroom apartment) into a larger three-bedroom unit, if desired by the purchaser.

While the option offers the ability to create larger units, the report indicated that the actual opportunity to join two adjacent units into a larger one is severely limited. The following concerns were among those identified in the earlier report:

- the adjacent unit may be unavailable at the time it is needed for expansion;
- it is costly for homebuyers to purchase two adjacent units at one time in anticipation of future expansion;
- depending on the design, costly renovations may be required to convert one of the two units from being self-contained to use for additional bedrooms and/or living space only;
- it is structurally difficult for each unit within a building to have a knock out wall and more complicated and more costly engineering design may be required;
- the changes may affect monthly maintenance fees for the units concerned and the entire condominium building;
- there will be financial implications for the condominium owner with respect to property assessment and property taxes; and
- the condominium Board may not permit the alterations.

BILD has expressed its support for this option; first in its letter of April 24, 2009 in response to staff's original proposal, and most recently in its submission of May 2010 mentioned earlier in this report.

Although knock-out panels pose a number of practical limitations, they do help to expand the flexibility of the stock and the range of choices available. As some of the administrative and technical problems listed above may be resolved, staff considers that combinable suites could serve as an acceptable means of satisfying part of the housing demand for households with children over the longer term. However, in order to be consistent with the proposed convertible housing requirement of 10 percent, staff recommends that, where combinable suites are used, 20 percent of total units be made up of smaller, well-designed units that may be joined. This would potentially result in a comparable number of larger units for households with children after the units have been combined.

*Proposed Direction: That combinable units be considered as one optional means of meeting the proposed requirement for units suitable for households with children, provided that 20 percent of the total residential units in the development be set aside for this purpose.*

#### Exempt Rental Housing Projects

Staff's recently proposed amendment made no distinction based on residential tenure, and as a result would have applied equally to new ownership and rental units. This issue was addressed to some extent in the October 2009 report.

During the community consultation process a representative from a development company raised a concern about the applicability of the policy to condominium buildings that are being rented. The developer believed that the option of providing convertible

units, whereby the number of bedrooms could be changed to accommodate different household types, would not be practical in a rental situation. Specifically, she stated that frequently altering the units to satisfy the changing preferences of incoming tenants would be too costly and problematic.

The types of buildings in question are condominium-registered. While many such buildings are designed and continue to be operated for rental purposes, they are not subject to the City's conversion policies or by-law, and could be converted to ownership use through changes to the condominium declaration and description, which for the most part would not require Council's approval. Previous staff analysis of data from Canada Mortgage and Housing Corporation has shown that large numbers of such "rental" buildings have reverted to ownership use when market conditions warrant. From 1996 to 2004, condominium registered rental units in Toronto declined from about 4,500 units down to 1,300 units. Once these units are sold, the tenants could be evicted for personal use by the owner or the owner's family. Given this potential lack of tenant security, condominium-registered buildings that are rented are not considered as rental housing units under the City's Official Plan or Rental Housing Demolition and Conversion By-law. As the City would not have any real control over how these units might be offered in the future, an exemption based on "rental" use is not recommended.

However, staff did indicate in the last report, that although these buildings should still provide the required units for households with children, the convertible option could be employed. In that case, the landlord would choose whether the units would be rented with two or three-bedrooms. Alternatively, the combinable units option, using knock-out panels, may also be used, assuming this revised proposal is adopted. In either instance, the owner/landlord would not be required to make alterations to these units to accommodate incoming tenants.

Both options would not require that alterations be made to these units, but would incorporate greater flexibility in design. This could be a potential marketing feature that may attract more prospective tenants, if desired by the landlord. Also, retaining this option may be beneficial in drawing owners if the units are sold at some point in the future.

Staff continues to recommend that the amendment exclude transitional, supportive or seniors non-profit or co-operative housing that is subject to recognized government funding programs and municipal housing agreements.

*Proposed Direction: That the proposed amendment continue to apply to ownership and rental units in new developments, with the exception of the specific non-profit or co-operative housing types previously identified.*



### Explore Zoning Options

The process and mechanisms needed to implement the Official Plan Amendment were briefly discussed in the October 2009 report. With respect to zoning, a general amendment for the downtown area may be introduced to reinforce the official plan requirement for these units, rather than proceeding with site-specific zoning amendments for each development site. This could offer greater efficiencies and reduce approval time, in some cases. However, most development applications that would be subject to the policy would require a rezoning in any event, to achieve greater building height and density than permitted by the zoning by-law.

*Proposed Direction: That once the proposed Official Plan Amendment is adopted by Council and comes into effect, staff identify and implement the necessary zoning, with consideration of a general amendment for the downtown area.*

### **Proposed Refinements to the Draft Amendment**

Based on an assessment of BILD's submission, and the issues identified by the Planning and Growth Management Committee, staff is proposing several refinements to the draft policy that was presented in the October 13, 2009 report, and is again shown in Attachment B of this report. The newly revised policy amendment is contained in Attachment A of this report.

No changes were made to the proposed general amendment to Section 3.2.1, Housing, Policy 1 (or Policy 3.2.1.1). This involves including "dwelling units suitable for households with children," as part of the full range of housing to be provided and maintained to meet the current and future needs of residents across the City and within neighbourhoods.

With respect to the specific amendment to Chapter 7, Site and Area Specific Policies, the revised policy continues to apply to new developments containing 100 or more dwelling units in the downtown area. However, changes have been made to the percentage of units required in each development to allow greater flexibility and choice in the design and construction of units, and to provide an incentive for the provision of permanent three-bedroom units. Specifically, staff recommends that either:

- 5 percent of the units be built to contain three or more bedrooms, or
- 10 percent be built as convertible units that may initially contain fewer than three bedrooms, provided that they may be converted to contain three or more bedrooms through relatively minor changes to internal wall configurations, or
- 20 percent of the units be built as combinable units that may contain fewer than three bedrooms, provided they may be combined with adjacent units through the removal of knock-out panels in demising walls to create larger units consisting of three or more bedrooms.

