

December 7, 2021

Mayor Meed Ward and Members of Council

City of Burlington
426 Brant St,
Burlington, ON
L7R 3Z6

c/o the City Clerk at clerks@burlington.ca

Dear Mayor Meed Ward and Members of Council,

RE:

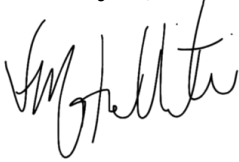
Community Planning, Regulation and Mobility Meeting – December 7th

REPORT: *City of Burlington Housing Strategy, Housing Needs and Opportunities Report (PL-48-21)*

BILD is in receipt of the above noted staff report and accompanying attachments that will be brought forward to the City of Burlington's Community Planning, Regulation and Mobility Committee on December 7th. On behalf of our Halton Chapter, BILD has retained Altus Group who has undertaken an initial analysis of the Housing Needs and Opportunities Report in advance of today's meeting,

As your community building partners, please find our memorandum on the following page of this submission. We trust you will find our comments helpful, and look forward to future engagement on this item. Should you have any questions please contact the undersigned.

Thank you,



Victoria Mortelliti
Manager, Policy and Advocacy

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

December 2, 2021

Memorandum to: Alison Enns, MCIP, RPP
Manager of Policy and the Community
City of Burlington

From: Daryl Keleher, Senior Director
Alex Beheshti, Senior Analyst
Altus Group Economic Consulting

Subject: Burlington Inclusionary Zoning – Comments on Housing Needs and Opportunities Report

Our File: P-6794

Altus Group was retained by BILD to review the City of Burlington's inclusionary zoning draft *Housing Needs and Opportunities* background material prepared by Dillion Consulting and SHS Consulting. This memorandum presents our questions and comments stemming from our review.

QUESTIONS

Homeownership Calculation

- 1) What interest rate was used in the affordable homeownership calculation, as well, what mortgage term was used (i.e. 20 years, 25 years).
- 2) Can please confirm the down payment assumed is 5%, if not, what was assumed?
- 3) What sources of data were used to establish ownership prices for housing? Please provide both the source and the specific date if it is the TREB market report.
- 4) With regards to affordability, the report states:

Using the Halton Region definition of affordable, the 2020 State of Housing Report shows that 35.2% of the new sales in Burlington were at or below the affordable threshold (\$409,500) with an average price of \$352,533.

- a. While the \$409,500 is shown to be the affordable threshold, there are also separate definitions for 'small households (1-2 persons)' of \$283,700 and 'large households (3+ persons)' of \$546,000.
- b. We would like to request that the City or Region provide data on how many units sold in the Region/City were at or below these separated definitions.
- c. We would also like to understand how it is determined which definition applies to each prospective new affordable unit, as the separated definitions are based on persons occupying each unit rather than number of bedrooms. Definitions based on people occupancy can be difficult to administer as household composition changes over time (as people are added to households or leave households)

Affordable Rental

- 5) Why was TREB rental housing data (page 22) used to establish rental averages instead for the City instead of CMHC data? As stated in the report, the 2020 Official housing delivery criteria includes:

Affordable, rental housing with rents equal to or less than the Local Municipal Average Market Rent (AMR) as per the CMHC annual rental report (page 36 of the report).

- 6) How was the affordable rental income measure for \$60,072 calculated? Was it similar in method to the affordable ownership threshold that used 2016 data projected forward using CPI?

Zoning

- 7) Can the City please provide the zoned land areas by density type measured in hectares instead of percentage?
- 8) Do the zoned percentages include lands in the greenbelt, escarpments, roads and other constrained/undevelopable areas of the City? If so, can you please provide the numbers with those excluded?

Inclusionary Zoning

- 9) For the jurisdictional scan of other municipalities for inclusionary zoning, how were the localities chosen or determined for the examination, what criteria was used, and are the locations comparable to the City of Burlington?
- 10) Has the City calculated the revenue impacts of providing IZ units and done an assessment of right-sizing incentives to match the costs to ensure overall housing supply is unaffected?
- 11) Are increased density permissions being considered within the scope of zoning updates?
- 12) What is the anticipated timing for release of the feasibility study for IZ in the City?

COMMENTS

Affordable Rental Definition

For rental housing, the affordable housing income threshold for rental households is set at \$60,072 or more.

According to the TRREB Monthly Rental Market Reports 2020 Q1-Q4, which the City's report uses, rental housing by number of rooms in Burlington have the following average monthly rents:

- Bachelor: \$1,229
- One bedroom: \$1,577
- Two bedrooms: \$1,641
- Three+ bedrooms: \$1,658

The 2020 State of Housing Report shows the maximum monthly rents for affordable homes:

- Small Households (1 to 2 persons): \$1,650 / month;

- Large Households (3+ persons): \$2,630 / month.

Additional clarity needs to be provided to understand what the operative definitions of affordable rental will be, and whether it will apply on a persons-per-unit basis, or bedroom count basis.

Policies Should Not Discourage New Rental Housing Supply

The report acknowledges that purpose-built rental housing must dramatically increase in supply to an average of 250 units completed per year in order to meet local demand. The report states:

Increasing the amount of rental housing is part of the equation for addressing rental affordability. Trying to address rental affordability without also considerably increasing the supply is unlikely to be a viable strategy.

Over the past five years, the City has seen an average of just 64 purpose-built rental apartment units completed in the City. The City should focus on encouraging rental housing supply more generally and be cautious in any application of IZ to the purpose-built rental housing sector.

The rental apartment vacancy rate in the City, as reported by CMHC, has been below 2.5% every single year since 2001 (at least). Consistent with the findings of the report, the rental market supply in the City is limited and needs to be expanded.

Need for Incentives to Maximize Growth Potential of MTSAs

The report recommends the utilization of incentives to achieve large unit sizes for apartments:

...reduced parking requirements or potentially fee reductions for development applications that provide a certain proportion of larger units or through relaxing zoning regulations to allow for a wider range of dwelling types, such as tiny homes and modular homes to develop without the need for a larger Planning Act process to address lot-related issues.

It is also important to ensure these affordable options include ground-related options and are available throughout the City. This can be achieved through providing additional flexibility for townhouse dwellings within low-density residential areas. (page 90)

For affordable rental housing, the report recommends:

2. *...Provide incentives through a Community Improvement Plan (CIP) for the development of affordable and rental housing units.*
3. *Support and expedite development applications for purpose built rental units, and for developments that would provide rental or ownership housing options priced at or below the affordability threshold... (page 121)*

Ensuring incentives available to IZ-eligible developments to offset any revenue losses from IZ requirements will be crucial to ensure that the overall housing supply in the City is not negatively affected.

The City only has three MTSAs within which to impose IZ, and the City will be highly dependent on housing production in these areas in achieving the Region's allocation population growth to 2041 and

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2051. Given the limited amount of MTSAs in the City, and the amount of growth likely to be allocated to the City, it is especially important to ensure that IZ units are additive to the supply that the market would provide in the absence of IZ.