



BUILDING A GREATER GTA
Building Industry and Land
Development Association

November 25, 2015

Chair Bailão and members of the Affordable Housing Committee
City of Toronto
City Hall
100 Queen Street West
Toronto, Ontario

Dear Chair Bailão and members of the Affordable Housing Committee,

RE: Agenda Item AH4.2 Affordable Housing Open Door Program

The Building Industry and Land Development Association (BILD) is in receipt of the November 19th staff report for the Affordable Housing Open Door Program and we would like to take this opportunity to resubmit our comments that were prepared for the benefit of staff. In the enclosed submission to staff, we identified the *'barriers to affordable housing'* and created a list of *'tools to create affordable housing.'*

As first noted in our November 6th submission, we would like to applaud the leadership of Councillor Bailão, members of this committee and staff on these affordable housing initiatives. For many years, BILD has encouraged its Provincial and Municipal counterparts to bring a sustainable model of delivering affordable housing forward and the City of Toronto is taking positive steps in this regard.

If you have any questions or comments, please do not hesitate to contact the undersigned.

Sincerely,

Danielle Chin, RPP MCIP
Senior Manager, Policy & Government Relations

CC: Sean Gadon, Director, Affordable Housing Office, City of Toronto
Erik Hunter, Manager, Policy and Partnerships, Affordable Housing Office, City of Toronto
Steve Deveaux, BILD Chairman
Gary Switzer, BILD Toronto Chapter Chair
BILD Toronto Chapter members



BUILDING A GREATER GTA
Building Industry and Land
Development Association

November 6, 2015

Mr. Sean Gadon
Director, Toronto Affordable Housing Office
Metro Hall, 55 John Street
Toronto, Ontario
M5V 3C6

Dear Mr. Gadon,

RE: Open Door Initiative - Affordable Housing

Thanks to you and Councillor Bailão for participating in the October 14th BILD Toronto Chapter meeting, where we heard a presentation regarding the Mayor's Open Door Initiative on the affordable housing objectives and incentives. Following our meeting, BILD circulated the questions from the presentation and solicited comments from the Toronto Chapter members at-large. Some of the questions that City staff poised are more prevalent to the rental-housing sector or to the City's Federal and Provincial contacts. Therefore, we have addressed the questions that are applicable to our members and organized them into themes, as seen below. The following comments are based on industry positions, the feedback received at the meeting and through our follow-up outreach to members.

To begin, we would like to applaud the leadership of Councillor Bailão and yourself on the affordable housing initiatives. For many years, the Building Industry and Land Development Association has encouraged our Provincial and Municipal counterparts to bring a sustainable model of delivering affordable housing forward. Therefore, we are pleased to provide you with comments in this regard.

BARRIERS TO AFFORDABLE HOUSING

We support the role of the City of Toronto's affordable housing office and its toolbox of incentives to assist the industry in delivering a more financially sustainable affordable housing product to the market. However, in recent years this challenge has become more complex due to four primary reasons:

- (1) The rising cost of land, where supply is limited.*
- (2) The challenge of meeting the expectations of the existing neighbourhoods and city standards.*
- (3) Administrative red tape that adds more time and associated costs to the development approvals process.*
- (4) The rising cost of government imposed fees and charges (see attached Building Futures in Toronto Info Sheets)*

BILD and its members assert that to overcome these challenges affordable housing cannot be delivered through ad-hoc means or inclusionary zoning. Inclusionary zoning is often viewed as a means to deliver affordable housing. However, the effect of this mechanism simply displaces the burden of costs on the balance of the new homebuyers in a particular development project. This can result in pushing more people into a need for subsidized housing. BILD's Toronto Chapter previously submitted a letter to Council on this issue and we have enclosed this letter for your reference.

The industry firmly believes that it cannot be the responsibility of the new neighbours of Toronto to finance affordable housing solutions. We maintain that the City's affordable housing initiatives can be strengthened by creating certainty in the front end, which will lead to mutually beneficial outcomes. We have outlined tools to create affordable housing in the next section.

TOOLS TO CREATE AFFORDABLE HOUSING

In order to deliver consistent affordable housing to meet the goals and objectives of the City, we recommend the following:

- **Leveraging City Surplus Land**

BILD members have advised that surplus City lands that are well-positioned and well-located to suit residential uses should have the cost of affordable housing provision factored into the selling price. There has been a historic paradox of leveraging surplus City land, whereby the City (or school board) offers land valued at the highest density and use (typically without zoning permissions in place) *and* the provision of affordable housing deters private developers from making financial sense of a land deal. When the City is reviewing the disposition process of surplus institutional properties, the goal of affordable housing should influence how the disposition process is restructured; the 200 Madison Avenue project is a good example of overcoming this issue.

- **Roadmap to Fast-Tracking Approvals**

BILD members have indicated that fast-tracking the planning approval process is not enough of an incentive to take on the risks associated with developing/building an affordable housing project or unit(s). This incentive could be strengthened by implementing some administrative measures for enhanced certainty. For example, BILD members have heard from City staff that fast-tracking approvals does not come with a manual on how to shepherd these types of application through the approval process, and it becomes the willingness of individual staff to push these applications to the top of the pile, which is subjective and can be inconsistent.

- To overcome this barrier, we suggest that the City should implement staff training and could also create a shorter roadmap for these approvals.
- Alternatively, the City could redeploy its resources. Whereby, affordable housing applications could be removed from the regular stream of development applications and there could be dedicated staff that works solely on these types of applications.
- BILD also suggests that the City clearly identify how much time would be saved through each expedited step in the process.
- Most importantly, in order for a streamlined process to function successfully, there must be one department or one body that will oversee the entire streamlining process and ensure that all divisions are using their best efforts in fulfilling their duties in the timely delivery of affordable housing.

- **Supportive Planning Policy**

The City of Toronto has many policies, by-laws, guidelines that are counter-intuitive to the delivery of affordable housing. In an environment of competing departmental interests, the City should prioritize and promote City Planning policy that meets the goals and objectives of affordable housing. As such, BILD suggests that the City:

- Create as-of-right zoning permissions for increased height and density that are linked to affordable housing needs.
- Encourage moderate affordable housing intensification, such as townhouse and low-rise apartments, through the City's review of its Neighbourhood policies in the Official Plan review.
- Encourage laneway housing (see attached report, from the Pembina Institute).
- Allow for relief from cost-intensive urban design guidelines or other non-regulatory guidance documents.

- **Create a Formula for Affordable Housing**

BILD members have indicated that the most critical component of this exercise is the need for a formula to determine 'when' and 'which' incentives would apply. This formula could identify all the incentives that are available to develop affordable housing projects or units and qualify how these incentives would be applied to a particular project. For example, several incentives could be selected from a list and used, up to a designated percentage of the project's total construction value. Creating a formula would establish certainty in the process and promote the take-up of affordable housing projects.

