

Northern Bruce Peninsula Attainable Housing Strategy

Final Report

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Executive Summary

This Attainable Housing Strategy provides insight into the housing needs and challenges in Northern Bruce Peninsula and a suite of recommendations and actions that will enable Council to take decisive action on improving the attainable housing outcomes in their community.

The report is organized in three main sections:

- 1. Local housing needs and issues**
- 2. Approaches to meeting housing needs**
- 3. Attainable Housing Recommendations and Actions**

Four key housing gaps were identified.

Housing Gap 1: Overall lack of rental housing

There is an overall lack of purpose-built rental housing in the primary market, and the secondary rental market is focused largely on short-term rentals instead of long-term rental.

Housing Gap 2: Mismatch between household sizes and dwelling sizes

33.3% of dwellings were small dwellings with 1 or 2 bedrooms. This is a significant difference when compared to the proportion of small households (82.9%).

Housing Gap 3: Water and sewer servicing may be hampering housing development

A common theme in the community engagement was development applications being denied or delayed due to insufficient water and/or sewer servicing. In August 2022, Council approved funding for the creation of a water and wastewater master plan.

Housing Gap 4: Development standards and policy regime hampering housing development

Feedback from community engagement suggests that the development standards for housing developments that will be serviced by a water well and septic system are much more difficult to meet for multi-unit buildings than for detached houses. This presents a gap in expanding the supply of affordable and attainable housing units.

Two key housing challenges were identified.

Challenge 1: Seasonal resident housing demand

Seasonal residents accounted for 59% of households in 2016 and this proportion is expected to remain constant to 2046.

This means that for every local household looking for housing, there are almost two households that are looking for a vacation property or a home to retire to.

The expectation is that the seasonal households will have significantly higher household income and will be able to outbid permanent households for residential properties.

Challenge 2: Development capacity may not align with growth targets

The *Plan the Bruce Interim Report* suggests that NBP would have growth in permanent resident households of 670 housing units and approximately 1000 seasonal households, for a total growth in housing of 1670 units over the next 25 years.

This requires construction of approximately 70 new units in NBP every year between 2022 and 2046.

A total of 3 recommendations and 7 actions were identified to address these gaps and challenges.

Recommendation 1: Create a strategy to create “non-market” attainable housing (priced at near market).

Seasonal residents are able to outbid local residents for all types of market housing. Housing and housing program funding must be set-aside in a way that only local residents can access it.

Recommendation 2: Expand water and sewer infrastructure in Tobermory and Lion’s Head.

Municipal water and sewer infrastructure lowers the short- and long-term costs for attainable housing and enable construction of community services, motels, restaurants and other tourism-focused businesses. Northern Bruce Peninsula is in the process of creating a water and wastewater master plan which will quantify the needs, costs and possible funding strategies for this infrastructure.

Recommendation 3: Work with the County on rural development standards

Community feedback indicated that the County’s development standards for rural properties are difficult to navigate and may unintentionally be a barrier to creation of new affordable housing. The objective is to create clarity for the development community on how multi-residential housing can be created in rural areas.

A series of actions has been set out to implement the above recommendations, as follows:

Action 1: Consider introducing local development charges for affordable/attainable housing

This would create a pool of funds for attainable housing, that growth in both permanent and seasonal residents would pay for.

Action 2: Create an organizational structure to manage attainable housing in NBP.

An organization (Co-op, non-profit, land trust, etc.) is needed to manage non-market housing. There are many organizational structures that can manage housing and that would have accountability to Council, but would be arms-length from day-to-day Council decisions.

Action 3: Examine other revenue sources for attainable housing.

Federal and provincial funding is insufficient to build new attainable housing. Some options that can create additional revenue include: a property tax special levy for affordable housing, or a municipal land transfer tax. Additional research is needed to ensure that a land transfer tax is allowed under the *Municipal Act*.

Action 4: Review how multi-residential development applications are evaluated compared to single detached homes of similar size.

As part of the recommendation to work with the County on rural development standards, community engagement identified that multi-residential development in rural areas is significantly more difficult to obtain development approvals.

Action 5: Undertake a focused study on how to enable safe and affordable second units within the existing housing stock.

Undertake a study to understand how Whistler encouraged creation of a large pool of second suites (50% of rental units), how the units are managed so that local residents occupy the units (73%) and how similar outcomes can be accomplished in both the Ontario and NBP contexts.

Action 6: Explore net-zero and low impact development standards.

A potential strategy to enable somewhat higher density (duplexes, triplexes) in rural areas is to implement net-zero or low impact development standards that allow water and sewer servicing under a different development servicing approach that may be better suited to the soil and water conditions in NBP.

Action 7: Consider introducing local development charges for community services.

The large proportion of seasonal residents suggests that community services needs could be as much as twice what would be normally expected for the size of the permanent population. Some of the services that may be needed or need to be enhanced to enable attraction and retention of seasonal workers and permanent residents include: transit services to improve the ability of seasonal workers to access their employment, library services, recreation services, child care, and by-law enforcement. Review the costs associated with providing the suite of community services supplied in NBP to seasonal residents and consider introducing local development charges to offset these additional costs.

Purpose of the Strategy

The overall objective of this project is to create an Attainable Housing Strategy that moves forward the objectives of the recent work MNBP has done on housing, while identifying and quantifying the strategies that can be pursued to specifically target creation of new and more “attainable” housing.

The cornerstone of this project is to identify which target demographic(s) and income(s) “attainable housing” programs, projects and investments should address. This was guided by a core housing need study, examining the proportion of households that experience problems relating to affordability ('affordable' is defined as paying less than 30% of income on shelter costs), or suitability (enough space for the composition of the household) or adequacy (housing in good repair).

This was followed by working with the Task Force to identify where affordable housing strategies should be pursued at the low end of affordability, and where purely market housing strategies are most appropriate at the high end of the affordability spectrum.

Study Approach

Sources of Information

This study uses data and information from the most reliable and relevant sources available, such as census profile data from Statistics Canada, housing data from the Canada Mortgage and Housing Corporation’s Housing Information Portal, and information from the municipality.

In addition, the approach to this study included a series of engagement activities to gain information from employers, employees, residents, and key stakeholders.

Study Area

Figure 1: Map of Northern Bruce Peninsula



Source: <https://www.northbrucepeninsula.ca/en/live/about-northern-bruce-peninsula.aspx>

Report Format

The report is organized in three main sections.

The first section of the report identifies the **key local housing needs and issues** by incorporating readily available data from published sources, augmented by information gathered through three public consultation sessions and an online survey. From this information, household needs to be addressed in the strategy were identified.

The second section of the report examines a range of **approaches to meeting the identified needs**, including:

- Reviewing approaches and models for the provision of attainable housing, including examining effective practices in the creation and operation of non-profit housing corporations
- Reviewing rural housing best practices
- Reviewing municipal options to reduce development costs
- Assessing dwelling and unit mix requirements based on the results of the housing needs assessment
- Reviewing tenure and ownership models, including rent-to-own
- Reviewing case studies on how other tourism-oriented communities with high proportions of seasonal residents are addressing housing needs

The final section of the report includes the **attainable housing actions and recommendations** for the Municipality of Northern Bruce Peninsula.

1.0 Local Housing Needs and Issues

The first section of the report identifies the key local housing needs and issues from analysis of data from published sources, augmented by information gathered public consultation.

Population and Household Trends

This section describes the demographic and economic characteristics existing in the Municipality of Northern Bruce Peninsula (the Municipality), with consideration for trends throughout rest of Bruce County (the County). Other municipalities within the County were used as comparable municipalities to add context to some trends, when appropriate. Population and household characteristics, including age, demographics, mobility, income trends, and economic conditions, are important indicators of housing needs in a community.

Population Trends

Northern Bruce Peninsula is projected to grow by 1,100 permanent residents and 2,900 seasonal residents between 2021 and 2046. This represents a growth of +23.9% overall and approximately 44 new permanent residents per year. However, current trends have tracked lower than projected growth. The Municipality was expected to have 4,600 permanent residents by 2021 (+11.9% growth), but Census data showed that only 4,400 residents were residing in the Municipality (+10.1% growth). This may be a small difference, but in a municipality of this size, this difference will impact projections over a long period of time.

