



# OREA'S SUBMISSION TO THE PROVINCE'S HOUSING SUPPLY ACTION PLAN CONSULTATION

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*A BOLD PLAN TO SAVE THE DREAM  
OF HOME OWNERSHIP IN ONTARIO*



# ABOUT OREA

The Ontario Real Estate Association (OREA) represents 75,000 REALTORS® who are members of the 38 real estate boards throughout the Province.

REALTORS® are champions of the Canadian dream of home ownership and Ontario's three million home owners.

OREA fights every day at Queen's Park to keep home ownership affordable, to help our members build stronger communities across the Province, and to increase professional standards in the real estate industry.





**“WITH HOME OWNERSHIP RATES ON THE DECLINE IN ONTARIO, NOW MORE THAN EVER, YOUNG FAMILIES NEED THE GOVERNMENT TO BE A CHAMPION OF AFFORDABLE HOME OWNERSHIP BY ADDRESSING THE HOUSING SUPPLY CRISIS.”**

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*–TIM HUDAK, OREA CEO*

January 25, 2019

Honourable Steve Clark  
Ministry of Municipal Affairs and Housing  
777 Bay Street, 14th Floor  
Toronto, ON M5G 2E5

Dear Minister:

On behalf of Ontario's 75,000 REALTOR® members, I want to thank you for the opportunity to put forward our solutions to addressing the housing supply crisis in Ontario.

Real estate is one of the most important sectors of Ontario's economy. Every year, tens of thousands of Ontarians work with REALTORS® to achieve their dreams of home ownership. Home ownership is pillar to our economy and helps build strong communities and strong families in every corner of our Province.

The lack of housing supply in Ontario is eroding the next generation's ability to achieve the Canadian dream. For the first time since Confederation, home ownership rates in Ontario are on the decline. We must take bold action to cut red tape on housing supply and reduce barriers to development so families have more affordable choices in the market.

OREA knows that Premier Ford and your Government are committed to action on housing affordability. We look forward to working with you to ensure the Housing Supply Action Plan brings forward the right solutions to increase housing supply and reduce costs for first-time home buyers.

Your Government has the ability to reverse the declining rate of home ownership. In fact, OREA believes that Ontario should set a bold target of increasing home ownership rates to 70% by 2025 and 75% by 2040 by implementing policies that will support greater housing supply and housing choice.

On behalf of Ontario's REALTORS®, I am pleased to present OREA's submission to the Province's Housing Supply Action Plan Consultation, A Bold Plan to Save the Dream of Home Ownership in Ontario.

Thank you again for the opportunity to participate in this watershed consultation on the future of home ownership in Ontario.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Reid', with a long horizontal flourish extending to the right.

David Reid, President  
OREA



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## EXECUTIVE SUMMARY

# OREA'S BOLD PLAN TO PROTECT THE CANADIAN DREAM

We have a problem.

Housing affordability for young families is at an all-time low and home ownership rates are on the decline in Ontario (Census/RBC, 2018).

We have a housing supply crisis. The lack of supply and housing options continues to impact communities across the Province

Growing families and seniors are struggling with the same thing: they cannot find an affordable home to fit their needs.

Outdated rules, Government-imposed charges and needless red tape have created barriers to getting more affordable family homes built in our Province.

With 100,000 new Ontarians moving to the Greater Toronto and Hamilton Area (GTHA) each year this problem is going to get worse before it gets better.

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## OREA'S ACTION PLAN

Ontario needs action and REALTORS® have a bold plan to protect the Canadian dream.

Our 10-point plan will build thousands of affordable homes right across Ontario, reduce costs for first-time buyers and protect the dream of home ownership for generations to come.

1. Implement As-of-Right Zoning;
2. Reduce New Neighbour Taxes;
3. Say No to Another Home Owners Tax;
4. Cut Municipal Red Tape on Secondary Suites;
5. Lower Taxes for Young Families & First-Time Home Buyers;
6. Remove the Straitjacket of the "One Size Fits All" Growth Plan;
7. Speed Up the Planning Approvals Process;
8. Fix the OSFI Stress Test;
9. Rebalance Heavy Handed Mortgage Restrictions, and;
10. Unlock Surplus Public Lands to Build More Housing.