- **Provide a List of Incentives**

Offering an array of incentives will help support the business case for an affordable housing project or unit(s) to our members' financial institutions and partners. Some incentives have been noted by City staff, and we would like to take this opportunity to confirm our support for the following:

- ✓ Phasing, deferring or waving development charges
- ✓ Phasing, deferring, or waiving development application fees
- ✓ Waiver on Section 37 for affordable housing units
- ✓ Property tax exemptions or property tax offset in the form of a tax increment equivalent grant
- ✓ Surplus municipally owned land could be sold for a nominal price
- ✓ Municipal funding towards environmental clean-up for redevelopment sites
- ✓ Fast-tracked development approval process through a dedicate review stream
- ✓ Dedicate funds from the Province's IAH program
- ✓ Financial incentives for repair costs and upgrades
- ✓ Allocate funding secured through the development charges by-law to affordable housing initiatives
- ✓ Reduction in parking requirements
- ✓ Parkland dedication exemptions
- ✓ Building permit exemptions
- ✓ Waving the 1% for public art contribution

Again, we thank you for the opportunity to submit comments. We trust that you will take these comments into consideration. If you have any questions or concerns, please feel free to contact the undersigned.

Sincerely,



Danielle Chin MCIP RPP
Senior Manager, Policy & Government Relations

CC: *Councillor Ana Bailão, City of Toronto*
Chris Phibbs, Senior Advisor, Office of the Mayor, City of Toronto
BILD Chapter members



BUILDING TORONTO

PREPARED BY THE BUILDING INDUSTRY AND LAND DEVELOPMENT ASSOCIATION



July 2014

I BUILD CONFIDENCE.



"As a proud member of BILD, we network with peers and share a unified commitment to continuously raising industry standards, inspiring innovation and elevating the business of building. The association offers us resources that help us stay current on the broader issues affecting our industry. This unwavering support is what helps us continue to be a leader in the dynamic Toronto real estate market."

Alan Vihant
Senior Vice President for High Rise
Great Gulf Homes
Builder / Developer
Member Since 1975



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Get Involved: bildgta.ca



INDUSTRY FACT SHEET:

The Home Building, Land Development and Professional Renovation Industry in the Greater GTA

AN ECONOMIC ENGINE

With up to 100,000 people and 50,000 jobs coming to the GTA every year, the building, land development and professional renovation industry is supporting the growth of our region and economy.

In 2013, residential and non-residential construction generated:



34,719

new housing starts



\$22.6 BILLION

investment value of construction, renovation & repair, acquisitions & conversions



207,400 jobs, paying
\$9.7 BILLION in wages

In 2012, professional renovation generated:



\$13 BILLION

in investment value of renovation and repair



99,900 jobs, paying
\$5.3 BILLION in wages

GOVERNMENT CHARGES AND HOME AFFORDABILITY

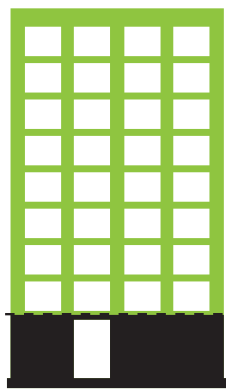
Government charges and fees represent a significant portion of the cost of a new home in the GTA and may be eroding affordability and choice for home buyers.

On average, these charges account for:



19.7%

or \$64,000 of the average price of a high-rise home

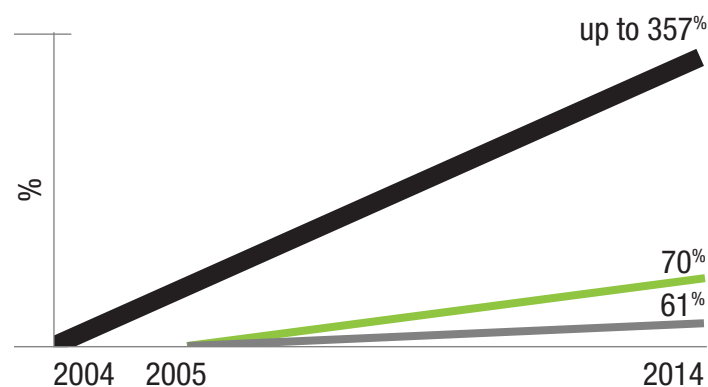


22.6%

or \$116,200 of the average price of a low-rise home

Development charge increases outpace home prices

- GTA development charges
- average new low-rise home price
- average new high-rise home price

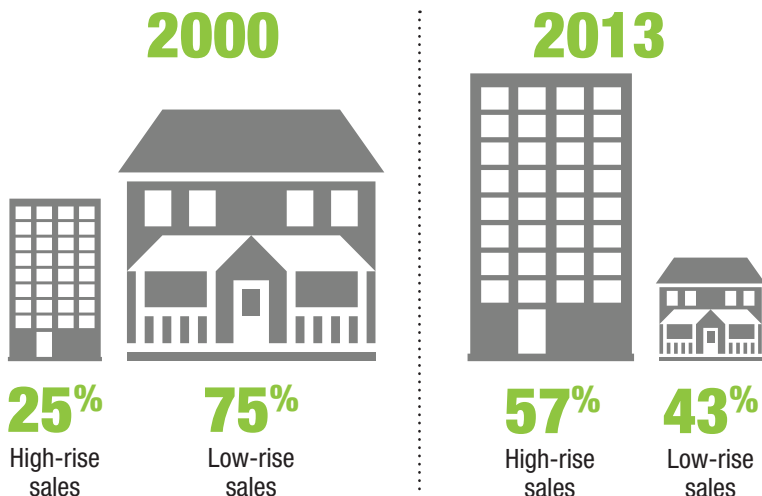


An unfair tax burden:

\$1,000,000,000

in development charges are paid by GTA new home buyers every year to fund growth-related infrastructure like bridges, sewers, libraries and other public services.

INDUSTRY IS RESPONDING TO *PLACES TO GROW* INTENSIFICATION TARGETS



Unfortunately, many municipal zoning by-laws haven't followed suit. In too many cases, development applications have been subject to lengthy rezoning processes despite being in keeping with growth targets set out in *Places to Grow*.

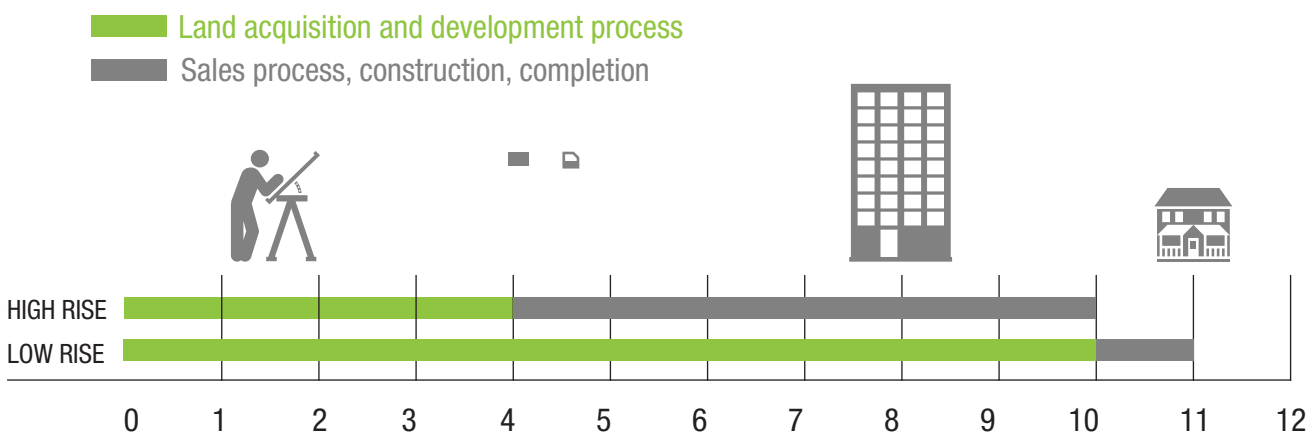


The Ontario Municipal Board is essential for the development approval process:

- ✓ An impartial, evidence-based, quasi-judicial administrative tribunal
- ✓ Removes local political sentiments from planning decisions
- ✓ Reviews development applications on planning merit, provincial and municipal policies, and makes decisions based on expert witness evidence
- ✓ Results in celebrated projects across the GTA

GETTING IT BUILT

It takes approximately 10 years to complete either a low-rise or high-rise development project in the GTA.