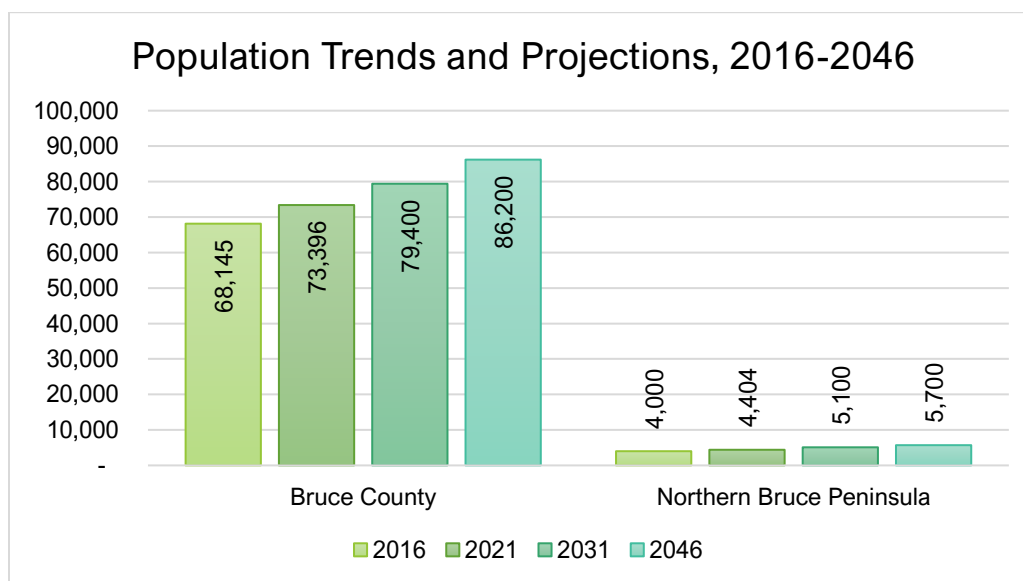
In 2016, 10.7% of the population of the Municipality were immigrants¹. This represented a decrease from 2006 levels (14.8%), as the Municipality did not attract any individuals who immigrated from 2006 to 2016 – the only municipality within Bruce County with this distinction.

Most of the population, 90.2% in 2016, did not change addresses in the year leading up to the Census. Of those that did change addresses, 40.0% moved within from within

¹ Immigrants are persons who are, or who have ever been, landed immigrants or permanent residents. This includes Canadian citizens by naturalization.

Bruce County, 54.7% moved from within Ontario, 5.3% moved from another province, and 2.7% from another county.

Figure 2: Population trends and projections for Bruce County and the Municipality of Northern Bruce Peninsula, 2016-2046



Household Trends

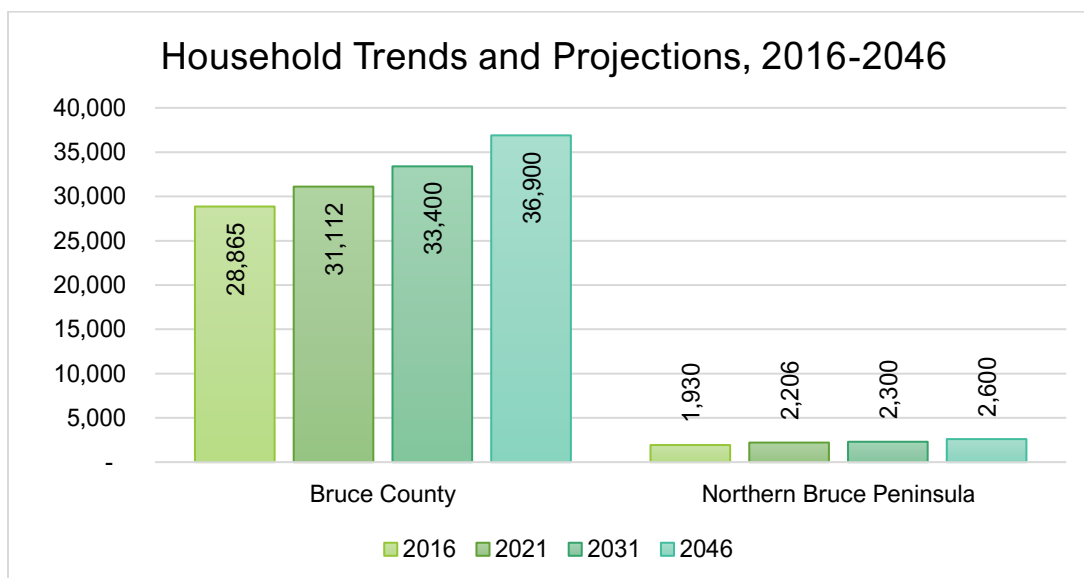
Northern Bruce Peninsula is projected to grow by 500 permanent households and 800 seasonal households between 2021 and 2046. This represents a growth of +23.8% in permanent households and +26.7% in seasonal households. However, households in the Municipality outpaced projected growth from 2016 to 2021. During this period, the Municipality estimated a growth of 170 households (+8.8%) while Census data showed a growth of 276 households (+14.3%). This likely means that households are diversifying, leading to a higher number of small household types through the Municipality.

As seen in Table 1, the proportion of seasonal residents was approximately 59% in 2016 and is expected to remain constant during the planning horizon to 2046.

Table 1: Proportion of Permanent and Seasonal Households 2016 and 2046

Year	2016		2046	
Permanent Households	1,930	41%	2,600	41%
Seasonal Households	2,800	59%	3,800	59%
Total Households	4,730		6,400	

Figure 3: Household trends and projections for Bruce County and the Municipality of Northern Bruce Peninsula, 2016-2046



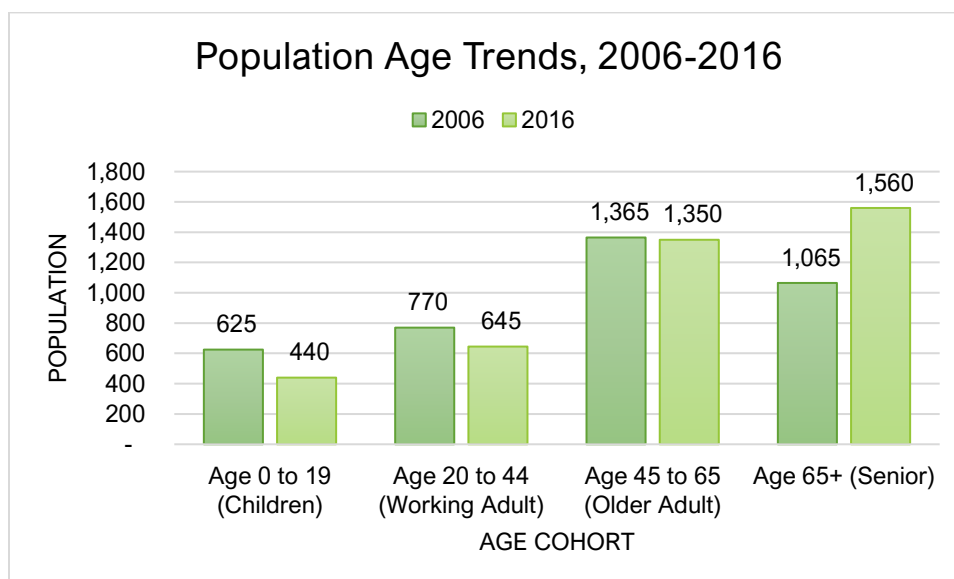
Population Age

The average and median age in Northern Bruce Peninsula in 2016 were 54.8 and 60.4, respectively. These totals were the highest in Bruce County by a considerable margin. Despite accounting for only 5.9% of the County's population, North Bruce Peninsula accounts for 9.7% of the County's senior (aged 65 and over) population. In 2016, 39.0% of the Municipality's population was in the senior age cohort, with 33.8% aged between 45 and 65 (Older Adult cohort), 16.1% aged between 20 and 44 (Working Adult cohort), and 11.0% aged less than 20 (Children cohort). Additionally, seniors are the fastest growing age cohort, with an increase of +46.5% in absolute terms between 2006 and 2016. All other age cohorts decreased in population during this period.

In terms of primary household maintainers², 50.6% of households in 2016 contained a senior primary household maintainer. This was the highest proportion in Bruce County and represented a +41.0% increase from 2006 levels.

² The primary household maintainer is the person or one of the people in the household responsible for major household payments such as the rent or mortgage. In households with more than one maintainer, the primary maintainer is the first person listed as a maintainer.

Figure 4: Population trends for Northern Bruce Peninsula, 2006-2016



Households by Type and Tenure

The predominant household type in Northern Bruce Peninsula is the one-family household, making up 66.3% of all households in 2016. The only other household type with more than 100 households in 2016 was one-person households with 605 households, or 31.3% of all households. Of these two household types, the growth of one-person households (+28.7%) was greater than one-family households (+7.1%). One-family households in the Municipality grew at a higher rate than the County rate (+4.8%) during this period.

In 2016, 92.5% of households were owner households. This proportion was the highest in Bruce County and was an increase from 88.8% in 2006. Owner households grew by +16.6% during this period while renter households decreased by -25.6%. This rate of decline for renter households was the highest in the County by a wide margin, potentially signaling a lack of rental housing.

Household Size

Households in the Municipality were, on average, the smallest in the County in 2006 and continued to trend smaller to 2016. The average household size in the Municipality decreased from 2.2 persons per household in 2006 to 2.0 persons in 2016. The Bruce County average was 2.3 persons per household in 2016.

The number of small households³ grew by 270 households (+20.3%) from 2006 to 2016. By 2016 small households accounted for 82.9% of all households, the highest proportion in the County. During this period, the number of large households decreased by 80 households (-19.5%). Compared to other municipalities within the County, these rates rank as the second highest growth rate for small households and the fastest decline in large households.

