

To:	Chair McQueen and Members of the Affordable Housing Task Force
Committee Date:	September 19 th , 2022
Subject / Report No:	Public Lands for Affordable Housing Project, Addendum #2 to PDR-AF-09-22
Title:	Public Lands for Affordable Housing Project
Prepared by:	Liz Buckton, MCIP, RPP, Senior Policy Planner
Reviewed by:	Randy Scherzer, Anne Marie Shaw
Lower Tier(s) Affected:	All local municipalities
Status:	

Recommendation

1. That Addendum 2 to Report PDR-AF-09-22 regarding a status update on use of surplus public lands for affordable housing be received for information.

Executive Summary

This report explores data released in the 2021 Census data by Statistics Canada and discusses potential future phases of the Public Lands for Affordable Housing project, with consideration to taking a strategic approach based on the quickly changing context within which this work is occurring.

Using the limited amount of surplus public lands for affordable housing requires careful consideration and prioritization. Using a more detailed analysis of affordability, household characteristics, and the needs of priority populations helps to show the specific areas of greatest need and quantify how great the need is.

Background and Discussion

Further to Report PDR-AF-09-22 (March 17, 2022) and the first Addendum (June 24, 2022), this report is a further update to the Task Force regarding the Surplus Public Lands for Affordable Housing Project.

As described within prior update reports to the Task Force, the four main 'Surplus Lands for Affordable Housing' project components are:

- Project Hosting

- Communications: Call to Action & Public Education
- Roundtable: Liaison & Support, and
- Better Practices & Process Mapping.

These components have been distributed across four related workflows, as described in detail within [Staff Report PDR-AF-09-22](#).

Since the June 24 update report to the Task Force, work has focused primarily on Project Workflow #2. This work includes tasks relating to data gathering and analysis, including the initial review and analysis of 2021 Census figures, intended to inform the development of meaningful project targets, messaging, and communications approach.

Staff note that this work has been undertaken within a quickly changing economic context. This context presented challenges but has also been beneficial in highlighting certain potential limitations of a surplus lands approach to affordable housing creation and emphasizing the need for careful prioritization of the use of these lands.

As discussed in the initial report and the first addendum, project tasks include an update to the “affordability thresholds” for rental and ownership housing based upon the definitions of Affordability within the Provincial Policy Statement (PPS), as follows:

“Affordable: means

a) in the case of ownership housing, the least expensive of:

1. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households; or

2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area;

b) in the case of rental housing, the least expensive of:

1. a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or

2. a unit for which the rent is at or below the average market rent of a unit in the regional market area.”

Staff note that ‘low and moderate income households’ is also a defined term within the PPS, as follows:

“Low and moderate income households: means

a) in the case of ownership housing, households with incomes in the lowest 60 percent of the income distribution for the regional market area; or

b) in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.”

Staff have submitted a preliminary special data request to Statistics Canada for the Income by Decile data required to calculate the 60th percentile affordability thresholds set out by the PPS,

and we remain in the queue. Staff note, however, that while it is important to calculate these thresholds to allow for monitoring over-time of affordability as measured against common PPS definitions, a maximum threshold does not tell the whole story of housing affordability.

As part of the landscape review activities associated with this project, and with the goal of developing a more nuanced understanding of affordability challenges for those households with incomes below the 60th percentile, staff sought out alternate methodologies and approaches for assessing and quantifying housing affordability and need. Through this research, staff identified a recent (2021) study and prototype report prepared by the University of British Columbia Housing Research Collaborative outlining and demonstrating a Housing Assessment Resource Tool ¹ (HART) that they have developed based upon international best practices and a national survey, with funding provided under the Federal Housing Supply Challenge.

This approach includes several levels of progressive cross-tabulation data work, using routinely compiled census data, to determine a more nuanced description of housing affordability at varying household income groupings, and allowing for assessment of supply needs based upon affordability, household/unit size, and the needs of priority populations. Staff have completed only the preliminary ‘income groupings’ work using this methodology, though additional work could be undertaken to further explore unit needs by size and priority population at each price point – perhaps to help inform future updates to the County’s Housing and Homelessness Plan.