IMPACT OF PARKLAND FEE RATE ON PRICE OF A NEW HOME

Our industry is committed to providing parks and amenity space for new development. However, Ontario's parkland dedication provisions date back 40 years and were created with low-density development in mind.



Outdated policies don't align with the Province's intensification goals and policies.

BILD suggests municipalities cap parkland dedication fees at 5 to 10 per cent of the value of the development site or the site's land area as was done in the City of Toronto. This will benefit all types of housing.





CITY OF TORONTO FACT SHEET:

The Home Building, Land Development and Professional Renovation Industry

AN ECONOMIC ENGINE

Economic Impacts in City of Toronto (2012)*



\$11.1 BILLION

in new home construction



\$5.7 BILLION

in renovation and repair



89,000 jobs in new home construction and related fields, paying

\$4.7 BILLION in wages



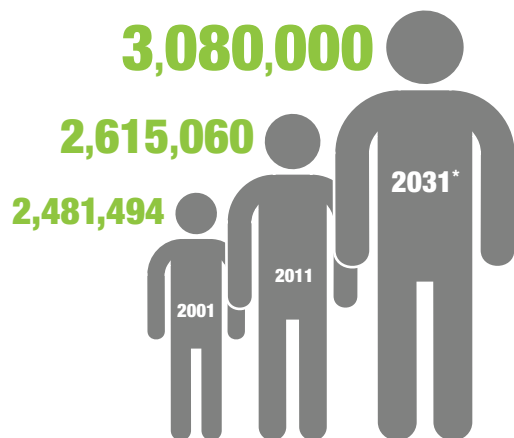
45,800 jobs in renovation and repair, paying

\$2.4 BILLION in wages

*Based on data from Canada Mortgage and Housing Corporation and Statistics Canada

LOCAL SNAPSHOT

A Growing Population



*As projected by Statistics Canada & Regional Planning Authorities.

Average Household Income (Median)*



\$69,740

City of Toronto

\$81,900
GTA average

*According to most recent available data from Statistics Canada (2010/11).

Property Tax Rate*



0.7457653%

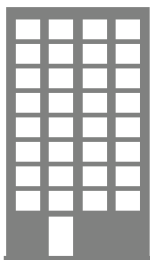
City of Toronto

1.07994%
GTA average

*As of February 2014.

Average New Home Price (2013)*

High rise



\$493,245

↓ 6.71%
since 2010

Low rise



\$895,368

↑ 61.52%
since 2010

*Based on data from RealNet

New Home Sales (2013)*



11,726

High rise

499

Low rise

*Based on data from RealNet

Construction Starts (2013)*



13,524

High rise

2,024

Low rise

Building Permits Value (2011)*



\$6.95 BILLION

*According to most recent available data from Statistics Canada

CITY OF TORONTO : KEY INDUSTRY ISSUES

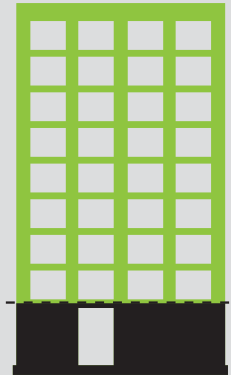
SECTION 37 PLANNING ACT PROVISIONS

Experience in the City of Toronto has shown implementation of Section 37 provisions become a highly political process and more certainty and transparency is required for its success.

- A municipality should only be allowed to access Section 37 when it has established a development permit system or has updated zoning within 3 years of an Official Plan update (per the requirements of The Planning and Conservation Land Statute Law Amendment Act)
- Section 37 should only apply to development applications not in conformity with the Provincial Growth Plan.
- In all other cases, bonusing should only apply where height and density exceeds the Official Plan or what could be reasonably contemplated by the Provincial Growth Plan.

Government-imposed fees and charges, including Section 37, represent a significant portion of the cost of a new high-rise home in the City of Toronto.

17.3%
of the average price
of a condo unit



DEVELOPMENT PERMIT SYSTEM (DPS)

The DPS offers an innovative alternative to the re-zoning approval process, providing enhanced certainty, streamlined approvals and a means to create investment-ready communities across Ontario.

- While intended as a “wholesale replacement” for existing zoning, the DPS could be simplified to co-exist with existing zoning and applied in specific circumstances (perhaps for strategic means such as transit corridors; re-investment areas or employment nodes), to be more effective and used more broadly to support economic development.
- This DPS process would include extensive up-front community consultation that results in a planned vision and objectives for the community.

LOCAL APPEALS BODY

As the City undertakes a consultation exercise for a potential Local Appeals Body for consent and minor variance applications, BILD notes the following:

- There are important questions about the Local Appeal Body's ability to remain impartial and avoid political interference
- The associated costs to the City, taxpayers and new residents are significant
- Rather than creating a new body, the City should improve and streamline the existing Committee of Adjustment process
- The City should also support the OMB and its need for additional resources with the Province



I BUILD RELATIONSHIPS.



"BILD has introduced us to a network of related entrepreneurs and industry professionals that would otherwise take years to foster. We have successfully gained increased industry knowledge, trained our staff through courses and received mentoring from some of the most seasoned industry leaders. BILD genuinely provides member companies with a tremendous level of confidence by having a multitude of resources readily available for us to succeed."

A handwritten signature in black ink, appearing to read 'Lefteris Karagiannis'.

Lefteris Karagiannis, President
Mane Construction Group Inc.
RenoMark™ Renovator
Member Since 2006



I AM



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Get Involved: bildgta.ca



BILD®



BUILDING A GREATER GTA
Building Industry and Land
Development Association

June 17, 2015

Chair Shiner and members of the Planning and Growth Management Committee
City of Toronto
City Hall
10 Queen Street West
Toronto, Ontario

Dear Chair Shiner and members of the Planning and Growth Management Committee,

RE: Agenda Item P 5.10 Ahead of the Curve: Preparing for Inclusionary Zoning for the City of Toronto

The Building Industry and Land Development Association (BILD) is in receipt of the Council referred member motion, noted as agenda item *P 5.10 Ahead of the Curve: Preparing for Inclusionary Zoning for the City of Toronto*. We acknowledge that this motion seeks the committee's endorsement for a strategy to implement inclusionary zoning in the City of Toronto, and that this motion was referred by Council to the June 18th Planning Growth Management Committee for a decision.

It is essential to note that BILD and its members greatly support the need to find appropriate solutions to the lack of affordable housing. In this vein, BILD and the City of Toronto have worked collaboratively on mechanisms to aid in this challenge. A clear example is our joint efforts to promote six-storey wood frame construction in Ontario.