Alternatively, any combination of these options would also be acceptable as long as the proportional requirements are maintained (i.e. 1 three-bedroom unit = 2 convertible units = 4 combinable units).

The same exemptions continue to apply for transitional, supportive or seniors non-profit or co-operative housing.

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## **SIGNATURE**

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Gary Wright  
Chief Planner and Executive Director  
City Planning Division

## **ATTACHMENTS**

Attachment A: Revised Draft Official Plan Amendment  
Attachment B: Previous Draft Official Plan Amendment (October 13, 2009)

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## **Attachment A:**

### **Revised Draft Official Plan Amendment**

Authority: Planning and Growth Management Item No.\_\_\_\_, as adopted by City of Toronto Council on \_\_\_\_\_ and \_\_\_\_\_, 2010.

Enacted by Council

#### **CITY OF TORONTO**

**Bill No.**

**BY-LAW No. ~-2010**

To adopt Amendment No. 103 to the Official Plan of the City of Toronto generally respecting all the lands in the City of Toronto, and more specifically lands in the City's downtown area.

**WHEREAS** authority is given to Council under the *Planning Act*, R.S.O. 1990, c.P. 13, as amended, to pass this By-law;

**WHEREAS** the Council for the City of Toronto, at its meeting of \_\_\_\_\_ and \_\_\_\_\_ 2010, determined to amend the Official Plan for the City of Toronto adopted by By-law No. 1082-2002; and

**WHEREAS** Council of the City of Toronto has provided adequate information to the public and has held at least one public meeting in accordance with the *Planning Act*;

The Council of the City of Toronto **HEREBY ENACTS** as follows:

1. Amendment No. 103 to the City of Toronto Official Plan, consisting of the attached text and map shown on Schedule "A" is hereby adopted pursuant to the *Planning Act*, R.S.O. 1990, c.P. 13, as amended.

**ENACTED AND PASSED** this \_\_\_\_\_day of \_\_\_\_\_, A.D. 2010.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

## **SCHEDULE “A” (to Attachment A)**

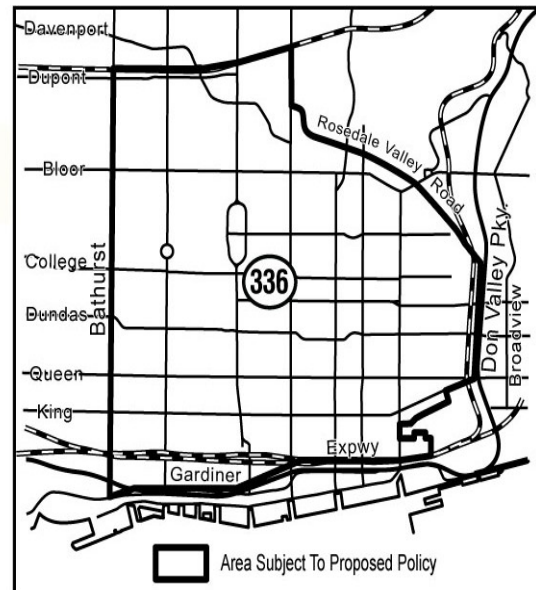
### **The Official Plan of the City of Toronto is amended as follows:**

1. Chapter 3, Section 3.2.1, Housing, Policy 1 is amended by inserting the words “dwelling units suitable for households with children,” after the words “at-risk groups,”
2. Chapter 7, Site and Area Specific Policies are amended by adding the following:

#### **“336. Downtown Area**

New developments, including infill, containing 100 or more dwelling units, will ensure that a specified percentage of the new dwelling units are suitable for households with children in the following manner:

- a) 5 percent of the units to be built in the development will contain three or more bedrooms; or
- b) 10 percent of the units may be built as convertible units that may initially contain fewer than three bedrooms, provided that such units retain the ability to be converted to contain three or more bedrooms through relatively minor changes to internal wall configurations; or
- c) 20 percent of the units may be built as combinable units that may contain fewer than three bedrooms, provided that such units may be combined with adjacent units through the removal of knock-out panels in demising walls to create larger units consisting of three or more bedrooms; or
- d) any combination of (a), (b) and (c) above which provides the equivalent number of units at the rate of 1 three-bedroom unit being equal to two convertible units, or 4 combinable units.



Transitional, supportive or seniors non-profit or co-operative housing that is subject to recognized government funding programs and municipal housing agreements is not subject to this requirement.”

## **Attachment B:**

### **Previous Draft Official Plan Amendment (Schedule “A” to “Attachment A” of October 13, 2009 City Planning Report)**

**The Official Plan of the City of Toronto is amended as follows:**

1. Chapter 3, Section 3.2.1, Housing, Policy 1 is amended by inserting the words “dwelling units suitable for households with children,” after the words “at-risk groups,”
2. Chapter 7, Site and Area Specific Policies are amended by adding the following:

#### **“336. Downtown Area**

New developments, including infill, containing 100 or more dwelling units within the area shown, will ensure at least 10 percent of the new dwelling units are suitable for households with children in the following manner:

- a) 10 percent of the units to be built in the development will contain three or more bedrooms; and
- b) for the purpose of this Policy, a unit will be deemed to contain three or more bedrooms if it is constructed with a fewer number of bedrooms and thereafter maintained in a manner that ensures it can be converted to contain three or more bedrooms through minor changes to internal wall configurations.

Transitional, supportive or seniors non-profit or co-operative housing that is subject to recognized government funding programs and municipal housing agreements is not subject to this requirement.”