Census Data

Based upon the household income data released by Statistics Canada in July 2022 (reflecting 2020 incomes), the Median and Average gross household and individual incomes for Grey County and member municipalities are as follows:

Table 1 Pre-Tax Household Incomes (2020)

	Households		Individuals	
	Median	Average	Median	Average
Owen Sound	\$63,200	\$77,300	\$36,000	\$44,360
Hanover	\$69,000	\$83,900	\$37,200	\$45,680
West Grey	\$77,500	\$96,400	\$37,200	\$47,840
Grey County	\$78,000	\$100,700	\$39,200	\$52,200
Meaford	\$79,500	\$100,600	\$39,600	\$52,650
Chatsworth	\$81,000	\$93,100	\$36,800	\$45,400
Southgate	\$85,000	\$98,900	\$38,400	\$46,440
Grey Highlands	\$85,000	\$106,300	\$40,000	\$52,750
Georgian Bluffs	\$94,000	\$116,200	\$42,800	\$56,300
Town of the Blue Mountains	\$101,000	\$157,000	\$48,400	\$82,700

¹ C. Whitzman, P. Gurstein, C. E. Jones, A. Flynn, M. Sawada, R. Stevers, M. Tinsley, Housing Assessment Resource Tools for Canada: Prototype - City of Kelowna and Findings of a National Survey (Vancouver: University of British Columbia Housing Research Collaborative, 2021) Available Online at: [Housing Assessment Resource Tools \(HART\) | Housing Research Collaborative \(ubc.ca\)](https://www.ubc.ca/housing-research-collaborative/housing-assessment-resource-tools-hart/)

Ontario	\$91,000	\$116,000	\$41,200	\$56,350
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Affordability for a Median Household

Grey County's median gross household income (2020) was \$78,000, up from \$62,935 in 2015.

While the decile income data has not yet been received from Statistics Canada to calculate the maximum affordability thresholds based on PPS definitions, staff would note that an "affordable" housing expense can be calculated for a Grey County **median household**, which may be illustrative. Based on the \$78,000 median household income, an affordable housing cost (i.e., 30% of gross income) would be \$23,400/year or \$1950/month. Units at this price point would not be "affordable" to that half of Grey County households that fall below the median household income.

HART Methods & Findings

Staff have completed preliminary 'income groupings' work using the HART approach. Such groupings are calculated using the regional median household income (\$78,000/year) and calculated upper limit income thresholds are rounded to the nearest \$5-10,000 to correspond with the income categories reported within the census data.

The resultant groupings, along with related household counts, are shown in the table below:

Table 2 HART Income Groupings

% of Median Income (per HART)	Household Income Grouping (per HART)	Corresponding Upper Limit Annual Gross Household Income (Grey)	# Households (Grey)
<20%	Very Low Income	Up to \$15,000	1220
20-50%	Low Income	\$40,000	7620
51-80%	Moderate Income	\$60,000	6780
81-120%	Average Income	\$90,000	8695
>120%	High Income	Greater than \$90,000	17980

Based upon international research and a national survey, certain assumptions are made within the HART approach regarding affordability at the Very Low Income and Low-Income thresholds:

1. Very Low-Income Households are identified as those typically reliant on government benefits, seniors' pensions, disability, or unemployment income. Accordingly, affordability for these households is capped at the shelter allowance employed by such benefits (e.g., Ontario Works, \$390/month).

2. Low Income Households may rely on a single full-time minimum wage earner or two part-time minimum wage earners. In calculating affordable price points for these households, it is recommended that we use a full-time minimum wage as the basis, rather than the upper limit income level for this category based on income alone. This income level has been calculated at \$780/month, which reflects 30% of gross income based upon a 40-hour work week at \$15/hour.*
3. For the other income groupings, the 30% “affordability” calculation has been completed using the upper limit income of each income grouping.

*It is noted that the Ontario Minimum Wage is set to increase to \$15.50/hr. beginning October 1st, 2022. An updated calculation based on a 40-hour work week at this new hourly rate, would see the maximum affordable housing cost increase to \$806/month.

Accordingly, the maximum affordable housing cost for each income grouping is as follows:

Table 3 Affordable Housing Cost by Income Grouping

Income Grouping	Max. “Affordable” Housing Cost per Month
Very Low Income (<\$15,000/yr.)	\$390
Low Income (\$15-40,000/yr.)	\$780
Moderate Income (\$40-60,000/yr.)	\$1500
Average Income (\$60-90,000/yr.)	\$2250
High Income (>\$90,000/yr.)	>\$2250

Market Pricing, Snapshot View

To better understand how locally available housing may or may not be affordable to households across the County, staff have reviewed the [CMHC Housing Market Information Portal](#), completed a snapshot review of rental listings, and reviewed summary sale statistics published by the local real estate associations.