Conceptually, inclusionary zoning is a mature planning tool that has worked in some cities in the United States, primarily because of the supporting mechanisms, such as as-of-right zoning permissions, tax-credits and other incentives. Without proper as-of-right zoning in place, we will simply have another barrier to affordable market housing. Transit corridor planning in Toronto is a prime example of where as-of-right zoning is still desperately needed and would support affordable housing.

These supporting mechanisms are essential because they financially offset the burden of inclusionary zoning to make it feasible in a development project. While we are in agreement that affordable housing is a shared challenge that we must overcome, our industry does not believe that inclusionary zoning is the right tool, especially without these supporting mechanisms.

We view this motion as counter intuitive to the City's own plan to promote and incent affordable housing. Inclusionary zoning simply shifts the burden of responsibility onto those that are trying to enter into home-ownership for the first time. This creates a barrier to entry and places additional strain on the City's rental housing stock.

In conjunction with the Ontario Homes Builders' Association (our Provincial affiliate) we have had a long-standing position on inclusionary zoning; several key points from the industry's perspective are as follows:

Logistical Considerations

- In most cases, it is necessary for the government to provide incentives or compensation to developers to ensure that housing projects are financially feasible.
- Inclusionary zoning can cause the average price of new homes across the market to increase, therefore reducing housing affordability and reducing the overall supply of new housing.
- Inclusionary zoning asks homebuyers (or renters) to bear the cost of a social subsidy. The policy is inequitable, as a narrow segment of society would bear the cost of a social initiative, which should be spread across all taxpayers. Furthermore, the housing market will be skewed to favour resales that don't carry this extra cost burden.
- The cost of this subsidy will reduce the economic return on a new housing to the extent that it would be unlikely to proceed, unless the developer is able to:
 - Pass the cost along to the buyers of market units within the development which reduces affordability; or
 - Receive significant compensation from government in the form of cash grants and/or other concessions such as height or density bonuses.
- Inclusionary zoning may also be problematic from a resale perspective. How will the appreciation in value be managed at the time of resale? Will the house remain as 'affordable housing stock'? Overtime the turnover of inclusionary zoning units may only serve to benefit the owner, not the overall affordable housing supply.
- Both publicly funded or privately funded assisted housing will have impacts on land supply and costs, as well as a difficult journey through the typical planning process complexities, due to neighbourhood opposition for 'affordable housing.'

Consequences of Inclusionary Zoning

- **Housing provision** – If inclusionary zoning policies without adequate compensation are introduced they threaten the feasibility of new housing developments, then, ultimately, housing shortages will emerge.
- **Housing affordability** – When new homebuyers (or renters) have to bear the cost of a subsidy, this has negative repercussions on housing affordability for market units. This is a band-aid solution that is essentially a hidden tax on new homebuyers.
- **Density** – If the policy makes large higher-density projects less feasible, then shortages of higher density housing may emerge in the long term.

Recommended Alternatives to Inclusionary Zoning

- Strategically plan as-of-right zoning, especially along transit routes and corridors, which will aid in reducing the price of market housing.
- Remove or reduce government imposed cost and regulatory barriers which constrain housing

opportunities for lower income households;

- Create a long-term portable housing allowance program to provide immediate assistance to low income households who have housing affordability problems;
- Address homelessness by focusing on special needs housing and services for the truly needy and integrating enhanced support services within housing projects;
- Make strategic investments to repair and upgrade Toronto's existing social housing stock.

We hope that you will take these comments into consideration and should this matter progress, BILD would like to take this opportunity to request a stakeholder meeting with BILD Toronto Chapter members and city staff.

If you have any questions or comments, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Danielle Chin', with a stylized flourish at the end.

Danielle Chin, RPP MCIP
Senior Manager, Policy & Government Relations

CC: BILD Toronto Chapter members



Make Way for Laneway

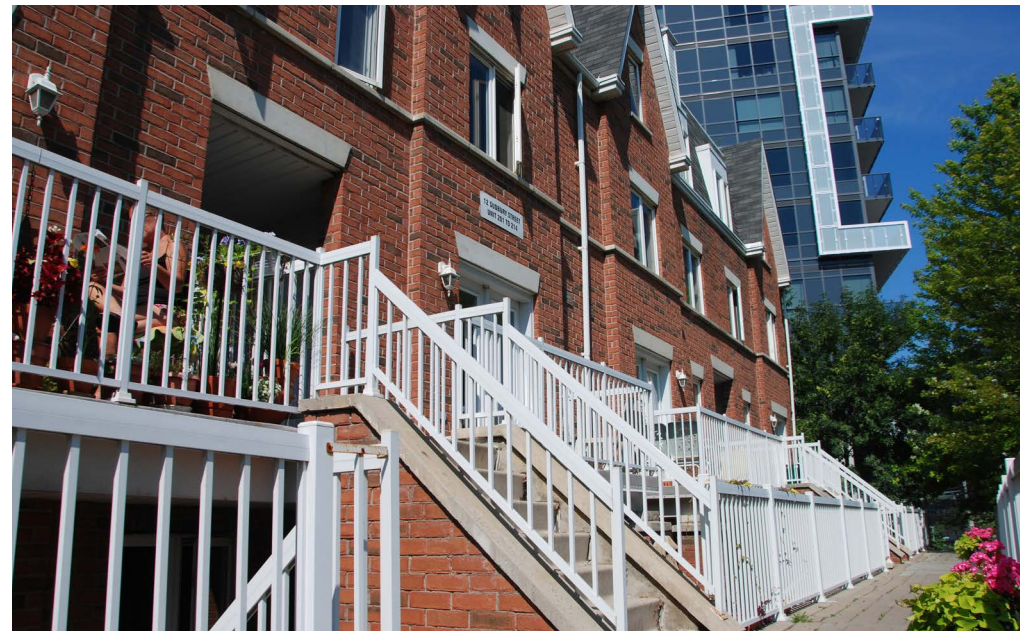
Providing more housing options for the Greater Toronto Area

There is a lack of housing diversity in the Greater Toronto Area. In particular, there is a short supply of affordable homes in walkable, amenity-rich urban neighbourhoods that are close to rapid transit. These desirable residential streets are comprised mostly of detached and semi-detached houses, with purchase prices and rental rates beyond the reach of most residents. Because of the declining affordability of housing in many urban neighbourhoods across the GTA, people in lower-income households are forced to move to the periphery.¹

Many condominiums and apartment buildings are being built in urban centres and along transit lines to provide more affordable home options in these areas. But there are other ways to provide more homes in these established neighbourhoods — and without changing the look, feel and character of these low-rise residential streets. Laneway houses, garden suites and infill townhouses are examples of small-scale housing options that can help address the affordability gap near transit.