Household Income

The financial capacity of a household is a key element in determining housing need. Increased economic means leads to greater choice within the housing market, assuming a range of choices are made available. This section looks at the household income of different household types and tenures in Northern Bruce Peninsula. Incomes have been calculated for 2021 using census data and the growth rate in the consumer price index (CPI) for Ontario from 2015 to 2021. This growth equaled +12.4% during this period, or an average increase of +2.1% per year.

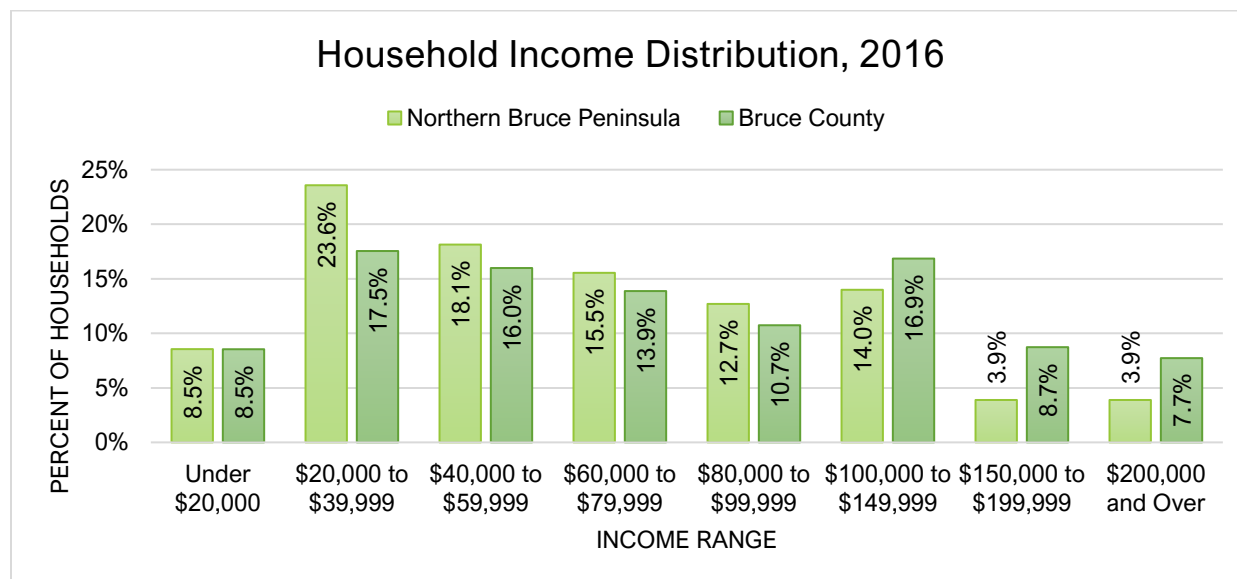
It should be noted that this methodology of projecting household income forward to 2021 provides a conservative estimate of the current household income levels. Between 2006 and 2016, the increase in the average and median household incomes exceeded the growth of CPI. Given the uncertainty in the economy due to the COVID-19 pandemic, these projections should be considered conservative projections for the purposes of this report. These projections will be used in the Housing Affordability section of this report in the assessment of the affordability of the market in 2021. Complete household income data for 2021 will become available later in 2022 with the release of 2021 Census results.

The average gross household income in Northern Bruce Peninsula for 2016 was \$71,494, the lowest of all municipalities in Bruce County. This represented an increase of +37.2% from 2006 income levels, among the fastest growth rates for average incomes in the County. Projected forward to 2021 income levels, this average household income is \$80,361. The median gross household income in the Municipality for 2016 was \$59,776, among the lowest in the County. This represented an increase of +34.0% from 2006 income levels, the second largest increase in the County. Projected forward to 2021 income levels, this median household income is \$67,189.

³ Small households are defined as households with one- or two-persons. Large household consist of any household with three or more persons.

In 2016, 32.1% of households had incomes below \$40,000, the second highest proportion among municipalities in the County. Additionally, among municipalities in the County, Northern Bruce Peninsula had the second lowest proportion of households with incomes over \$100,000 in 2016 (21.8%). However, this proportion was an increase from 2006, when only 8.1% of households had incomes over \$100,000.

Figure 5: Household income distribution for households in Bruce County and Northern Bruce Peninsula, 2016



Labour Force Trends

From 2006 to 2016, the employed labour force⁴ in Northern Bruce Peninsula decreased by 125, dropping from 1,750 jobs to 1,625. The most common industry for employment in the Municipality for 2016 was retail trade, employing 14.8% of the labour force. This industry added 20 jobs from 2006 to 2016, representing a +9.1% increase. The fastest growing industries in the Municipality during this time were construction (+90 jobs) and public administration (+65 jobs). The biggest declines during this period were manufacturing (-90 jobs) and accommodation and food services (-80 jobs).

In 2016, 40.1% of the labour force commuted for employment within Bruce County, the highest proportion of any employment destination. Additionally, 34.2% of the labour force either did not have a permanent working address or worked from home. Along

⁴ The labour force consists of persons who contribute or are available to contribute to the production of goods and services, including all persons 15 years or over and excludes institutional residents.

with growing between 2006 and 2016 (+12.2% and +5.4%, respectively), these types of working arrangements may have increased during the COVID-19 pandemic shutdowns. In terms of commute mode, 90.5% of the labour force drove to work while 7.0% walked to work.

Economic Trends

Changing economic conditions influence the demand for housing in a community in terms of the number of housing units required, the type and tenure of housing units, and the ability of households to afford housing. Employment and earnings influence household income, and thus the housing choices that are affordable to households.

The unemployment rate in Northern Bruce Peninsula was the highest in Bruce County, sitting at 7.1% in 2016. This rate was lower than the 2006 level (8.9%) but more recently economic conditions have been impacted by the COVID-19 pandemic. Beginning in mid-March 2020, travel restrictions, business closures and physical distancing measures were put in place by various levels of government to help contain the spread of COVID-19. These restrictions and public health measures were in place to varying degrees throughout 2020 and 2021 and led to increased levels of unemployment and lower labour force participation. However, there have been signs of economic conditions rebounding in 2022. As of January 2022, the unemployment rate in Ontario was 7.3%, compared to 7.4% in 2016. Comparatively, the unemployment rate, as of June 2022, for the Stratford-Bruce Peninsula Economic Region increased by 0.4 percentage points to 4%.⁵

Population and Household Summary

The most significant measure in this section, for the purposes of housing need and demand, is the high proportion of seasonal households. Approximately 59% of housing demand comes from seasonal households that are acquiring a vacation home or are retiring to the area. Both of these demographics are likely to have higher household incomes than the average permanent resident household and will be able to outbid the local households for housing.

The population in Northern Bruce Peninsula is continuing to grow despite low immigration totals from external sources. However, this growth is slightly below the County projections. As the population ages into older age cohorts and is not replaced by

⁵ <https://www.planningboard.ca/news/https-www-planningboard-ca-wp-content-uploads-2022-07-july-unemployment-release-pdf/>

a younger population, additional accommodations for seniors and aging in place will be required. This population is, on average, older when compared to the rest of the population of Bruce County. These trends appear to be continuing as the County is growing.

The growth trends of the population and households in the Municipality point to a diversification of households in Northern Bruce Peninsula. Households in the Municipality have been increasing at a faster rate than population in recent years, implying households have been diversifying in size and type during this time. To this point, the number of small households have increased while the fastest growing household type is one-person households.

As the Municipality of Northern Bruce Peninsula continues to grow, there is a clear need for a diverse range of housing options for seniors, smaller households, and renters within the municipality. These housing options may include more accessible units, smaller size housing forms, and purpose-built rental units.

Housing Supply

Existing Stock Trends

Unfortunately, the 2016 Census data does not include information about the make-up of the housing stock owned by seasonal residents. The following analysis is for only the housing that permanent residents live in.