Rental Pricing:

Rental market statistics are published on the CMHC Housing Market Information Portal, with the most recent figures provided for October 2021 for certain census subdivisions within the County. The data available for this area is limited; however, indicates a median rental price for occupied units of approximately \$950 per month.

Table 4 Market Listing Snapshot, Mar/May 2022

Looking at rental listings on Facebook Marketplace and Kijiji for locations within Grey County in March and May 2022, a total of 71 residential rental listings were identified. In March 2022, the average price across all unit sizes was calculated at \$1811 (41 listings); in May, the average price across all unit sizes was calculated at \$1996 (30 listings). Combining these listings and categorizing by unit size, the high, low, and average listed unit prices were as shown in Table 4, at right.

Unit Type	Lowest Listing	Highest Listing	Average
Studio	\$1100	\$1950	\$1350
1 Bedroom	\$975	\$1800	\$1433
2 Bedroom	\$1200	\$2400	\$1685
3 Bedroom	\$1665	\$3499	\$2437
4-5 Bedroom	\$2450	\$2800	\$2648

Note: 14% of the above-noted rental listings included one or more utilities within the listing price; approximately 3% were silent on utility payments, and the majority (83%) noted that the listed price *did not* include utilities such as heat, hydro, and water/sewer fees.

Ownership Pricing:

When looking at ownership housing data, it is important to note that Grey County includes areas covered by two local Real Estate Associations, representing distinct market areas:

- a) [Lakelands Association of Realtors](#) (includes Town of the Blue Mountains, Municipality of Meaford, Township of Grey Highlands, together with areas to the east of Grey County)
- b) [RAGBOS: Real Estate Association of Grey Bruce Owen Sound](#) (includes the remainder of Grey County).

Each association publishes local market statistics based on their listing and sales data, and further tracks listing supply, listing duration, and more recently includes MLS Home Price Index (HPI) data, which tracks local market pricing of a benchmark dwelling.

The most recent data published regarding the median, average, and HPI Benchmark pricing across unit types are as follows:

Table 5 Real-Estate Market Pricing (July 2022)

Measure	RAGBOS (July 2022, Year-to-Date)	RAGBOS (July 2022, Standalone)	Lakelands West (July 2022)	
			Non-Waterfront	Waterfront
Average Sale Price	\$726,526	\$646,066	n/a	n/a
Median Sale Price	\$655,000	\$608,500	\$750,000	\$1,100,000

HPI Composite Benchmark Price		\$609,100	\$738,900
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Note: *Lakelands West* sub-region includes areas of The Blue Mountains, Clearview, Collingwood, Grey Highlands, Meaford, and Wasaga Beach.

Based upon the August 24th interest rate statistics [posted by the Bank of Canada](#), the lending prime rate sits at 4.70%, with a typical 1, 3, or 5-year conventional fixed mortgage interest rate being 5.19%; 5.64% or 6.14%, respectively, calculated based upon the statistical mode of rates posted by the six largest Canadian banks.

Mortgage stress-testing is being carried out at the offered interest rate plus 2% or at the Bank of Canada 5-year benchmark rate of 5.25%, whichever is higher. A minimum of a 5% down payment is required for the first \$500,000 of the purchase price, with an additional 10% down required for that portion of the sale price above \$500,000. Where a down payment is less than 20%, mortgage [default insurance](#) is required.

Using a 25-year amortization; minimum down payment, and the Bank of Canada benchmark rate of 5.25%, the minimum mortgage payments associated with Median RAGBOS and Median Non-Waterfront Lakelands pricing for July 2022 are as follows:

Table 6 Mortgage Cost for Median-Priced Homes

	RAGBOS	Lakelands West
Median Price	\$608,500	\$750,000
Down Payment	6% (\$36,510)	7% (\$50,000)
Default Premiums (estimated)	\$22,880	\$28,000
Monthly Payment	\$3,545	\$4,338

If \$3,545/mo. = 30% of total household income (“affordable”) a gross annual household income of \$141,800 would be required.

Likewise, an annual income of \$173,520 would support an “affordable” mortgage payment of \$4,338/mo.