Big benefits from small-scale housing



Townhouses on Sudbury Street are within walking distance of Exhibition GO station, as well as the King and Queen streetcars Photo: Roberta Franchuk, Pembina Institute

Small-scale housing in walkable, transit-friendly neighbourhoods can provide many benefits to residents:

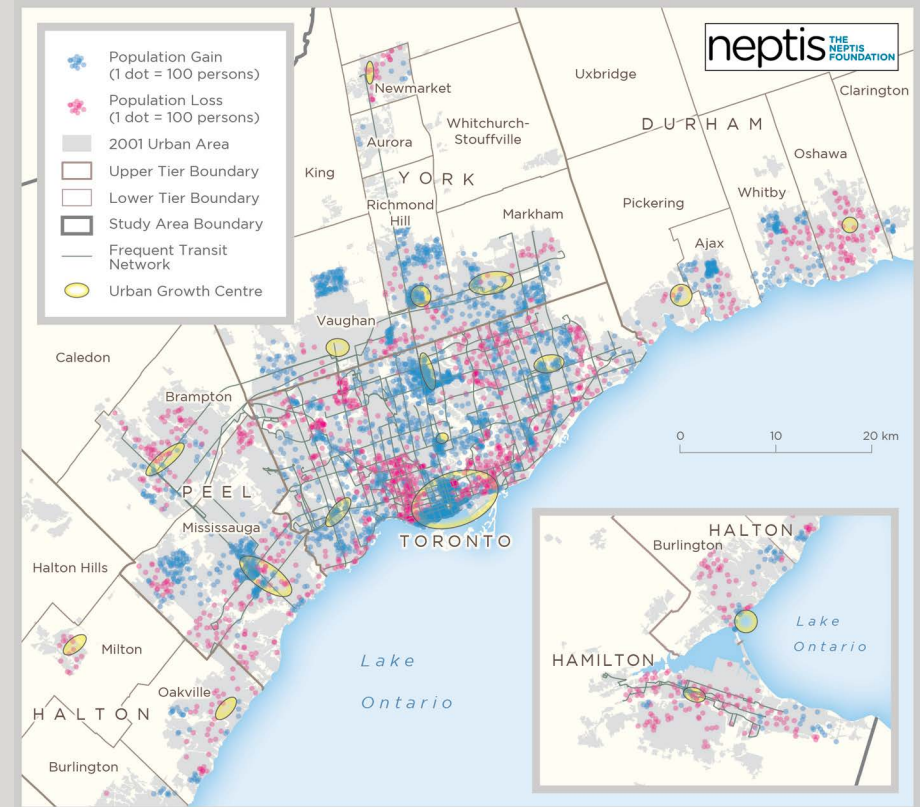
- **Reducing car dependence:** These new housing options put more people near transit and existing amenities. This helps families get around without the need for two cars, so they can save money on transportation costs and enjoy a shorter commute.
- **Getting grounded:** Not everyone wants to live vertically in a high-rise or mid-rise apartment. Small-scale and infill homes allow for ground-floor living in residential neighbourhoods.
- **Shopping locally:** Businesses in these residential neighbourhoods need as many local customers as possible. More local customers in turn attract more businesses to the area, such as cafés and markets, making the neighbourhood more attractive and desirable.
- **Covering the mortgage:** Many of these housing options can be built by homeowners and rented out, providing extra income to help cover mortgage costs.
- **Paying the fare:** More people living in transit-accessible neighbourhoods provides more justification for good local transit service. Higher ridership also means higher fare revenues, which can be used to improve service for an even better ride.
- **Protecting our farmland:** Ontario intends to accommodate much of the GTA's future growth by intensifying urban areas — while protecting the region's Greenbelt, farmland and drinking water headwaters — instead of building out on the suburban fringes.

Our changing neighbourhoods

Anytime new homes are built, some people are concerned about change. This is particularly true in established neighbourhoods that are valued as stable, mature and historic. Yet the reality is that many of our established neighbourhoods are not stable: rather, they change along with demographic shifts. Some older downtown neighbourhoods are actually losing population as families age and household sizes shrink, while other neighbourhoods grow through gentrification or an influx of new families (see the sidebar for details).

New housing options in established communities cannot only increase density with affordable housing units, but in many cases they also halt population decline. The population of these established neighbourhoods needs to be maintained in order to support existing businesses and services.

The GTA has a rich history of creating secondary suites in homes, subdividing detached houses and converting house-plexes back to single-family homes when needed. Our neighbourhoods are constantly changing depending on the needs of current and future residents.



Some areas of the Greater Toronto and Hamilton Area have increased in population from 2001 to 2011, while others actually lost residents

Source: Neptis Foundation²

While the GTA and the Greater Golden Horseshoe are growing in population, recent research by the Neptis Foundation has found that some existing urban areas have in fact experienced a net loss in population.³ As a result, some well-served communities are actually inhabited by fewer people. In communities across Canada, demographics are changing as people age, families have fewer children and more people live alone. The average number of people per household is going down. It is therefore entirely appropriate that new housing opportunities be considered within established communities, not only to increase density with affordable housing options, but in many cases to halt population decline. A stable population is needed in these established neighbourhoods to support existing businesses and services.

Innovative, small-scale housing options

Condo and apartment buildings are suitable for main streets and avenues, but smaller residential streets are better served with more small-scale housing. Strategically located small-scale housing developments in an established single-family neighbourhood can provide the “invisible” population density necessary to help support local businesses and rapid transit. These developments blend into the existing scale and architectural character of an established neighbourhood better than larger buildings that are suited to busier streets.

When low-rise infill development occurs along neighbourhood streets or in laneways, it creates more housing options in established locations where only limited and more expensive options were previously provided. There are many different infill options such as secondary suites, garden suites, infill townhouses and laneway houses that can fit the needs of different neighbourhoods.

Three innovative, small-scale housing options are already present in some communities:



1. Attached secondary suites (basement and attic apartments)

See
page
5



2. Detached secondary suites (laneway houses, granny flats and garage suites)

See
page
8



3. Infill townhouses

See
page
12

These options should be encouraged in other neighbourhoods across the GTA, to provide a greater variety of affordable housing options. We present four solutions to support small-scale housing in the region.

See
page
14



The suite spot

Adding secondary suites to homes

What are secondary suites?

A secondary suite is an additional private, self-contained dwelling located within a house that would normally accommodate only one dwelling unit. They are often called accessory suites or basement suites, or sometimes attic suites. A secondary suite has its own kitchen, bathroom and sleeping areas. However, it can share some facilities such as an entrance, yard, stairwell or laundry with the rest of the home.

Secondary suites are an important part of rental housing supply in many cities and towns. They have the added benefit of incrementally increasing densities while preserving the existing neighbourhood character and scale.

What are the benefits?

Secondary suites can be developed without requiring additional municipal service infrastructure like gas, water and electricity connections. They also require minimal construction compared to building a new dwelling.

Rents in secondary suites are often lower than those in apartments in conventional rental buildings. They provide more opportunities for low- and middle-income households to live in ground-oriented residential neighbourhoods that are well-served by transit.



Basement and attic secondary suites

Secondary suites can make it easier for first-time homebuyers to purchase a home by providing extra income and security to cover mortgage costs, or they can provide additional income for empty-nesters who no longer need a large house. They also present an opportunity for multigenerational households — with adult children, perhaps young children and aging parents in the same home — who offer benefits to each other such as security and care, all while retaining privacy.

What are the barriers?

Across Ontario, municipalities regulate residential zoning bylaws for secondary suites. In 2012, Ontario passed the Strong Communities Through Affordable Housing Act, requiring municipalities to authorize the use of a second residential unit without the possibility of appealing a decision to adopt second unit policies.