# THE HOUSING SUPPLY CRISIS BY THE NUMBERS

## THE NEXT GENERATION WANTS TO OWN HOMES



**91%**  
of young Ontarians believe that home ownership is important to them



**56%**  
of young Ontarians feel that home ownership is unaffordable in their neighbourhoods



**81%**  
of Ontarians believe owning a home is harder for young people than it used to be

## THE CANADIAN DREAM IS FADING



Canada's home ownership rate fell – for the first time to **67.8% in 2016**, down from **69% five years earlier**



In **December 2018**, the average house price in Ontario was **\$559,957**

### Cost breakdown of purchasing a home, based on a \$500,000 mortgage:



Mortgage Insurance	\$19,000
Property Taxes	\$4,000
Legal Fees	\$1,000
Land Transfer Tax	\$6,500 <small>**Ontario (Extra in Toronto)</small>
Home Insurance	\$1,000
Home Inspection	\$500
<b>TOTAL:</b>	<b>\$32,000</b>



Average millennial salary  
**\$32,000**

Nearly half of millennials in Ontario are living at home with their parents  
**(42.1% ages 20-34)**



For the first time in 130 years, living at home with their parents is the most common living arrangement for millennials.



## OREA SOLUTIONS

# IMPLEMENT AS-OF-RIGHT ZONING

OREA was pleased to see bold action recently taken by the Government to grant the air rights to a development company to build a mixed-use development in exchange for rebuilding the Mimico Go Station. Ontario should be focusing on finding similar opportunities and partnerships to provide families with affordable housing options close to transit corridors.

OREA believes that implementing as-of-right zoning to encourage transit oriented communities (TOCs) is one of the key ways to unlock new housing supply in Ontario.

## WHAT IS AS-OF-RIGHT ZONING?

As-of-right zoning encourages intensification along transit lines to accommodate TOCs. TOCs are being used globally to encourage transit use, curb urban sprawl and link housing, jobs, and services (Ryerson CUR, 2019). TOCs create mid-to-high density, walkable neighbourhoods near major transit hubs, such as subway stations, light rail lines, and GO Stations.

Land-use across Ontario is governed by municipal zoning by-laws – rules that dictate what can be built and where. Most of the zoning rules in Ontario date back as far as the 1970s when cities were largely building single family home and suburbs. These out of date zoning rules are standing in the way of millennials and their first home in urban areas.

Currently, zoning changes around TOCs can occur in two ways. One option is that developers can apply to have zoning rules changed to support denser development.

In this way, zoning changes are initiated by landowners. This process adds time and money to developments, often deterring it. The other option is for municipalities to re-zone these areas to allow for higher densities. However, the rezoning process is time consuming and can take years. A third option is for the Province to mandate or establish zoning rules around transit hubs. This model is currently being considered by the California State Legislature through Senate Bill 50.



**AS-OF-RIGHT ENCOURAGES  
INTENSIFICATION ALONG TRANSIT  
LINES TO ACCOMMODATE TOCS.**

**TOCS ARE BEING USED GLOBALLY  
TO ENCOURAGE TRANSIT USE,  
CURB URBAN SPRAWL AND LINK  
HOUSING, JOBS, AND SERVICES.**

SOURCE: RYERSON CUR, 2019



## **CASE STUDY: CALIFORNIA SENATE BILL (SB) 50**

*SB 50 was introduced in the California State Legislature in December 2018 by Senator Scott Wiener. It creates new state-wide zoning standards for the construction of housing near job centres and public transportation, while protecting against the displacement of renters and vulnerable communities living in those areas.*

*SB 50 eliminates low-density zoning near transit and job centres - legalizing apartment buildings in these locations so that more people can live near transit and near where they work. It also reduces or eliminates minimum parking requirements for new developments.*

*SB 50 is intended to help relieve California's acute housing shortage (currently a deficit of 3.5 million homes), make housing more affordable, increase the supply of low-income housing, and reduce pressure to create more sprawl. The bill will also reduce carbon emissions by allowing more people to live near transit and their places of work.*