Based upon a recent review of available MLS listings within Grey County, Staff note that the spread of pricing around the median appears to be fairly narrow on the lower side of the median, with older, smaller detached dwellings, and re-sale condominium apartment units comprising much of what is available for purchase below a median price point.

With consideration also to related carrying costs, staff identify that such dwellings would be expected to be less efficient than newly constructed units (e.g., HVAC, Water/Fixtures) and may

require greater repair, maintenance, or upgrade-related spending. Condominium units may require payment of condominium fees of several hundred dollars a month, in addition to mortgage carrying costs. It is noted that individuals could reduce overall mortgage payments by making a greater down payment. However, accruing such savings may be challenging depending upon life stage, family resources, and cost-of-living factors.

Looking at the cutoff between the Average and High-Income Groupings per the HART approach, a maximum “affordable” housing cost of \$2250/month applies. Using these same mortgage metrics (25-year amortization, minimum down payment, 5.25% interest; default premiums), a maximum mortgage of \$385,000 would be supported, requiring a down payment of \$26,950. It is important to note that this represents mortgage financing only and does not include costs associated with property tax, utilities, maintenance, condo fees, or insurance.

Meaning-Making

While informative on their own, the HART model income groupings, calculated maximum affordable housing costs, and the rental and ownership snapshot pricing data are perhaps most meaningful where combined to paint a more fulsome story of housing affordability within Grey County.

In considering these findings together, staff understand:

1. **Very Low-income** households are likely to be supported by government or other income benefits. Housing at the \$390/month price point is not generally available or provided by the market. Many of these households rely on purpose-built social, non-profit, supportive, or subsidized housing units. As of August 2022, of the 2,327 applicants on Grey County’s Affordable Housing waitlist, 1684 (73%) of applicants identified ODSP, CPP, OW, OAS/GIS, or EI as their primary income source.
2. **Low Income** households may include minimum-wage workers. While existing occupied rental units appear to be priced so that they are accessible to these households (the median cost is \$950/month per the CMHC Portal), locally available rental listings would not be affordable.
3. There is a total of 8,840 households in the **Very Low** and **Low-income** groupings within Grey County. This can be contrasted against a local supply of 1,513 deeply affordable Rent-gear-to-Income and non-profit housing units across the County. Per the 2016 Census, 4190 households in Grey County were identified as being in Core Housing Need, with affordability being the predominant driver. Updated statistics for 2021 have not yet been released.
4. Available market rental listings are generally more than \$1,000/month, with an average price point of \$1,800-1,900/month (increasing price by unit size). This price point would be generally affordable to households having an **Average income** (\$60-90,000/year), with some units accessible to **Moderate-income** households, depending upon household size.
5. As available market rental listings would not generally be expected to be affordable to **Low Income** or Low-end **Moderate-income** households, it is identified that employee attraction and retention may be challenged due to a lack of housing for workers. Anecdotal data supports this understanding, and staff are aware of various employers

working to acquire housing for staff and/or investigating the creation of purpose-built employee housing to compensate for the lack of affordable market rental supply to support their employment needs. As of August 2022, 187 applicants on the County's Housing Waitlist identified full-time employment, and 139 applicants noted part-time employment as their income source.

6. Further, the lack of affordable market rental listings to **Low Income** or lower **Moderate-income** households may more broadly represent a challenge to appropriate 'flow' within the housing system. This challenge contributes to multi-year waiting periods for those on Affordable Housing Wait Lists, as was highlighted by the Ontario Auditor General's [2017 Report](#) on Social and Affordable Housing and subsequent [implementation review \(2019\)](#). With integrated support services and/or employment assistance, residents of deeply affordable social or non-profit housing may eventually choose to move into suitable market rental units, perhaps with assistance from a portable rent subsidy. These openings, in turn, free capacity within social/non-profit housing for others experiencing housing challenges. Where listed market rentals are financially unattainable to these households, this flow cannot occur.
7. Concerning the wait list more generally, staff note that the number of applicants has steadily increased over the pandemic and through early 2022. In April 2022, there were a total of 1,946 eligible applicants on the wait list; as of August 2022, the list has grown to 2,327 eligible applicants. These applicants are not solely located within Grey County, though 894 applicants list a mailing address within the City of Owen Sound, followed by Meaford (153 applicants) and Hanover (135 applicants).
8. As with the way that social housing occupants may move into market rentals, creating capacity for others to enter the social or supportive housing they occupied. Those households in higher **Moderate** or **Average-income** groupings, may choose to move out of market rentals and into suitable ownership housing, where affordable options exist. At this time, market options at a price point that is affordable or generally attainable to these households appear to be limited, potentially creating a barrier to access. Staff note that recently announced Federal funding towards Affordable Housing creation includes a proposed 'rent-to-own' model to create a path for Canadians to transition from renting to buying their first home.
9. A recent report published by the Smart Prosperity Institute entitled "[Ontario's Need for 1.5 Million More Homes](#)" speaks to some of the above-noted 'flow' concerns arising from supply and pricing constraints within the housing system. The report identifies that it is likely that communities across Ontario are already experiencing the impacts of suppressed household formation due to limited unit supply and affordable pricing. This report identifies that a latent demand of 2,100 households for Grey County is expected to exist due to suppressed household formation. It is proposed within the report that 2,100 units should be added to the growth-related household forecasts for the County, resulting in a total need for 8,200 new dwelling units by 2031.
10. Looking at construction growth (Building Permits) through 2012-2020, a maximum of 652 units (2019) have been completed within any given calendar year across all Grey County municipalities. To achieve the 8,200 units identified by the Smart Prosperity Institute's analysis by 2031, an average of 820 units would need to be constructed annually, beginning in 2022.