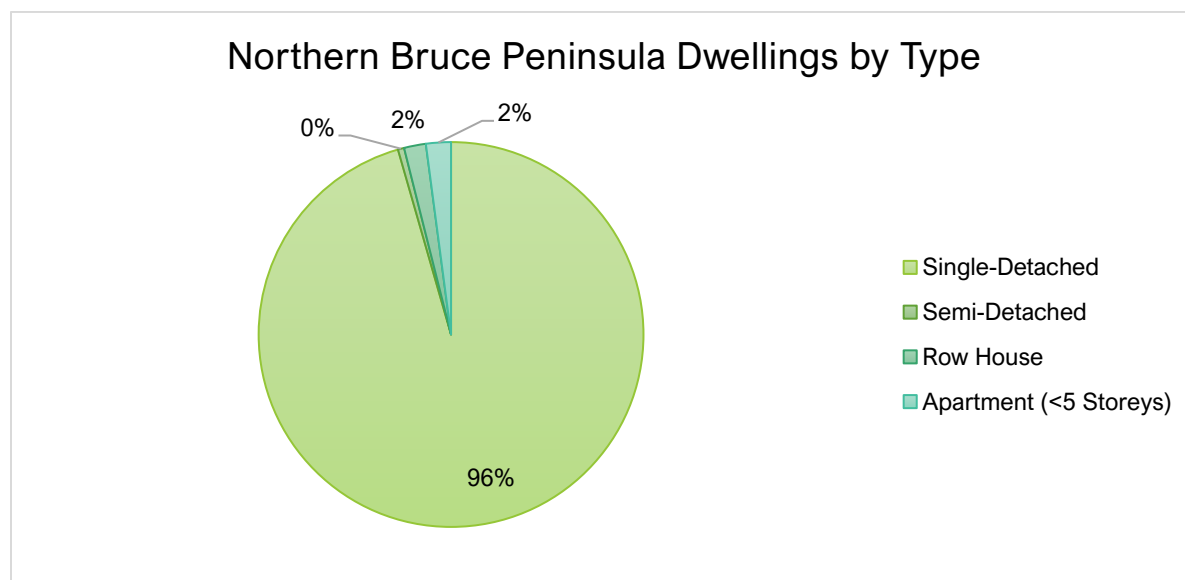
Single-detached dwellings made up 94.6% of dwellings in Northern Bruce Peninsula in 2016, with a total of 1,825 such dwellings, the highest proportion of this structure type in Bruce County. Semi-detached dwellings (10 dwellings), row houses (35 dwellings), and mid-rise apartments (40 dwellings) comprised the remaining privately occupied dwellings in the Municipality. There is a lack of diversity among the dwelling types throughout the County, but specifically in Northern Bruce Peninsula.

The number of beds can be used as a proxy for the dwelling size, demonstrating the size of household that can be suitably housed within a dwelling. In 2016, 33.3% of dwellings were small dwellings⁶, the highest proportion in Bruce County. Compared to the proportion of small households discussed earlier (82.9%), there appears to be a

⁶ Small dwellings are defined as dwellings with one- or two-bedrooms. Large dwellings consist of any dwelling with three or more bedrooms.

mismatch in household size and dwelling size. This may mean households are over housed in the Municipality.

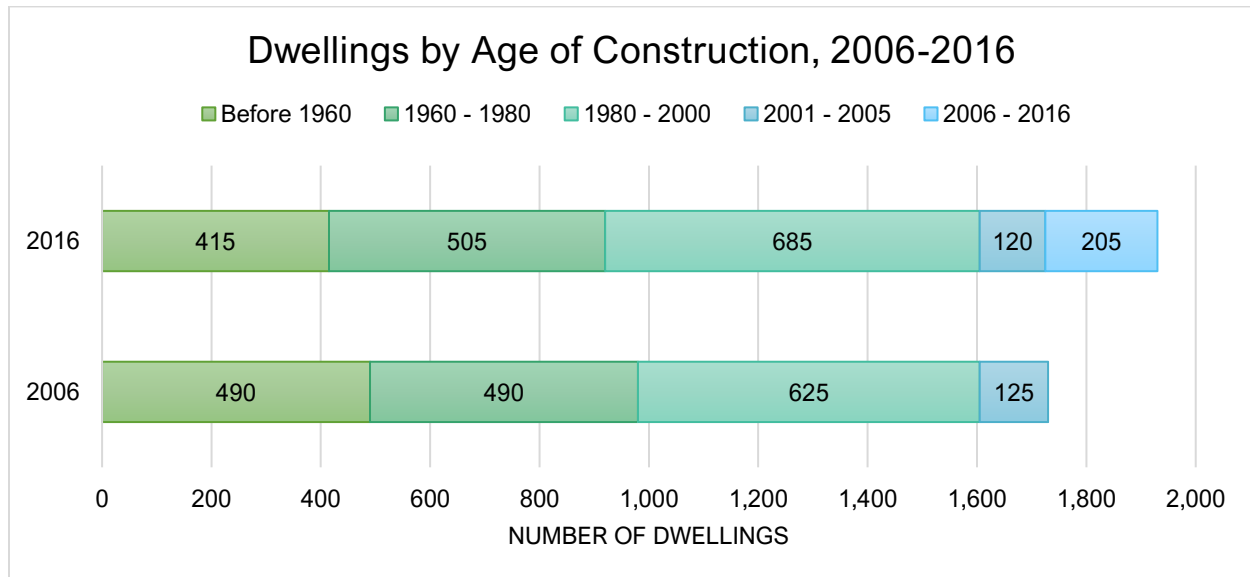
Figure 6: Proportion of dwellings by type for Northern Bruce Peninsula, 2016



Condition of Dwellings

The majority of residential dwellings (52.3%) in Northern Bruce Peninsula were constructed after 1980, the only municipality in Bruce County with this distinction. There appears to be some evidence of cycling in the Municipality, as the number of dwellings constructed before 1960 decreased from 2006 to 2016 by 75 dwellings, with 205 new dwellings added during this period. However, compared to the rest of the municipalities in the County, this figure represented among the lowest number of new dwellings.

Despite the relatively newer housing stock, condition of dwellings in the Municipality is average compared to the rest of the County. In 2016, 7.0% of dwellings required major repairs in the Municipality – the same figure for the County as a whole. This rate was a decrease from 2006 levels for both jurisdictions, as the 7.5% of dwellings required major repairs in the Municipality while 7.9% of dwellings did in the County.

Figure 7: Northern Bruce Peninsula dwellings by age of construction, 2006-2016

Development Trends

The supply of residential units County-wide has been trending down in recent years⁷. Projections from the County estimated 278 new units added to the housing stock in the County annually between 2016 and 2046 – slightly higher than the historical average. According to the Bruce County Planning and Development department, 375 new units were created in 2021. Of these units, 20 were townhouse units and 355 were single- or semi-detached dwellings.

Local Housing Market Trends

Assessment of local housing market trends includes rent levels, vacancy rates and the cost of homeownership. Rent levels in Bruce County continue to increase as vacancy rates in the County decrease. According to the Provincial Policy Statement (PPS) Housing Tables, the average rent level for all units in the County was \$1,014 in 2020, a +15.5% increase year-over-year. This price represented a +21.1% increase from 2016 rent levels of \$837. A summary of 2020 rent levels is shown below (Table 2).

⁷ Bruce County (2020). *Plan the Bruce: Homes (Interim Report)*.

Table 2: Average Rent Levels in Bruce County in 2020

Unit Type	One-Bedroom	Two-Bedroom	Three-Bedroom	Total
Bruce County	\$784	\$1,110	\$1,195	\$1,014

SOURCE: GOVERNMENT OF ONTARIO (2020). PROVINCIAL POLICY STATEMENT – HOUSING TABLES, AVERAGE APARTMENT RENTS, ONTARIO, 2020

The price of purchasing a house in Bruce County, and specifically Northern Bruce Peninsula, has increased in recent years. According to PPS Housing Tables, the average market resale price for an owned unit in Bruce County in 2020 was \$395,990. From a point-in-time scan completed in March 2022, the average price for a single-detached home in the Municipality was \$1,259,000 (14 dwellings). This represents dramatic increase from prices in 2019 (\$408,500, +208.2%) and 2015 (\$276,500, +355.3%).

A vacancy rate of 3% is considered to indicate a healthy and balanced rental market. The vacancy rate of the County was well above this threshold until 2017, when the vacancy rate dropped to 1.4% from 9.25% in 2013. This low vacancy rate has put pressure on the rental market throughout the County, causing increased demand and rent levels.

Non-Market Supply

Data is limited on the amount of non-market housing that is available specifically in Northern Bruce Peninsula. However, trends can be observed when assessing the whole of Bruce County. The centralized waitlist for housing supports in Bruce County increased every year for the four years prior to the update of their Housing and Homelessness Plan in 2018. This waitlist increased from 306 applicants in 2015 to 489 in 2018, or an increase of +59.8%. Of these applicants, 18 were from Northern Bruce Peninsula. This number increased to 24 in 2020.

Housing Supply Summary

The predominant residential dwelling forms that permanent residents live in, in Northern Bruce Peninsula are low-density single-detached dwellings. There is a lack of mid-density and high-density options in the existing stock, including recent trends in development.

Additional research is required to understand the housing composition occupied by seasonal residents, to understand the built form, age, and condition of this stock.

The condition of dwellings in the Municipality is younger than comparable municipalities and there are visible signs of cycling in the market as new units are replacing older structures.

In terms of the housing market, the vacancy rates in the primary rental market have been trending down as rents are rising. These indicate a pent-up demand for rental units in the community, potentially creating an upward pressure on rent levels. This demand for rental housing may, in part, be due to the increases in ownership housing prices. There has been a considerable raise in the price of housing in the Municipality, increasing the cost of home ownership dramatically.

Housing Affordability

The following section outlines the relevant definitions for housing affordability, the trends in key affordability indicators, and the level of affordability the current market in the Municipality of Northern Bruce Peninsula presents existing households. The level of affordability in a community influences the level of housing choice for current and future residents and can impact the economic opportunities available in the community.