Although the province has required secondary suites policies throughout Ontario, municipal policies are inconsistent across the province. Many municipalities still maintain prohibitive barriers to secondary suites. This has slowed the expansion of secondary suites in many areas. For example, Vaughan only introduced secondary suite regulations in 2015.

Parking supply and congestion are often perceived as a problem when secondary suites are introduced into a community. These issues can be mitigated by managing the supply of municipal street parking permits, promoting car sharing and adjusting local parking standards based on transit proximity.

Allowing secondary suites could be championed as a social issue, as it constitutes “zoning for people” rather than “zoning for use.” It creates more affordable housing options for a significant number of Ontarians.



A secondary suite in an existing community Photo: Roberta Franchuk, Pembina Institute

Where has it been done?

Secondary suites exist across the GTA and are supported by some municipalities in the appropriate areas. The City of Toronto considers secondary suite development an ideal form of intensification, as it increases the population of established neighbourhoods without altering the character of the community. Other municipalities like Newmarket, Pickering and Caledon implemented secondary suite bylaws before the Strong Communities Through Affordable Housing Act was introduced.

Beyond Ontario, a few home builders in Alberta and Saskatchewan advertise the building of regulation basement suites in new homes. They promote the idea that first-time homebuyers can benefit from both owning a house and renting for additional cash flow.

One-fifth of rental housing in Vancouver now consists of secondary suites, approximately 26,600 units.⁴ North Vancouver began allowing secondary suites in detached single-family dwellings in 1997. In 2013 it became the first municipality in North America to permit the development of secondary suites in duplexes, when certain conditions are met.⁵

All new communities in Calgary are now zoned for secondary suites as a permitted use. However, in existing Calgary communities, adding a secondary suite can be difficult as a zoning change or development permit may be required.



A suite above a garage in Toronto Photo: Roberta Franchuk, Pembina Institute

Where would secondary suites work in the GTA?

Existing communities

Secondary suites help the province and municipalities reach their intensification goals while increasing the stock of affordable and rental housing through incremental density increases that are essentially “invisible” within established neighbourhoods.

New communities

While a secondary suite is usually created in a dwelling designed to accommodate a single family, builders can construct new houses that already include apartments, or that have the flexibility to be easily converted. This would increase the range and mix of housing options available to individuals and families from the outset when communities are built.

Laneway living

Dwellings detached from primary residences

What are detached suites?

Laneway houses and garden suites are common examples of detached accessory units: they are secondary dwellings that are detached from the primary residence. These can be new buildings or conversions of an existing building, such as a garage or a shed.

A **laneway house** is a small, one- or two-storey house that is detached from the primary residence and faces a laneway or alley. Laneway houses are separate buildings, designed to function independently of the primary residence. These houses have their own entrances that front onto a laneway or alley. Laneway houses can be rented or sold through “strata” ownership, or by severing the residential parcel into two separate properties.

A **garden suite** is similar to a laneway house, although it may not front onto a laneway. Garden suites may also share some facilities with the main residential building, such as the yard or laundry. Garden suites are commonly designed for relatives, which is why they are often referred to as “**granny flats**.”

Another variation of a garden suite is a **garage suite**, which is a secondary suite built above a separated garage. They are sometimes called “Fonzie flats” in reference to the *Happy Days* television sitcom.

What are the benefits?

Like detached suites, laneway houses and garden suites increase the supply of affordable, ground-oriented rental housing in established neighbourhoods. They do this without requiring major new construction or significantly changing the look of the community. They also offer



Laneway house



Garden suite or granny flat



Garage suite

opportunities for homeowners to earn rental income, sell a portion of their property or provide housing for family members.

Laneway houses and garden suites can also improve the look and safety of a laneway. Laneway houses are usually built at a much slower pace than a whole development of single-family homes. Neighbourhoods therefore will not significantly change in a short time. During the first two years of Vancouver’s laneway pilot project, an average of 11 laneway house permits were approved each month⁶ and these were dispersed throughout the city.

What are the barriers?

The primary barriers to constructing laneway houses are municipal zoning bylaws that forbid detached dwellings that are separate from the primary residence on a single lot.⁷ In Toronto, laneway applications are handled on a case-by-case basis. Bylaws in Mississauga⁸ and Markham⁹ specify that accessory dwelling units must be within a detached, semi-detached or row house — and not in a structure separate from the primary residence.

Privacy for neighbours is a common concern, as residents in a garage, garden or laneway dwelling are often closer in distance to neighbouring properties than usual.

Since most laneways in Toronto do not have service connections, laneway houses need to be serviced via connections that are located on the main street. This could be costly for developers, who would pass these costs onto the renter or homebuyer.

Ontario's building code says that low-rise housing must provide access for fire department equipment by street, private roadway or yard. This access must account for the weight of fire-fighting equipment, the location of fire hydrants, as well as the turning and parking requirements of fire vehicles.¹⁰ Waste collection and emergency vehicles also require access routes that are at least six metres wide.¹¹ Many laneways in Toronto are too narrow to accommodate these vehicles.

Where has it been done?

Laneway developments can be found in older Toronto neighbourhoods where servicing through laneways is possible. These developments have been approved by the city on a case-by-case basis, making it a potentially long and costly process to erect a laneway house. Skey Avenue, a laneway behind Dovercourt Avenue, and Croft Street, which is west of Bathurst Street, are two examples of laneways with multiple infill projects. Row houses are currently under construction on Skey Avenue.



Vancouver's laneway housing guidelines have led to laneway development that adheres to the neighbourhood style Photo: Smallworks

Vancouver has a zoning bylaw amendment that allows for laneway houses behind almost every single detached home in the city. These laneway houses, however, are only for family or rental use. They are also limited to a maximum of 1.5 storeys (ranging from 500 to 900 square feet).

In California, Bill 1866 requires local governments to consider second-unit applications in accordance with state standards. This approach promotes accessory units in existing and future single-family lots across California. Local ordinances or programs further facilitate the development of secondary units.

Los Angeles allows for lots to be subdivided, to sell both the land and structure of a secondary dwelling.¹² In Santa Cruz, the Accessory Dwelling Unit Development Program encourages the construction of accessory units to increase the supply of affordable rental housing. The program provides house plans and a manual for how to obtain permits for building a unit. This helps ensure that units are legal and fit the design of the neighbourhood.

Seattle has made accessory dwelling units legal through a permit process. To encourage the development of more accessory dwelling units, the city removed parking and ownership requirements. This allows a single lot to have both a secondary suite and a detached accessory dwelling unit. The city also removed barriers such as height limits, setbacks, maximum square footage and minimum lot size requirements.¹³

Where would detached dwellings work?

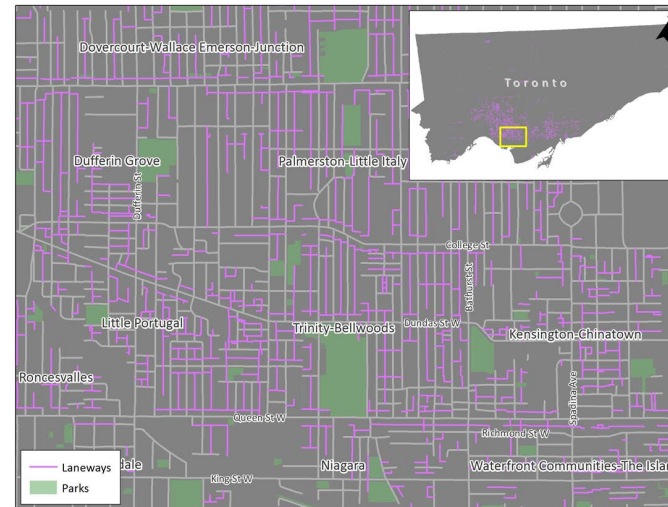
Laneway houses and garage suites

There are over 250 kilometres of laneways across Toronto, but the development of laneway housing is limited to areas where laneways are wide enough for servicing and emergency access. West end neighbourhoods near downtown Toronto were designed for service connections and access via the laneway. Many of these laneways already have water, gas and electricity connections making laneway house service connections easier.