11. Based on unit pricing and interest rates, ownership housing may be largely inaccessible to households falling below the **High-Income** grouping (\$90,000/year) unless a substantial down payment can be made to reduce financing costs. To purchase a median-priced dwelling on an “affordable” basis, a household would require an income of \$140,000-175,000.
12. Given the differing challenges experienced by those households within the various income groupings, staff identified that there might be an opportunity to target incentives or other interventions to address housing affordability and supply at these different thresholds. Such actions could focus on bottlenecks within the housing system, with the view to restoring flow across housing type/price spectrums. Further, such interventions could target institutional and community partners and local landowners to share in the work of affordable housing creation. Certain housing types are inherently more affordable than others and may be best delivered in the community, by the community, on a distributed basis. Examples include:
 - The creation of Employee Housing - developed by business owners, for the purpose of housing employees;
 - Additional Residential Units - the creation of one or more additional units on privately owned residential properties; either within a primary dwelling or an accessory structure. These could be partly funded through Community Improvement Plan incentive programs offered by municipalities;
 - Boarding/Rooming Houses - room rentals in traditional single-residential houses, with communal kitchen areas, washrooms, etc.; and
 - Other innovative housing models such as co-operative, co-living or charitable housing (for example, the Abbeyfield housing model for seniors; Habitat for Humanity).
13. Regarding the use of surplus lands specifically, staff note that anecdotal information indicates that the creation of deeply affordable rental units to service **Very Low** and **Low-income** households – even with zero land cost – may be currently challenged given interest rates and increased construction costs. Staff are of the opinion that municipal surplus lands represent a valuable (finite) resource that may, together with multiple other stacked incentives and funding tools, facilitate the creation of units targeted to the lowest income households across the County. Discussions regarding the use and prioritization of these lands for housing creation should be undertaken with due regard for their finite supply and the fact that the creation of deeply affordable units may otherwise be non-viable.

Staff have attempted to capture and link these unit type and price-point considerations into a descriptive visual document appended to this report. This document is meant to be illustrative and to be used as a starting point for discussion around the prioritization of surplus lands, the potential targeted intervention points across the housing type, and the price spectrum.

Legal and Legislated Requirements

There are no additional legal or legislative requirements beyond those cited in PDR-AF-09-22.

Financial and Resource Implications

Initially, this project was to be carried out using existing staff resources, supported by an associated contract staff position (January – August 2022) funded by the Social Services Relief Fund. Recently the contract staff person (Liz Buckton) was promoted to a full-time permanent Senior Policy Planner position. Ongoing staff/time allocation for this project will be maintained within the Senior Policy Planner role, as part of the strategic and special projects component of that position.

Additional staffing or financial resources may be needed as the County progresses with this project. Any additional staffing or financial resource requests not already within the approved 2022 budget, will come back to this Task Force and County Council, or will be included in the draft 2023 budget for consideration by Council.

Relevant Consultation

- ☒ Internal (list): Planning, Housing, Legal, Communications
- ☒ External (list): General consultation regarding the Surplus lands for Housing Project - Lower-tier Municipal Planning Staff; various service providers and granting representatives including United Way of Bruce Grey, M'Wikwedong Indigenous Friendship Centre, CHMC Client Solutions and CMHC Innovation/Partnership Staff.