Measures of Affordability

In a commonly accepted benchmark for measuring affordability in the Canadian context, housing is deemed to be affordable if the household spends no more than 30% of its household income on housing costs. The following section outlines the need for affordable housing in the Municipality. This is referred to as the shelter-cost-to-income ratio, or STIR, and is a key indicator of affordability. When a household meets this STIR threshold of 30% or more of gross household income, they are deemed to be facing affordability issues.

Core housing need refers to whether a private household's housing falls below at least one of the indicator thresholds for housing adequacy, affordability, or suitability, and the household would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (attains all three housing indicator thresholds).

Trends in STIR

In 2016, 21.6% of households in the Municipality were spending 30% of gross household income on their shelter costs. This proportion was higher than the Bruce

County (20.6%) total and among the highest rates in the County. The number of households meeting this STIR threshold increased in the Municipality by +26.2% from 2006 to 2016, the second highest rate during this period.

These affordability issues are not felt evenly between tenures. While 19.8% of owner households in the Municipality were facing affordability issues in 2016, 46.4% of renter households met this affordability threshold. However, in absolute terms, owner households appear to be facing increased affordability issues. From 2006 to 2016, the number of owner households spending 30% or more on shelter costs increased by +36.3%, while the number of renter households that met this STIR threshold decreased by 7.2%. This may be due to the increase housing prices in the area during this period. Since that time, rapid increases in ownership housing prices have likely significantly increased the proportion of owners spending above the 30% threshold.

Trends in Core Housing Need

In 2016, 6.1% of the households in the Municipality were deemed to be in core housing need, compared to 9.6% for the County. This proportion was a decrease from 2006, when 6.3% of households were deemed to be in core housing need. Of the households in core housing need for 2016, 87.0% were due to unaffordable housing, 8.7% were due to unsuitable housing, and 4.3% were due to inadequate housing.

Affordability by Income Decile

To compare the permanent households of Northern Bruce Peninsula to the existing ownership market conditions, the affordability chart below was generated. Income deciles, or groups representing 10% of population sorted by household income, were taken from PPS Housing Tables and used to create three household income thresholds: low-income households (household income of less than \$49,400), moderate-income households (household incomes between \$49,401 and \$95,400), and high-income household (household incomes over \$95,400). It should be noted that these income deciles are for all households in Bruce County, the housing service manager for Northern Bruce Peninsula. Figure 8 uses these income deciles (all households) to compare the maximum affordable housing price, based on the household income, to the average ownership housing price in the Municipality.

Figure 8: Ownership affordability using Bruce County household incomes, 2020.

Ownership Affordability			Affordable: Yes/No
Bruce County Household Income Ranges (2020)	2020 Income (All HH)	Max Affordable Price	Total Average Price
			\$408,450
Low Income Deciles 1-3 (Less than \$49,400)	\$23,600	\$85,700	NO
	\$36,800	\$133,700	NO
	\$49,400	\$179,500	NO
Moderate Income Deciles 4-6 (From \$49,401 to \$95,400)	\$63,500	\$230,700	NO
	\$78,500	\$285,200	NO
	\$95,400	\$346,600	NO
High Income Deciles 7-9 (Greater than \$95,400)	\$119,400	\$433,800	YES
	\$150,700	\$547,500	YES
	\$200,700	\$729,100	YES

In 2020, only high-income households were able to enter the ownership market affordably. The Municipality is lacking affordable options for low- and moderate-income households. This may lead to these households entering the rental market or looking elsewhere for affordable housing.

To compare the renter households of Northern Bruce Peninsula to existing rental market conditions, the affordability chart below was generated. Income deciles for renter households were taken from the PPS Housing Tables and used to create three household income thresholds: low-income households (household income of less than \$18,883), moderate-income households (household incomes between \$24,701 and \$45,665), and high-income household (household incomes over \$45,666). Figure 9 shows the comparison of rental household income deciles and the average rental market price ranges for a variety of unit types. Unfortunately, the rents for unit types in Northern Bruce Peninsula were unavailable so Bruce County averages were utilized.

Figure 9: Rental affordability for Bruce County, 2020

Rental Affordability			Bruce County Rental Market (2020) - Average Prices			
Bruce County Renter Household Income Ranges (2020)	2020 Income (Renter HH)	Max Affordable Price	One-Bedroom	Two-Bedroom	Three or More Bedrooms	All
			\$784	\$1,110	\$1,195	\$1,014
Low Income Deciles 1-3 (Less than \$24,700)	\$14,900	\$370	NO	NO	NO	NO
	\$20,500	\$510	NO	NO	NO	NO
	\$24,700	\$620	NO	NO	NO	NO
Moderate Income Deciles 4-6 (From \$24,701 to \$47,500)	\$31,500	\$790	YES	NO	NO	NO
	\$39,000	\$980	YES	NO	NO	NO
	\$47,500	\$1,190	YES	YES	NO	YES
High Income Deciles 7-9 (Greater than \$47,500)	\$60,800	\$1,520	YES	YES	YES	YES
	\$75,700	\$1,890	YES	YES	YES	YES
	\$101,600	\$2,540	YES	YES	YES	YES

The rental market in Bruce County is currently unaffordable to low-income renter households. Households with moderate incomes may have issues finding a suitable dwelling, depending on the household size. All units are, on average, affordable to high-income renter households. With housing ownership becoming more unaffordable, some households who would otherwise enter the ownership market may choose to rent. This, along with the lack of rental units in the Municipality, will have further impacts on prices in the rental market and make it harder for existing renter households to find affordable housing in the current market.

Key Messages from the Community Engagement Sessions

Three open houses were held via video conference between April 26 and April 28, 2022 with approximately 20 attendees. Community feedback was also received through online and hard-copy surveys, with over 150 completed surveys submitted. The proportion of surveys completed by owner and renter households was close to the community's distribution of 90% owners and 10% renters.

Key messages from the Surveys

The surveys were completed by a representative cross section of the community with a mix of ages, employment status, household composition, and representation from across the municipality.

Less than 5% of respondents indicated that they believe that there are sufficient rental opportunities in the community. This suggests that there may be wide support for rental-specific actions.

Those that believe that there is insufficient rental identified affordability and insufficient supply as the main issues. The impact of short term rentals taking some permanent housing off the market was also identified as a cause for insufficient rental by some respondents.

Approximately 10% of respondents own a long-term accommodation rental property, and less than 1% indicated that they own a short term rental. Also, approximately 10% of respondents indicate that they rent out all or part of their home to short or long term tenants.

Specific comments:

- Hayes apartments was mentioned as a potential model. It is a group of 8 unit single-storey rental units for seniors.
- Many comments supporting granny flats or other forms of additional residential units with detached houses
- Suggestions to allow smaller houses and support construction of tiny homes

Key messages from the Open Houses

Incomes & Housing Prices

- For people to move to the Tobermory area and work and live is not feasible. The jobs do not pay enough to put a down payment on a house.
- The links between wages and home prices are disappearing due to people moving to the area from other municipalities. A growing number of households typically with higher salaries, have recently moved into the community and bought up the housing stock to drive up housing costs.
- Job postings over the last few months have received large numbers of applicants for new open positions but they require housing accommodations for the positions. This often leads to automatic 'no' on the application because they know there is nowhere to live.

Servicing and Planning Applications

- There is a lack of servicing utilities and infrastructure in the area.
 - Duplexes and triplexes would require less infrastructure improvements, compared to more dense building forms
 - Need to upgrade infrastructure to provide multi-residential housing types.
- Currently there is a major roadblock to getting dwelling types such as duplexes approved for development, even when permitted to build the same sized structure as a single unit dwelling.
- Difficulty with zoning requirements, mentioned not being within a town or hamlet boundary complicating things.
- Zoning in some instances does not permit second kitchens nor extra bathrooms.
- Larger single-household dwellings are permitted, but smaller multi-unit dwellings aren't. This results in Airbnb's having up to 20 people in a house, while a multi-residential building that would house 20 people is difficult to receive building permissions for.

Second Units

- The ability to have a secondary unit within the same structure would make a lot of sense for this community in terms of multi-generational housing, providing more rental housing, and supplemental incomes for homeowners.
- Allow for two dwellings to be permitted on properties throughout the community.
- Incentives to convert larger single detached dwellings to multi-unit dwellings
- Making co-housing and shared housing accommodations more common and easier.
- Need to build more diverse residential structures, including low-rise apartments to house seniors and singles.

Liaison

- Lack of direction within the municipal staff to provide people/companies with the starting point and the steps to get to development.
 - Example from another municipality (Brantford) that has a liaison / concierge to get through the development process.

Specific Suggestions or Examples

- The Hayes subdivision is an example of affordable multi-residential development for seniors.
- Convert larger homes to duplex/triplex units for long term rental. The current bylaws for converting units to duplex are prohibitive. As an example, additional frontage is required on a lot to build a duplex unit.
- One participant mentioned the 'Tobermory Lodge' that could be renovated for workforce housing. (122 Bay Street S, Tobermory, ON)
- Suggestion to allow full-time living in trailer parks and to allow for longer period to park trailer on property to increase affordable housing options.
 - There are differences between a “mobile home” and a trailer or recreational vehicle (RV). Mobile homes and prefabricated homes are built and intended to be permanent housing. RVs and trailers are lower quality housing that does not meet building or fire code for permanent dwellings. There are safety and long-term durability issues with using RVs or trailers for long term accommodation.