*SB 50 is supported by San Francisco Mayor London Breed, Oakland Mayor Libby Schaaf, Sacramento Mayor Darrell Steinberg, Emeryville Mayor John Bauters, El Cerrito Mayor Gabriel Quinto, and Los Angeles Mayor Eric Garcetti.*

## **ONTARIO AND AS-OF-RIGHT ZONING**

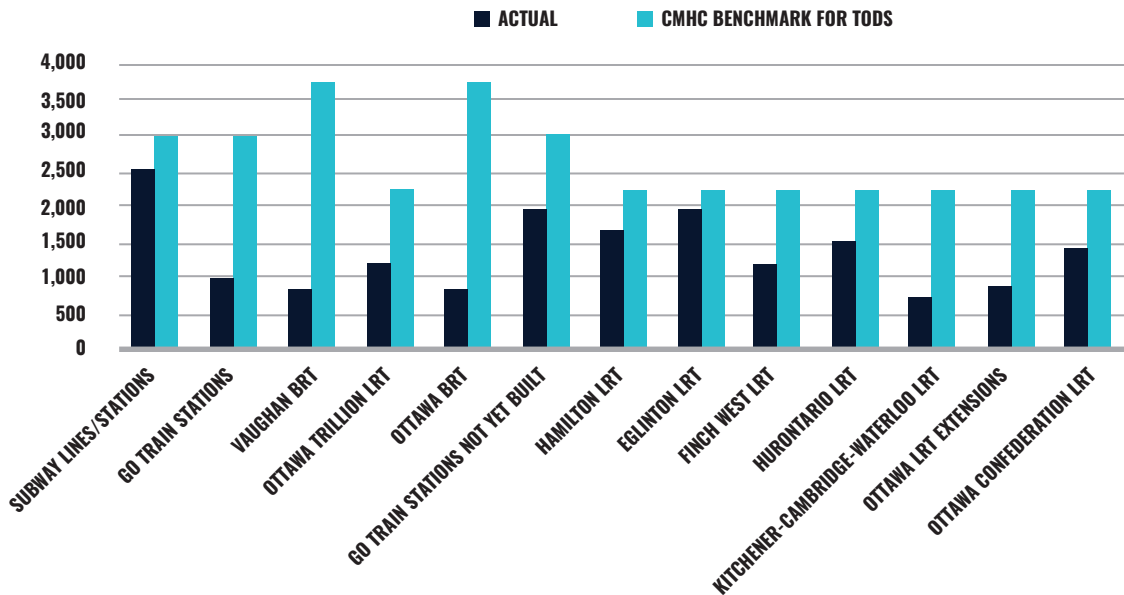
Currently, there is considerable development capacity across the 200 major transit hubs in the Province, but city by-laws and zoning have limited higher density development in these areas (Ryerson CUR, 2019). In order to utilize the development capacity of Ontario's major transit hubs, Ontario should implement as-of-right zoning along these transit corridors.

As-of-right zoning specifies the minimum densities and/or minimum height requirements in an immediate transit zone. The 'immediate transit zone' can vary depending on the transit zone and type of transit development that surrounds it.

In a study conducted by Canadian Mortgage and Housing Corporation (CMHC), it was determined that within an 800-metre radius of a transit hub (or a ten-minute walk) as-of-right zoning should allow for 1,000 housing units per square kilometre for infrequent bus service stations and up to 3,000 units per square kilometre for rapid rail services.

When set against CMHC's requirements, many of Ontario's major transit hubs have considerable capacity for development.

**FIGURE 1:**  
RESIDENTIAL DWELLING PER SQUARE KILOMETER AROUND\* MAJOR TRANSIT HUBS IN ONTARIO, 2016



SOURCE: CUR BASED ON CENSUS OF CANADA 2016 DATA.  
\*AN 800 RADIUS IS ESTIMATED BY THE SURROUNDING CENSUS TRACTS. LARGE CENSUS TRACTS WERE REMOVED FROM ANALYSIS.

**4 MILLION NEW HOMES**  
WHAT AS-OF-RIGHT ZONING  
IN ONTARIO COULD SUPPORT  
OVER THE NEXT 24 YEARS.

Over 30% of the space surrounding Ontario’s major transit hubs are predominately single-family homes with the capacity for up to **4 million new housing units**, which, if developed, could support the expected population growth of the Province for the next 24 years (Ryerson CUR, 2019).