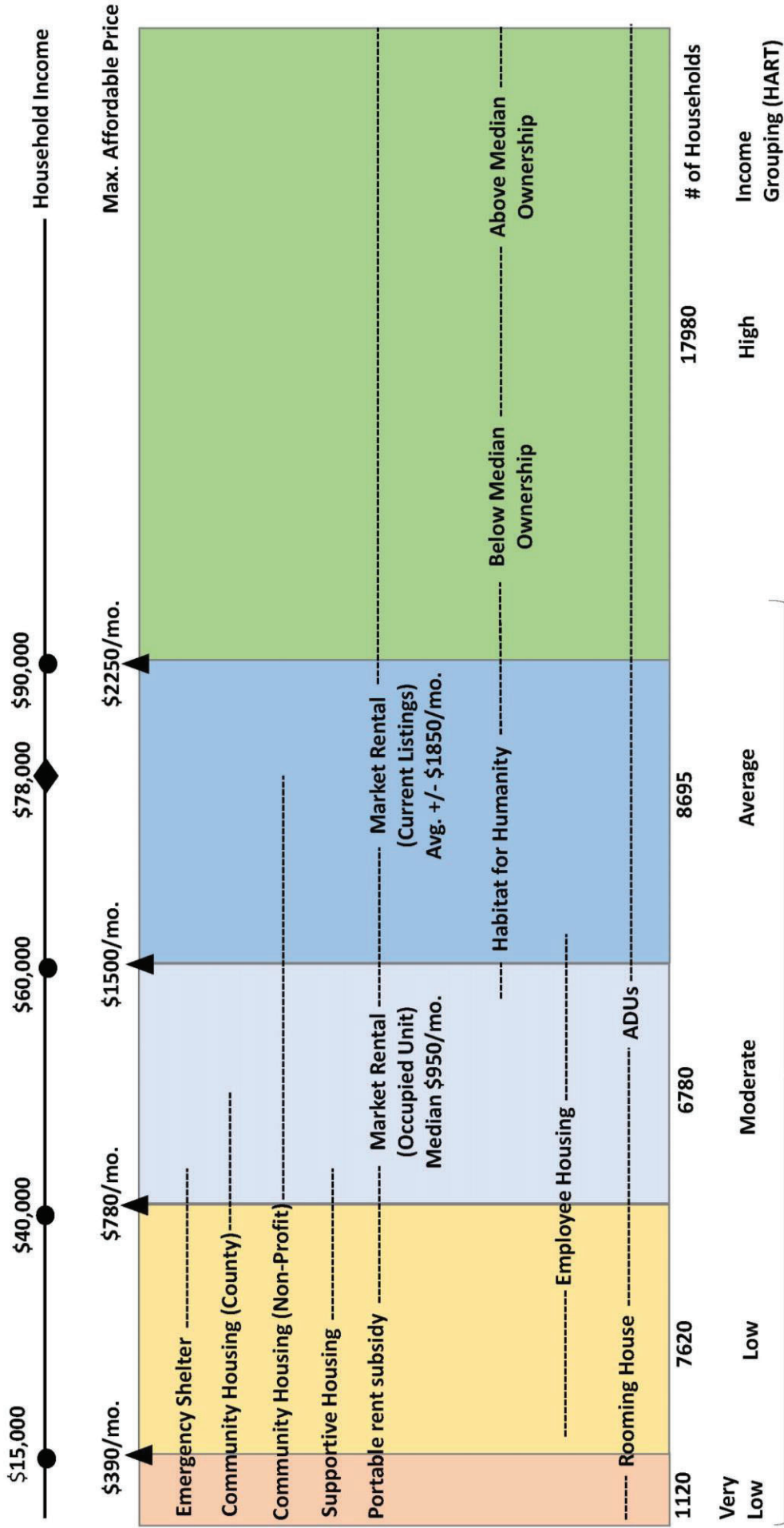
Appendices and Attachments

Income Groupings, Housing Types & Pricing (below)

[PDR-AF-09-22 Public Lands for Housing Project – Intro and Workplan](#)

[Addendum to PDR-AF-09-22 Public Lands for Housing Project – Status Update](#)

Income Groupings, Housing Types & Pricing



Low & Moderate Household Incomes (Up to 60th Percentile)