Some newer communities in suburban areas have been built in the “new urbanist” style that includes laneways. These could accommodate laneway dwellings. Future single-family developments could also be designed with laneways of the appropriate width that can be connected to water, electricity and sewage.

Garden suites and granny flats

Garden suites that are geared toward accommodating relatives, and share some facilities with the primary residence, could be constructed throughout the GTA in neighbourhoods with detached homes. Municipalities could determine a minimum lot size or distance from neighbouring properties that is required for the approval of a garden suite.



Toronto has over 250 kilometres of laneways, and many in the downtown west end are suitable for laneway development

Photo: Pembina Institute

TINY HOUSES

A “tiny house” is typically defined as a dwelling that is sized to meet its occupants’ needs with little excess space. A typical tiny house is about 100 to 400 square feet. These houses come in all shapes, sizes and forms, but they focus on smaller spaces and simplified living.¹⁴ Tiny houses are a growing movement across North America as they are more affordable and energy efficient, and reduce material consumption.



Tiny houses in Portland, Oregon

Photo: Boneyard Studios

While the tiny house movement is primarily made up of people choosing simpler and more affordable accommodations, there are also potential opportunities to create temporary or permanent microhousing shelters to combat homelessness in urban areas. Communities in Oregon have provided a variety of sleeping facilities in semi-permanent wooden structures, and Victoria is also investigating opportunities to create temporary shelters and microhousing.

Where is development happening now?

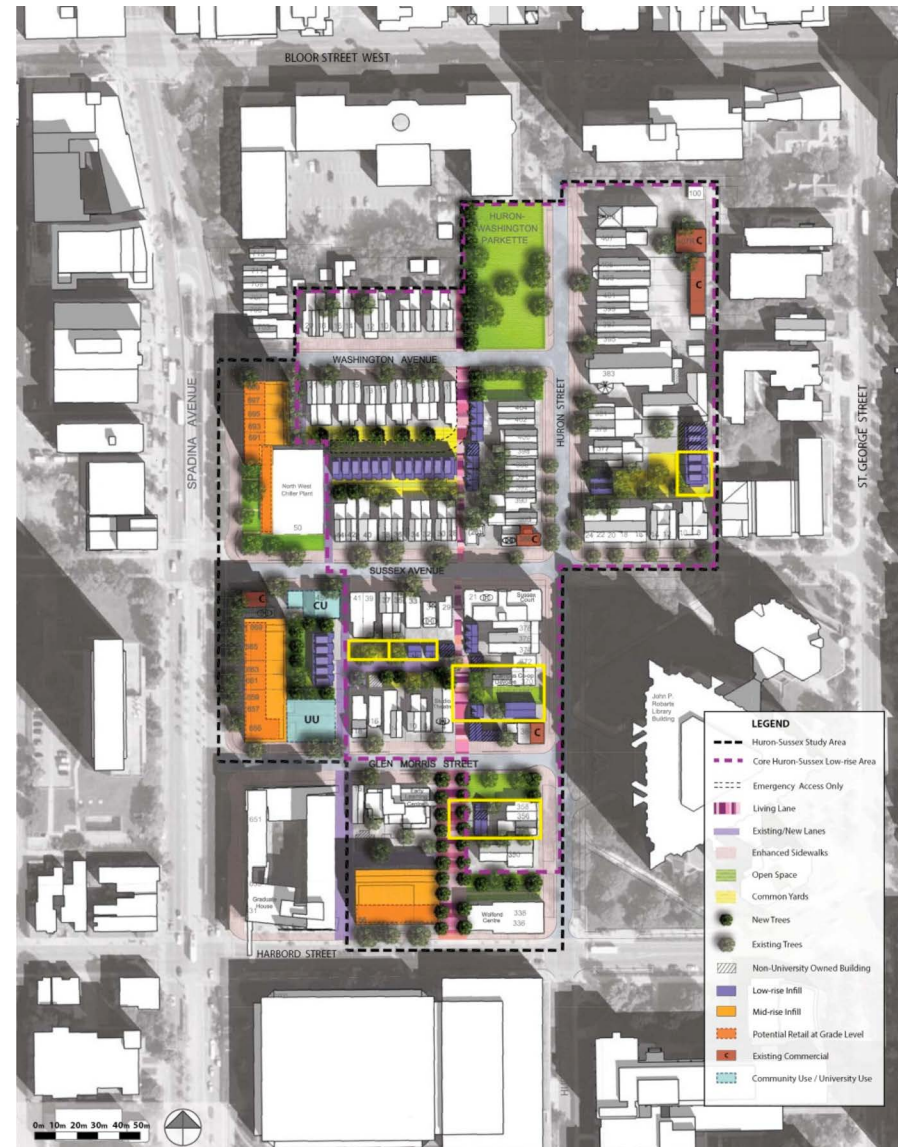
In Toronto, many individuals and organizations are working to transform laneways into vibrant, liveable spaces. A project that shows the potential of this approach is underway on the University of Toronto campus.

The Huron Sussex Neighbourhood Study re-envisioned the city's traditional approach to intensification and proposes strategically located laneway houses and mid-rise buildings within a low-rise neighbourhood. This increases housing density while protecting the existing neighbourhood's scale and architectural character. The study is a joint effort between Brook McIlroy, N. Barry Lyon Consultants, the university and the local residents' association.

Following on this study, the University of Toronto is developing three laneway houses with the support of Evergreen and Earth Development. The prototyped homes are being designed by Thomas Payne Architects, with the highest standards of green design and social connectivity. The local community is engaged in the site selection process and will make important contributions to the design of the houses. The houses are targeted for completion in late 2016.

Laneway housing isn't widely used for infill development in downtown Toronto yet. However, this project could establish the Huron Sussex neighbourhood as a pilot and catalyst for future development. For laneway development to take hold across the city, it will need the support of residents, policy makers, developers, architects, planners and city builders.

Building off of their work with the University of Toronto, Evergreen will be undertaking a project-specific analysis of laneway houses in Toronto to determine the financial implications, challenges and opportunities associated with their construction. This research will also be used to inform a detailed policy review and proposals for how Toronto can update its bylaws to support laneway housing.



The University of Toronto is currently working with the local community on the site selection and development of three laneway houses

Photo: Huron Sussex Neighbourhood Planning Study

Filling spaces

Infill townhouses

What are they?

Infill townhouses are new townhouse developments that occur in established neighbourhoods and replace empty lots, brownfields, or aging and dilapidated buildings. Unlike secondary suites, infill townhouses use new or existing streets for their access and addresses. Infill townhouses are often stacked, offering more units per hectare than single detached homes on the same site.