Housing Gaps

From the analysis of the Northern Bruce Peninsula's housing needs and issues, 4 housing gaps and 2 challenges in the housing system were identified.

Gap 1: Overall lack of rental housing

There is an overall lack of purpose-built rental housing in the primary market, and the secondary rental market is focused largely on short-term rentals instead of long term rental.

92.5% of households were owner households. Owner households grew by +16.6% between 2006 and 2016 while renter households decreased by 25.6%.

Gap 2: Mismatch between household sizes and dwelling sizes

In 2016, 33.3% of dwellings were small dwellings with 1 or 2 bedrooms. When compared to the proportion of small households (82.9%), there appears to be a mismatch in household size and dwelling size.

Housing Gap 3: Water and sewer servicing may be hampering housing development

A common theme in the community engagement was development applications being denied or delayed due to insufficient water and/or sewer servicing. With the County not collecting development charges, and the Bruce County DC Study excluding analysis of the water and sewer needs of the area, it falls to Northern Bruce Peninsula to determine the local need and funding strategy for these services. During the creation of this Attainable Housing Strategy, Council approved (in August 2022) funding for the creation of a water and wastewater master plan. This is strong progress toward addressing this impediment to the creation of new attainable housing in NBP.

Gap 4: Development standards and policy regime hampering housing development

As identified in Gap 3, Bruce County and Northern Bruce Peninsula have a policy regime that does not include expansion of municipal water and sewer servicing. This is resulting in new housing development being constrained by the sizing and approvals for water wells and septic systems.

Feedback from community engagement suggests that the development standards for housing developments that will be serviced by a water well and septic system are much more difficult to meet for multi-unit buildings than for detached houses. Multiple

participants provided stories of being unable to receive development approvals for duplex developments that have a combined lower number of bedrooms and gross floor area than approved development of a large, detached house. This suggests that the water and sewer servicing standards may be considering factors that do not contribute to water and sewer usage and disposal needs.

Other feedback indicated that conversions of detached houses to a duplex are not permitted due to insufficient frontage. Where the property is serviced with well and septic, lot size is a limiting factor for servicing, frontage is not. Review and modification of zoning rules to enable small scale intensification such as duplexes, triplexes and second units in a way that creates a livable and desirable community may be needed.

Challenge 1: Seasonal resident housing demand

Seasonal residents accounted for 59% of households in 2016 and this proportion is expected to remain constant to 2046. This means that for every local household looking for housing, there are almost two households that are looking for a vacation property or a home to retire to. The expectation is that the seasonal households will have significantly higher household income and will be able to outbid permanent households for residential properties.

The housing demand, and income disparity, of seasonal households is high enough that it is very unlikely that modest municipal action to increase the market housing supply, or reduce market housing prices, will improve housing outcomes for the permanent households residing in Northern Bruce Peninsula. This suggests that for the Municipality to take action on housing affordability and availability for permanent households, solutions that include non-market housing options should be examined.

Additional research may be needed to fully quantify the seasonal housing demand and the incomes of the seasonal households. This additional research would be needed to scope and design housing actions that affect market housing that would either target specific segments of the seasonal households, such as seasonal workers, or would result in programs that only local residents would be able to access.

Challenge 2: Development capacity may not align with growth targets

The Plan the Bruce Interim Report suggests that NBP would have growth in permanent resident households of 670 housing units and approximately 1000 seasonal households in the next 25 years, for a total growth in housing of 1670 units. This requires construction of approximately 70 new units in NBP every year between 2022 and 2046. It is unclear whether the planning department, local construction industry, or municipal servicing and services can support this pace of development.

2.0 Approaches to Meeting Housing Needs

The second section of the report examines a range of **approaches to meeting the identified needs**, including:

- Reviewing approaches and models for the provision of attainable housing, including examining effective practices in the creation and operation of non-profit housing corporations
- Reviewing rural housing best practices
- Reviewing municipal options to reduce development costs
- Assessing dwelling and unit mix requirements based on the results of the housing needs assessment
- Reviewing tenure and ownership models, including rent-to-own
- Reviewing case studies on how other tourism-oriented communities with high proportions of seasonal residents are addressing housing needs

Below we outline findings from research conducted in these subject areas.

Rural Housing Best Practices

The following are approaches to addressing rural housing issues identified through best practice research.

Align Municipal Infrastructure Strategy with Planned Growth

- Identify the municipal infrastructure needs for planned growth and create a funding plan to build the necessary infrastructure when it is needed. If existing or planned infrastructure cannot support planned residential growth, then the growth will not happen.

Programming and Funding

- Stimulate a secondary rental market by providing funding to assist property owners in constructing a new, or upgrading an existing, secondary suite.

- Worker Housing: Housing restricted to people living and working in the community should be considered.

Education and Awareness

- Broaden community support and awareness of the housing needs including the need for affordable and attainable rental housing.
- Broaden community awareness of programs, funding, and incentives available to support the development of affordable housing and rental housing.

Collaborations, Partnerships and Advocacy

- Develop partnerships between existing landlords and major employers to develop a strategy for long-term rental housing in the community.
- Explore new partnerships between major employers and housing developers or builders.
- Leverage partnerships among local employers and community agencies to connect residents who are currently unemployed or under-employed to employment opportunities.

Monitor Progress

- Demonstrate the effectiveness of the plan and actions.
- Ensure that the actions are adjusted as the demographic and economic characteristics of the community evolve.

Options for Reducing Development Costs

When examining how to reduce the costs of projects that include multiple residential units, there is little leeway in the hard costs such as materials and construction labour, or the soft costs associated with engineering, architecture and financing. The largest opportunity for increasing the supply of new affordable housing is to access government grants that offset some of the costs, or provide favourable financing terms.

Some of the current programs available today are included in the following table. Though information is current as of July 2022, it must be verified before any future analysis is made about a project based on this information.

Program Name	Type of Funding	Funding Envelope	Program Objectives	Program Administered By
<u>Seed Funding</u>	Grant & Interest Free Loan	Grant: Up to \$150,000 Loan: Up to \$350,000	Assist developers to defray costs related to pre-development activities	CMHC
<u>Surplus Federal Land and Building Initiative</u>	Low or No Cost Land or Building	Up to the land value	Create affordable, sustainable, accessible and socially inclusive housing	
<u>Shared Equity Mortgage⁸ Providers Fund</u>	Loan	Up to \$4 million for the overall development.	Assist developers with the cost of eligible preconstruction activities, for units that will all participate in Shared Equity Mortgages.	
<u>Green Municipal Fund: Planning</u>	Grant	Up to \$25,000 or 80% of eligible costs for the overall project	To enable affordable housing providers to pursue ambitious reductions in energy consumption	Federation of Canadian Municipalities (FCM)
<u>Green Municipal Fund: New Construction</u>	Grants and Loans	Up to 20% of costs, or \$10 million, and 50% Grant, 50% Loan		
<u>National Housing Co-Investment Fund (New Construction)</u>	Repayable Loan & Forgivable Loan	Repayable Loan: Non-Profits and Indigenous organizations up to 95% of project costs; Private Sector up to 75% Forgivable Loan: Non-profits and Indigenous organizations up to 30%; Private Sector up to 10%	Develop energy efficient, accessible and socially inclusive housing for mixed-income, mixed-tenure and mixed-use affordable housing uses	CMHC under the National Housing Strategy

⁸ Shared Equity Mortgage: Now branded as First-Time Home Buyer Incentive. This program is a shared equity mortgage. This means that the government shares in the upside and downside of the property value. It allows you to borrow 5 or 10% of the purchase price of a home. You pay back the same percentage of the value of your home when you sell it or within a 25-year window.

Program Name	Type of Funding	Funding Envelope	Program Objectives	Program Administered By
<u>Rental Construction Financing Initiative</u>	Low Cost Construction Financing	Up to 100% loan to cost	Create new purpose built rental for middle income Canadians	CMHC under the National Housing Strategy
<u>Ontario Priorities Housing Initiative (OPHI)</u>	Grant & Forgivable Loan	Very limited funding available. Up to 75% of capital costs of the affordable rental units.	Create new and retain existing supply of Affordable Housing through capital and operating funding	Bruce County
<u>Canada-Ontario Community Housing Initiative (COCHI)</u>	Forgivable Loan	Very limited funding available. Project dependent, at the discretion of the Service Manager	Retain existing supply of Community Housing	Bruce County

Municipalities across the country in rural, suburban and urban centres provide some or all of the following types of incentives:

Reduce or provide exemptions for development charges and building permit fees

Currently Bruce County does not levy development charges, reducing the potential value of this strategy. Building permit fees are generally a small amount of the cost of a new affordable housing unit, but reducing these fees and charges does improve affordability.