A bold decision to mandate as-of-right zoning along provincial transit hubs will not only build enough homes to satisfy Ontario’s needs for a generation, it will keep thousands of cars off our road and support our low-carbon transit systems.





## CASE STUDY: MINNEAPOLIS

*The City of Minneapolis has recently released a new draft of its comprehensive plan — Minneapolis 2040 — to guide the city’s policy-making over the next 20 years. A major feature of the plan includes zoning changes to allow up to four stories along all transit corridors.*

*The plan was endorsed by Minneapolis City Council in December 2018. The change allows residential structures with up to three dwelling units — like duplexes and triplexes — in every neighborhood.*

*Similar proposals are also under consideration in Seattle, San Francisco and California - all jurisdictions struggling with a lack of affordable homes.*

*City planning proposals, such as Minneapolis 2040, that include major rezoning policy is an indication that cities across North America are looking for effective solutions to the housing supply and affordability crisis.*

## OREA'S RECOMMENDATION

Implement as-of-right zoning along Ontario’s transit hubs to encourage transit-oriented communities and support the development of thousands of new homes.

# REDUCE NEW NEIGHBOUR TAXES

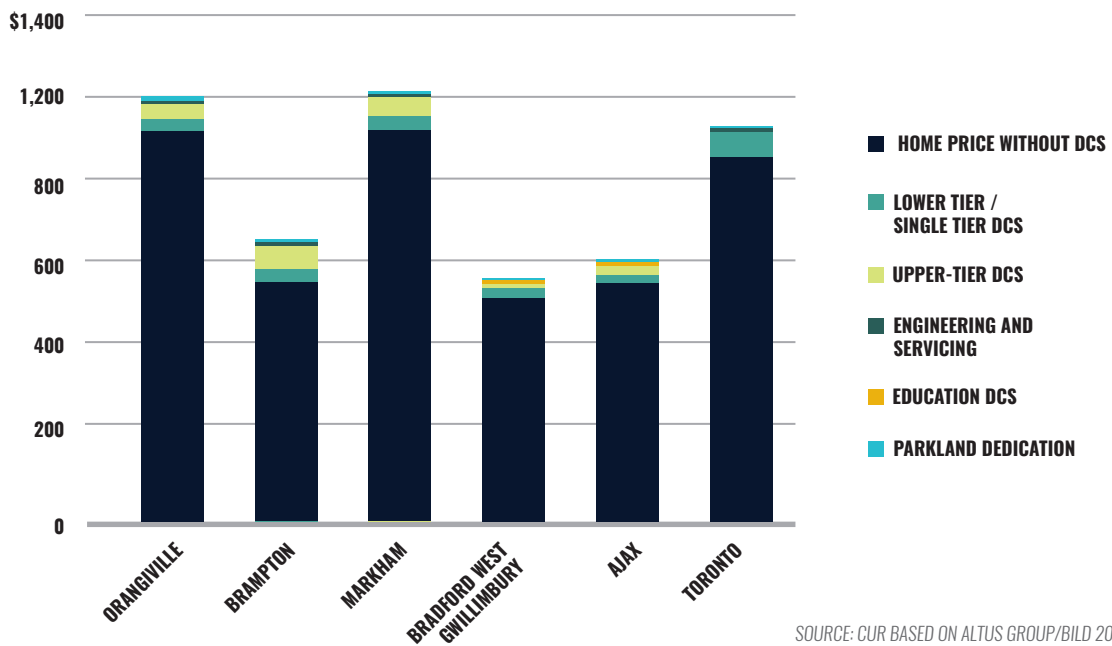
## DEVELOPMENT CHARGES IN ONTARIO

Ontario municipalities currently have the highest development charges in North America (Ryerson CUR, 2019). Exorbitant development charges across Ontario have put upward pressure on housing costs, acting as a “new neighbour tax” for home buyers, while creating a significant disincentive for developers to build new housing supply.