What are the benefits?

Infill townhouses are compact and make better use of land, but still provide design characteristics that are similar to detached and semi-detached houses. These include front doors facing the street, ground-oriented access and outdoor space. Like the other options discussed in this report, infill townhouses provide more opportunities to live in established neighbourhoods that are near transit and amenities.

Townhouses can make efficient use of large or oddly shaped parcels of land, and can replace old or dilapidated buildings. As an alternative to new detached houses in greenfields, they bring new development into existing built-up areas. They also provide a buffer and transition between areas of low and medium-density housing.¹⁵

What are the barriers?

Infill townhouses have fewer barriers to development than detached secondary suites, as servicing can be done via existing or newly built streets with the appropriate characteristics.



Infill townhouses



The proposed Sherwood Park development on Keewatin Avenue west of Yonge Street is facing some opposition due to concerns about increasing densities and lower planned prices than existing homes in the immediate area

Photo: Freed Development

The main barrier to infill townhouses is opposition from residents concerned that these homes will disturb the character and make-up of their neighbourhoods. This is a barrier that can be overcome by communicating the many benefits of adding homes to an established neighbourhood, and by working closely with residents to ensure that matters like privacy are carefully addressed.

Where has it been done?

In the GTA, some townhouses are being developed on lots that previously had detached houses. However, it is more common to find infill townhouse projects on land that was previously zoned for non-residential use. These lots offer larger plots of land for developers to construct a larger number of townhouses.

Where would it work?

There are opportunities across the GTA to introduce infill townhouses. Instead of building out, we can build within our existing neighbourhoods. Seattle has developed a “Housing Affordability and Livability Agenda” that recommends allowing a broader mix of low-density housing types within traditional single-family areas. The broader mix of housing they propose would include small low dwellings, cottages, courtyard housing, row housing, duplexes and stacked flats.

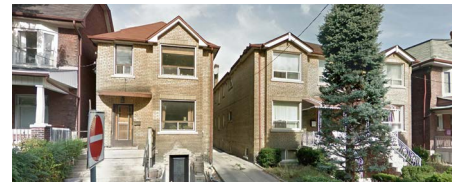
In single-family residential neighbourhoods with some dilapidated or substandard homes, infill townhouses are a great way to rejuvenate a street and increase housing supply.

Infill townhouses are also suitable on lots within a residential neighbourhood with low-rise commercial properties that need to be replaced, or vacant lots that may have had a former commercial land use. These vacant lots should be within or adjacent to a residential neighbourhood.



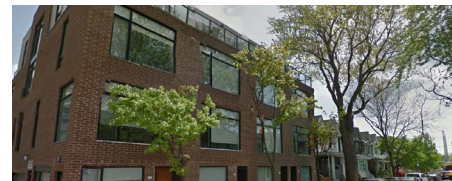
On Shaw Street in Toronto's west end, 37 townhouses bring gentle density to an older neighbourhood

Photo: Nithya Vijayakumar, Pembina Institute



A development of 14 townhouse units has been proposed to replace these three houses on Churchill Avenue in North York

Photo: Google



The Leslieville Lofts replaces a surface parking lot and brings life to Verral Avenue

Photo: Google



Photo: Google

ADAPTIVE REUSE

Adaptive reuse is an important component of neighbourhood revitalization, where older buildings are repurposed for new uses. Many established communities feature older commercial, industrial or institutional buildings that are under-used or vacant. These buildings can be reinvigorated through residential conversion. Adaptive reuse projects can make positive contributions to transform streets, neighborhoods and districts. They add urban vitality and richness, and bring relevance and meaning to older buildings that have outlived their original purposes.¹⁶

This type of intensification is very popular in the Greater Golden Horseshoe. New projects like the Schoolhouse condominiums in Toronto's Annex, or the Riverbank Lofts in Cambridge, show the demand for creative infill housing. These types of conversions breathe new life into older buildings, and help support local business and transit. While they are not typically as affordable as secondary suites or laneway houses, they do increase the overall supply of housing options in existing communities and help address the demand for intensification.

Solutions for small-scale housing

Cities across North America have implemented policies and programs to encourage infill in single-family neighbourhoods. In the GTA, the main obstacles to small-scale and infill housing are zoning bylaws, service vehicle limitations and parking problems. Here are four solutions to address those problems:

1. Design for success



We need to ensure that infill development can meet zoning bylaws and visually fits with the character of the neighbourhood. Providing flexible zoning or municipal design guidelines for garden suites or laneway houses will increase the efficiency of the building approval process.

Laneway houses and other detached dwellings are currently approved on a case-by-case basis. By clearly communicating municipal design requirements and expectations, the approval process can be streamlined. Design guidelines would also address concerns about privacy, shading and whether a structure integrates well with the rest of a neighbourhood's built form.

Homeowners often avoid getting a permit for a new or upgraded secondary suite because the process of dealing with municipal inspectors is too time-consuming and costly. Guidelines from municipalities would reduce the time needed to review and approve new or upgraded secondary units. This will prevent the proliferation of illegal secondary suites and allow more building permit applications to be approved.

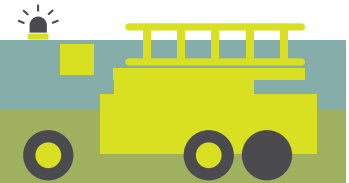
2. Get in the zone



Restrictive zoning in many municipalities makes the infill development approval process time-consuming and difficult. One option is to implement “as-of-right” zoning for the appropriate infill development. Paired with design guidelines, this simplifies the review process, thus reducing costs to homeowners and developers.

The provincial government could adjust rules that would allow for as-of-right secondary suites across Ontario when specific conditions are met, such as compliance with the building code and fire code. Zoning could also be made more flexible to allow a broader range of low-rise housing types in established communities, including flexibility on height, density and setback requirements.

3. Service smaller spaces



The main obstacle to increasing housing in our laneways is that many laneways are not wide enough to accommodate the vehicles that handle fire emergencies and waste collection. The good news is that Toronto already has a fleet of small trucks for fire emergencies and waste collection for the communities on the Toronto Islands. This is an innovative example of municipal service vehicles being appropriately sized to service a community. Toronto and other municipalities could consider a range of service vehicles for different types of communities to service laneway houses.

4. Park less, ride more



A major benefit of small scale and infill housing is the potential to create more homes near transit. Increasing transit ridership and reducing dependence on cars should be a goal when planning these developments.

Off-street parking requirements — such as creating driveways or expensive underground parking — should be relaxed for infill housing near transit, to encourage residents to use transit instead of owning a car. Parking requirements for secondary suites vary between municipalities. However, most require an additional off-street parking space if more than one secondary suite exists and on-street parking is not available.

Another concern is the effect of second units on on-street parking availability. In neighbourhoods where garages or driveways are not common, residents rely on on-street parking for their vehicles.

Most municipalities in the GTA already limit the number of permits available in each neighbourhood to ensure residents are able to find a place to park in their designated zone. If the permit supply is maintained then there should be no concern about more vehicles in the neighbourhood. Municipalities can provide different tiers of permits, limiting where and when residents can park on the street.

Developers and municipalities could also work with private sector car-sharing companies to increase their fleets in neighbourhoods that are promoting infill, which would limit the need for more parking.





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Endnotes

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