Capital funding in the way of grants, forgivable loans or repayable loans

Direct grant opportunities to non-profit organizations could be used in addition to provincial or federal funding assistance.

Property tax reductions or grants for not-for-profit or charitable housing providers

Property tax reductions are found to be challenging in smaller municipalities, where there are fewer properties over which to spread the forgone revenues or higher expenditures.

Approaches to Development

Partnerships for development

There are many different ways that a municipality can create a partnership for creation and management of attainable or affordable housing.

Land Trust

A land trust works best where there is existing available land that can kick-start the land trust, and where the land trust has a suite of responsibilities beyond providing affordable or attainable housing. Where there is a need for strong stewardship of sensitive ecologies or a need to manage non-residential properties a land trust can excel.

Nonprofit Housing Provider

Where the mandate of an organization is tightly focused on creation and provision of attainable or affordable housing, partnering with a non-profit housing provider and leveraging their expertise in the field can greatly reduce the necessary expertise and funding of the municipality.

Social Enterprise

Partnering with a social enterprise can potentially leverage the expertise and financial strength of a larger organization that builds or manages affordable or attainable housing in addition to other activities or does this across a wide geographic area. Land trusts and non-profit housing providers are specific examples of social enterprises.

Public Private Partnership (PPP)

Municipalities can enter into partnerships with private companies to create and manage affordable or attainable housing. Finding a private sector partner that is interested in a partnership for affordable housing puts them on the spectrum of “social enterprise” organizations, where they are forgoing some amount of profit to enable improved social outcomes. An RFP for a developer to build affordable housing is generally not viewed as a PPP. To get the most out of a PPP, the private sector partner should be given as much leeway as possible in attaining the affordable housing outcomes with a given amount of support from the municipality. These arrangements can be successful, but require substantial legal and administrative oversight.

Municipal Housing Development Corporation

Creating a municipal housing development corporation, and associated housing management body, provides the clearest transparency and accountability between Council and the affordable housing that is being created and managed. This option requires substantial capital and operating funding commitments from the municipality.

Tenure and Ownership Models

In addition to traditional ownership or rents, some communities have pursued a **Rent to Own** option in their affordable housing suite of programs.

Renting to own is an agreement where an investor rents out a house to a tenant and gives them the option to purchase the property after a certain period at a predetermined price. This tenure model assists future homeowners that have trouble in qualifying for conventional financing, either because of credit rating or lack of down payment.

Verbhouse

- Prospective homeowner is required to have a 5%-10% down payment and to search for home.
- Verbhouse purchases prospective homeowners' property and leases the property for 5 years at a fixed rate.
- Maintenance and repairs are included.
- Leaseholder captures 100% of any appreciation and builds equity with each payment.
- Leaseholder can purchase home from Verbhouse at any time or cash out any equity earned at any time.

Municipal Case Studies

Other communities have similar housing system stresses due to seasonal residents, accommodation needs of tourists and housing for workers in the tourism industry. These seasonal residents and visitors provide significant economic benefits to the community, but result in needing specific housing strategies and actions to ensure the local, permanent residents have sufficient, affordable or attainable housing.

The following Canadian tourism-oriented communities were examined to see how they are addressing affordable and attainable housing needs. The communities are presented in order from smallest to largest communities.

Prince Edward County

Prince Edward County (PEC) is located on the shores of Lake Ontario between Toronto and Kingston and has a population of approximately 25,000 people. The average age of the population was 54 years old in 2016 and had a non-usual residence (seasonal) population of 17%, which was approximately twice the provincial average.

PEC is in the process of creating the necessary organizations to create and manage affordable or attainable housing. The Prince Edward County Affordable Housing Corporation (PECAHC) was created in 2018, but has not built housing yet. Their 2020-2022 business plan highlighted hiring an executive director for the organization as the first priority for the board of directors.

Tofino, British Columbia

Tofino Housing Corporation (THC) was created in 2005, as an arms-length corporation, controlled by City Council. THC was not initially successful at creating new affordable housing. Recently THC was reconstituted as an oversight board for a partnership with Catalyst Community Developments Society (Catalyst), a non-profit housing developer.

Tofino has not created a dedicated funding stream for THC. To date, ad hoc funding has allowed Catalyst to get two projects underway with a total of 90 units under development.

The TCH strategic plan has goals that by 2030, THC will have delivered:

- 30 units of price restricted resident restricted ownership housing
- 150 rental units

Collingwood

Collingwood created an affordable housing task force in 2003 which was disbanded in 2011 and then recently reconstituted in 2021. The current task force is in the process of data gathering and creating an Affordable Housing Master Plan. The mandate of the task force and the affordable housing recommendations were approved by Council⁹ on February 28, 2022.

An affordable housing needs assessment was published in 2021 and identified that approximately 18% of the population are seasonal households and that this proportion would rise to approximately 22% by 2031. Council has provided direction to target households in the 40th to 60th income deciles, which for renter households are an income between \$36K to \$51K, and as a secondary objective provide affordable ownership housing with households having incomes between \$70K to \$98K.

Muskoka

Muskoka is the most closely located community that was examined and has a population of approximately 66,000 residents with 25% of the population being seniors. Initial research did not uncover the proportion of seasonal population in Muskoka.

This community is the only one that has a definition of Attainable Housing.

Attainable Housing in Muskoka means:

- *Adequate in condition (no major repairs needed)*
- *Appropriate in size (bedrooms appropriate for household)*
- *Affordable (costing less than 30% of before tax income)*
- *Accessible (located in areas where common services are available)*
- *Available (a range of housing types)*

Muskoka is at the beginning of their concerted action for attainable housing in the region, with the creation of the Muskoka Community Land Trust (MCLT) in 2021. At this time, the MCLT has not acquired property or built new affordable or attainable units.

⁹ <https://collingwood.civicweb.net/document/94600/>

Canmore/Banff

Canmore is located in Banff National Park and is home to approximately 15,000 people. With Banff being a major tourist destination in Canada, Canmore has been facing the challenges of a tourism-based economy for a number of decades. In 2000 the Canmore Community House Corporation (CCH) was created. CCH currently manages three programs:

- Vital Homes Program: is a range of housing types and tenure made available through CCH to eligible persons at below market purchase prices and rental rates, which shall be maintained as the occupant's primary residence.
- Matching Down Deposit Program (MDDP)
- Accessory Dwelling Grant Program (ADGP)

CCH has had the time to create well defined administrative functions and clear strategic goals. CCH is partially funded by an affordable housing levy of 0.05209%, which is added to the property taxes for the community.

CCH uses the following criteria for selecting new residents:

- a) Income at or below:
 - i) Total Single individual income: \$33, 977 OR b. Total Family (2 or more in a household) income: \$67, 953
- b) Residency Requirement:
 - i) Individual to prove that they are a current Canmore resident for at least 3 months: Driver's License, Lease Agreement, Utility Bill etc.

Whistler

Whistler has a history of over 20 years of affordable housing action with 2,100 units of affordable rental and ownership housing owned by the Whistler Housing Authority (WHA). WHA owns and manages "employee restricted housing" which means a person that works at least 30 hours per week at a Qualified Whistler Business or are a retiree of a qualified business for 10 of the last 12 years before retirement.

Approximately half of the units owned or managed by WHA are rental and half are employee restricted ownership. Approximately half (1100) of the units were built since 2018. Whistler has a 12,000 person workforce and aims to have at least 75% of its workforce live locally.

The proportion of seasonal households in Whistler (68%) is higher than in NBP (59%) but is the only municipality surveyed that has a higher proportion than NBP. Of note is that programs to encourage second units have resulted in 1 in 4 properties having a second suite, with 73% of those suites occupied by members of the Whistler workforce. This pool of suites is approximately 50% of the total rental stock in Whistler.

The WHA has been pursuing 7 key initiatives:

1. Tourist Accommodation Review
 - New municipal bylaw to ensure residential homes are not being used for tourist accommodations and are therefore available for residential purposes only.
2. Home Run
 - A program to match resort businesses with property owners.
3. Development Cost Charge Update
 - Ensure new commercial/industrial/tourist accommodation developments are contributing to providing new employee housing for the incremental workforce that is generated by the new developments.
4. RMOW (Rural Municipality of Whistler) to build more employee restricted inventory for the permanent resident workforce needs.
5. New and expanded infill program for homeowners to add a new employee dwelling (e.g., suite) to their existing property
6. Allow private employee housing development for rentals on underdeveloped private lands.
7. Further refine employee restricted eligibility and enforcement to protect housing for Whistler's workforce.

WHA initiatives 1 and 2 have been completed, while 3-7 are in progress.

Municipal Case Study Key Observations

The municipalities with the longest history of affordable housing action have the most actual units and highest impact on housing affordability. Further study of these municipalities, Whistler and Canmore, can provide insight into which actions lead to stronger results and which can be adapted for use by Northern Bruce Peninsula.