**\$115,000**  
**THE TOTAL DEVELOPMENT CHARGES ON NEW HOMES IN YORK REGION**  
 SOURCE: RYERSON CUR, 2019

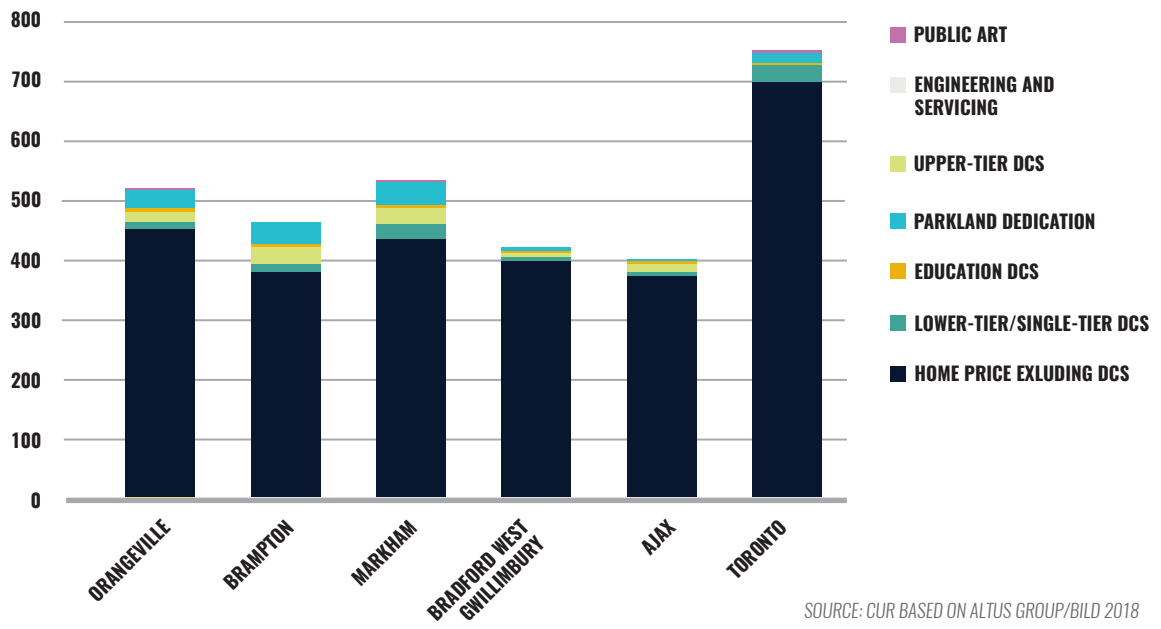
Development charges are a barrier to owning a new home in Ontario. Across the GTHA, development charges make up a significant portion of the final purchase price of a home (Figures 2 & 3).

**FIGURE 2:**  
 DEVELOPMENT CHARGES AS A PROPORTION OF THE PRICE OF A NEW SINGLE-DETACHED HOME, 2018



SOURCE: CUR BASED ON ALTUS GROUP/BILD 2018

**FIGURE 3:**  
DEVELOPMENT CHARGES AS A PROPORTION OF THE PRICE OF A NEW HIGH-RISE APARTMENT, 2018



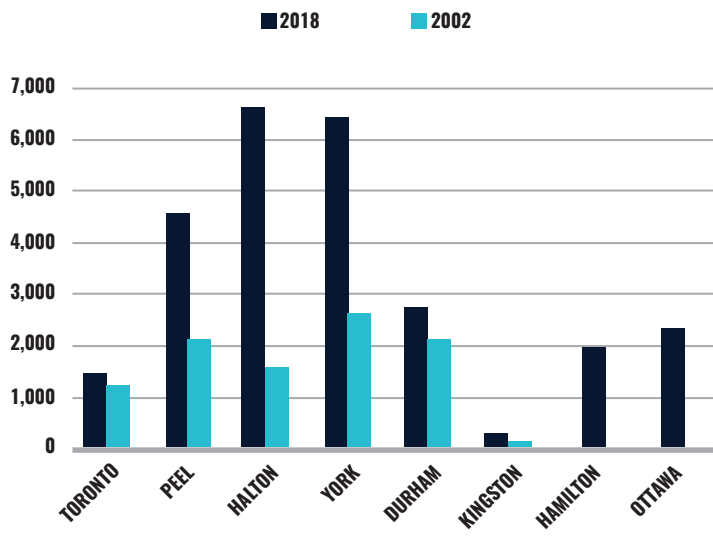
SOURCE: CUR BASED ON ALTUS GROUP/BILD 2018