Many of the communities started on an affordable housing path and had poor results for many years. In general, these communities did not have dedicated funding for creating new affordable housing units and the mandate was for advocacy and incentivization of the private sector to create affordable housing.

Undertaking a detailed review of these and other tourism-oriented communities will provide insight into actions and policies that yield noticeable results in improving the affordability of housing for the permanent residents of Northern Bruce Peninsula.

3.0 Recommendations and Actions

The final section of the report includes the **attainable housing recommendations and actions** for the Municipality of Northern Bruce Peninsula. The following 3 recommendations respond to the 4 gaps and 2 housing challenges identified in Section 1 of this report.

Recommendations

Recommendation 1: Create a strategy to create “non-market” attainable housing (priced at near market)

As a retirement and tourism destination, local incomes cannot compete with people moving into or visiting the municipality when it comes to accommodation costs. This suggests that “non-market” housing is needed to house residents and workers; this can be in the form of “worker housing” or community housing. This recommendation is to create a detailed strategy that identifies the amount of attainable housing that is needed in the short term and long term, the form or forms of housing that will be pursued, and a high-level financing plan to achieve these attainable housing objectives.

Recommendation 2: Expand water and sewer infrastructure in Tobermory and Lion’s Head

Municipal water and sewer infrastructure lowers the short- and long-term costs for attainable housing and enable construction of community services, motels, restaurants and other tourism-focused businesses. Northern Bruce Peninsula is in the process of creating a water and wastewater master plan which will quantify the needs, costs and possible funding strategies for this infrastructure.

Recommendation 3: Work with the County on rural development standards

There appears to be an issue with getting development permissions for denser housing forms, based on servicing capacity. This appears to be resulting in large, detached houses being approved, and multi-unit residential with the ability to house the same number of people being denied or the development timelines substantially extended with requests for additional engineering studies and redesign.

Community feedback indicated that the County’s development standards for rural properties are difficult to navigate and may unintentionally be a barrier to creation of new affordable housing. The objective of this recommendation is to work with the County to create clarity for the development community on how multi-residential housing can be created in rural areas.

Actions

Most of the **seven actions** identified in this report are intended to address the objectives of multiple recommendations and have implementation timelines that may be started immediately:

Action 1: Consider introducing local development charges for affordable/attainable housing

Contributes to: Recommendations 1 & 2

Housing services is one of many services that DCs can be collected for. (See Appendix A for more information about development charges.) Collecting DC fees for attainable housing is one way to create a pool of funds for building these units. Introducing DCs for “housing services” would require a detailed background study before the DC by-law could be approved. The background study would include a detailed needs analysis, identification of the number and types of units needed and creation of a funding strategy. The funds collected through these charges could be directly spent by the municipality to build new units, or could be disbursed through capital grants to other organizations that would build and operate the attainable housing.

Action 2: Create an organizational structure to manage attainable housing in NBP

Contributes to: Recommendations 1 & 2

An organization (Co-op, non-profit, land trust, etc.) is needed to manage non-market housing if NBP intends on building or partnering to build new non-market housing units. There are many organizational structures that can manage housing and that have accountability to Council, but are arms-length from day-to-day Council decisions. Some of the potential organization or partnership models are briefly discussed in the section on

Approaches to Development. Creating a strategic plan, organization model and governance framework for a new or growing housing provider is a common activity in the affordable housing sector, and many organizations can aid with these activities.

Action 3: Examine other revenue sources for attainable housing

Contributes to: Recommendations 1 - 4

Building new housing or renovating to create new affordable housing is an expensive undertaking. It is likely that multiple sources of funding would be needed to create new attainable housing in NBP. Federal and provincial funding is insufficient to build new attainable housing, and frequently requires that the local municipality provide some amount of funding to access the federal or provincial programs. Having multiple sources of funding would provide more flexibility in how NBP could partner with housing providers, the private sector and other orders of government.

Some options that can create additional revenue for the creation of attainable housing include: a property tax special levy for affordable housing, and a municipal land transfer tax. Additional research is needed to ensure that a land transfer tax is allowed under the *Municipal Act*. Either of these revenue options would have more flexibility in how the funds are used than revenue collected through DCs.

Action 4: Review how multi-residential is evaluated compared to single detached homes of similar size

Contributes to: Recommendations 3 & 4

As part of the recommendation to work with the County on rural development standards, community engagement identified that multi-residential development in rural areas is significantly more difficult to obtain development approvals.

Action 5: Undertake a focused study on how to enable safe and affordable second units

Contributes to: Gaps 1 and 2, plus Challenge 1

As seen in the case study of Whistler, B.C. second units, when appropriate policies are in place, can be a substantial component of the local resident “workforce housing”. Quantifying how second units are used is very challenging as there are few if any mechanisms to track occupancy of these units. Our understanding is that approximately 20% to 35% of second units are rented, with 65% to 80% being kept vacant for use by guests and family. In Whistler, approximately half of the rental market is in second suites, and over 70% of the units are rented to local workers. Achieving these outcomes

required policies to encourage creation of the units, clear direction on what types of units are permitted, and policies to make the units (exclusively) available to local workers.

This recommendation is to undertake a study to understand how Whistler encouraged creation of this large pool of second suites, how the units are managed so that a large proportion of them are actually rented, how Whistler is able to achieve local residents occupying most of the units, and how similar outcomes can be accomplished in both the Ontario and NBP contexts.

Action 6: Explore net-zero and low impact development standards

Contributes to: Recommendations 3 & 4

A potential strategy to enable somewhat higher density (duplexes, triplexes) in rural areas is to implement net-zero or low impact development standards that allow water and sewer servicing under a different development servicing approach that may be better suited to the soil and water conditions in NBP. Should NBP adopt higher development standards for water and sewer, the County would have less influence and decision-making power on these aspects of new development applications. This may make the development process more understandable and predictable for developers of new housing in NBP.

Action 7: Consider introducing local development charges for other community services

Contributes to: Recommendations 3 & 4

The large proportion of seasonal residents suggests that community services needs could be as much as twice what would be normally expected for the size of the permanent population.

In addition to water and sewer infrastructure, which the Municipality is in the process of creating a master plan for, DCs can be collected for a variety of other types of community services. (See Appendix A for more information about development charges.) Some of the services that may be needed or need to be enhanced to enable attraction and retention of seasonal workers and permanent residents include: transit services to improve the ability of seasonal workers to access their employment, library services, recreation services, child care, and by-law enforcement.

This recommendation is to perform a detailed review of the costs associated with providing the suite of community services supplied in NBP with a focus on how seasonal workers, tourists, and non-permanent residents affect the need for these services. Consider introducing local development charges to offset these additional costs that will continue to rise as the population of NBP grows.

4.0 Appendix A: Development Charges

Development charges are a financial tool that all municipalities in Ontario can charge under the regulations of the *Development Charges Act, 1997*. The intent of these charges is for development activity to pay for creation of municipal services that are needed to support these new developments with the philosophy that “growth pays for growth”. The municipal services included include “hard services” where physical structures must be built, or equipment and vehicles must be purchased to provide the service.

Development charges¹⁰

Municipalities can apply development charges on a new development to help pay for the capital costs of infrastructure to support new growth.

Development charges are discretionary fees. This means that municipalities can choose whether to use development charges and, if they are used, which services or infrastructure they want to include from the list of eligible services in the Development Charges Act, 1997. These services are:

- *water supply services, including distribution and treatment services*
- *wastewater services, including sewers and treatment services*
- *storm water drainage and control services*
- *services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001*
- *electrical power services*
- *transit services*
- *waste diversion services*
- *policing services*
- *fire protection services*
- *ambulance services*
- *services provided by a board under the Public Libraries Act*
- *services related to long-term care*
- *parks and recreation services, but not the acquisition of land for parks*
- *services related to public health*

¹⁰ Province of Ontario, 2022. <https://www.ontario.ca/page/municipal-development-and-community-benefits-charges-and-parklands>

- *child care and early years programs and services under part VI of the Child Care and Early Years Act, 2014 and any related services*
- *housing services*
- *services related to proceedings under the Provincial Offences Act, including by-law enforcement services and municipally administered court services*
- *services related to emergency preparedness*

How municipalities can implement a development charge

Municipalities must pass a by-law to set development charges for different types of development. Before passing a development charge by-law, a municipality must prepare a development charge background study as set out in legislation.

Municipalities must calculate development charges separately for each eligible service, or class of services, detailed in their development charge by-law.

To ensure they have the resources to support growth, municipalities can fully recover the eligible costs for eligible services or infrastructure that they need for their growing community. Development charges do not apply to the creation of additional units subject to rules in regulation.

To give more predictability and certainty about development charges:

- *rates are frozen either at the time of site plan or zoning application and will remain frozen for a period of two years after the relevant application is approved.*
- *multi-year deferrals of payments apply for certain types of development, such as:*
 - *rental housing*
 - *non-profit housing*
 - *institutional developments such as long-term care*

Development charge by-laws may be appealed to the Ontario Land Tribunal. The application of development charge by-laws to specific sites may also be appealed to the Tribunal following a complaint to municipal council.