## MUNICIPALITIES & DEVELOPMENT CHARGE USAGE

While development charges are intended to be a ‘user fee’ to pay for growth-related capital costs, municipalities have looked to them more and more as a source of general revenue. For example, the costs of new services, such as a school, have begun to fall heavily on new home buyers, while the benefits are largely enjoyed by the greater community (Figure 4). Education is not a service where a ‘user fee’ is most appropriate to use as a funding tool as the benefits impact the entire community.

Since development charges are impacting housing supply, prices

**FIGURE 4:**  
EVOLUTION OF EDUCATION DEVELOPMENT CHARGES, BY SELECT MUNICIPALITIES IN ONTARIO, 2002 TO 2018

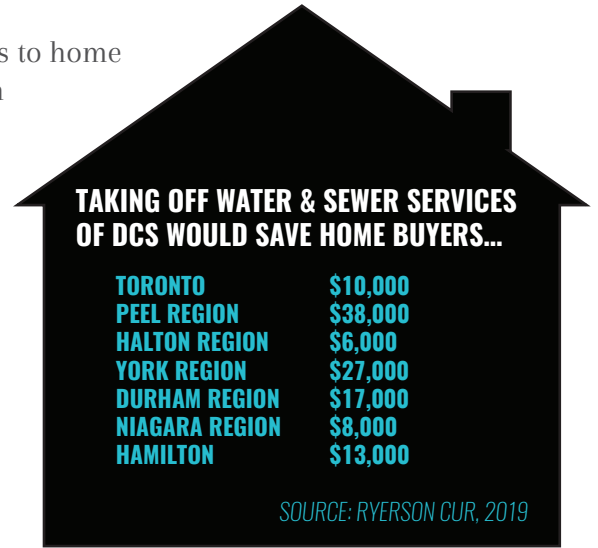


SOURCE: CYR BASED ON MUNICIPAL INFORMATION

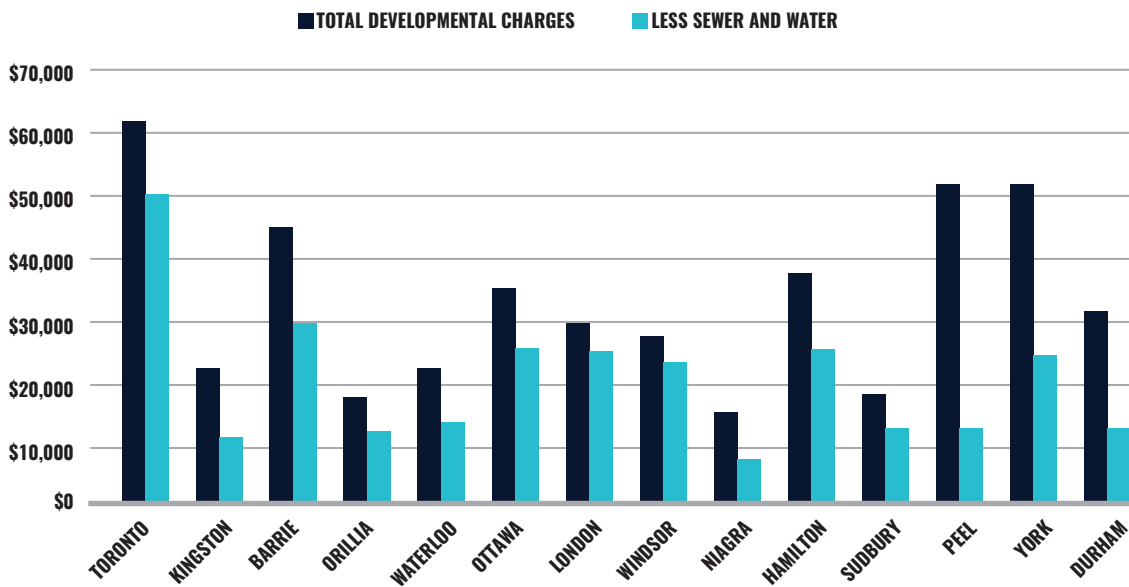


and affordability, Ontario must focus on finding solutions to mitigate the impact that they are having on the affordability of home ownership.

Several studies have suggested that the cost implications to home buyers due to development charges can be reduced with the implementation of alternative financing to fund growth-related capital costs, such as sewer and water. Instead of these services being included as a component of development charges, full costs utility pricing could be applied (Ryerson CUR, 2019). This would mean that all capital and operating costs would be included in the pricing that consumers would pay for water and sewer services. Within the GTA, three of the regions would achieve development charge reductions of more than 50% under this model. The greatest reduction would be seen in the Peel region, with a reduction of 75% (Figure 5).



**FIGURE 5:**  
DEVELOPMENT CHARGES LESS SEWER AND WATER FOR SELECT MUNICIPALITIES IN ONTARIO, 2018



As development charges continue to increase in municipalities across Ontario leaving home buyers to bare the additional cost, OREA believes that the Government should take action to reduce development charges.

## OREA'S RECOMMENDATION

The Government of Ontario should reduce taxes on new neighbours by finding solutions to reduce development charges.







# SAY NO TO ANOTHER HOME OWNER TAX

Research has shown that the Municipal Land Transfer Tax (MLTT) hurts the affordability of home ownership, reduces housing supply and is bad for the economy.

The introduction of the MLTT in Toronto caused a 16% annual decline in the number of single-family homes sold in the city (CD Howe, 2012), which translated to 38,000 fewer resale transactions, a loss of \$2.3 billion in economic activity and 15,000 jobs (Altus Group, 2014).



**\$12,000**  
...THE TORONTO LAND  
TRANSFER TAX BILL ON A  
2018 AVERAGE PRICED  
TORONTO HOME.

Introducing the MLTT into five additional Ontario municipalities (Ottawa, Mississauga, Hamilton, London and Thunder Bay) would cost the Ontario economy 10,000 jobs and more than \$1 billion in lost economic spending (Altus Group, 2014).

## MUNICIPALITIES AND THE MLTT

In response to lobbying from the Association of Municipalities of Ontario (AMO) and the Large Urban Mayors Caucus of Ontario (LUMCO), the Province launched a review of the Municipal Act in 2015 and was considering giving municipalities the ability to levy their own MLTT.

In response, OREA launched “Say No to Another Home Owner Tax - Don’t Tax My Dream” - a grass roots campaign by REALTORS® and consumers to fight back against the biggest tax increase on home ownership in Ontario in a generation. The campaign was supported by the Progressive Conservative Party of Ontario. MPP Steve Clark scheduled an Opposition Day Motion calling on the Government to stop the spread of the tax on December 1st, 2015. The Province announced it was not going forward with giving municipalities the power to levy the MLTT the day MPP Clark’s motion was slated to be debated in the Legislature.

**“ALLOWING MUNICIPALITIES TO DOUBLE-DIP ON THE LAND TRANSFER TAX HOME BUYERS ALREADY PAY TO THE PROVINCE THREATENS TO PUT THE HOME-OWNERSHIP DREAMS OF MANY OUT OF REACH,”**

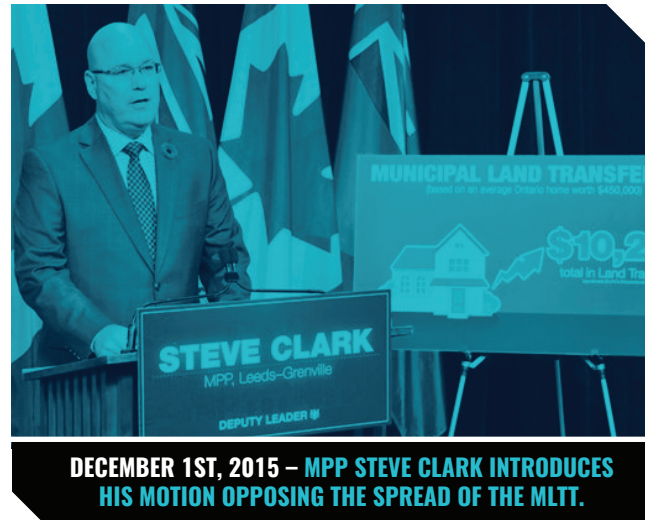
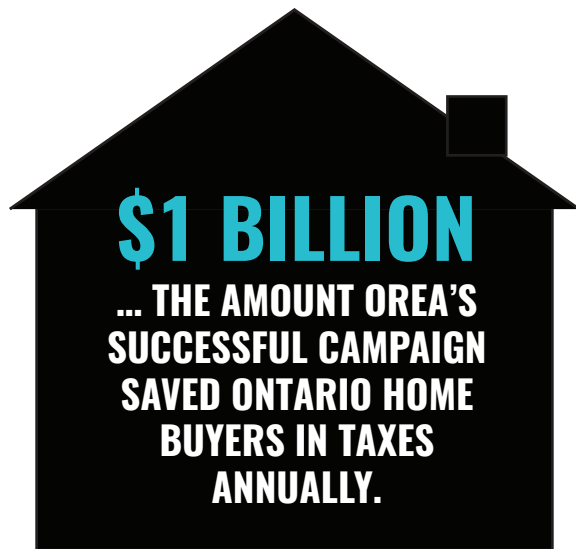
*MPP STEVE CLARK, NOVEMBER 2015.*





The campaign generated over 35,000 emails to MPPs and forced the Liberal Government to announce they were not going to give municipalities the tax.

Despite the success of OREA's campaign, the Association of Municipalities of Ontario (AMO) continues to push for a new tax to take money out of the pockets of hard-working home buyers.



**DECEMBER 1ST, 2015 – MPP STEVE CLARK INTRODUCES HIS MOTION OPPOSING THE SPREAD OF THE MLTT.**

OREA was pleased to see Minister Clark reject a recent request by York Region Council to grant them the power to hit York Region home buyers with a new tax of up to \$10,000. Giving MLTT powers to other municipalities will worsen the housing supply crisis and create an additional barrier to housing affordability for Ontarians.

## OREA'S RECOMMENDATION

Protect Ontario home buyers against new taxes. MLTT powers should not be granted to other municipalities as the tax is proven to reduce housing supply and makes it more difficult for middle-class families to purchase a home.

# CUT MUNICIPAL RED TAPE ON SECONDARY SUITES

A secondary suite is a private, self-contained unit within an existing home or within adjacent buildings. Examples of a secondary suite include basement apartments, laneway garages, and in-law suites.

These types of units are attractive to home owners to help an aging family member or as an income supplement to make home ownership more affordable. In addition, secondary suites also provide for additional forms of affordable housing in every neighbourhood in a community.

## BACKGROUND

Prior to legislation introduced by the Ministry of Municipal Affairs and Housing in 2011, municipalities voluntarily established second unit official plan policies and zoning by-law provisions. Thanks to the *Strong Communities through Affordable Housing Act, 2011*, municipalities are now required to establish official plan policies and zoning by-law provisions allowing second units in single, semi and row houses, as well as in accessory structures (e.g. above laneway garages).

Despite these amendments, there is a patchwork of rules for secondary suites in municipalities across the Province. Ontarians have a right to create and build secondary suites on their property. Cutting red tape by standardizing the guidelines and requiring municipalities to provide reasons for application refusals could be a relatively quick way for the Province to bring more housing supply to the market.

## BENEFITS OF SECONDARY SUITES

### MAKING HOME OWNERSHIP MORE AFFORDABLE

The CMHC, as seen in Figure 6, found that a secondary suite can lower the monthly carrying

**FIGURE 6:**

HOW A SECONDARY SUITE CAN REDUCE THE COST OF HOMEOWNERSHIP (CMHC)

House Price	\$500,000
<b>Mortgage principal</b> (based on a 20% down payment)	\$400,000
<b>Monthly carrying costs</b>	
<b>Mortgage payment</b> (based on a 5.4% 5-year fixed rate annual interest rate and a 25-year amortization)	\$1,821
Taxes	\$400
Maintenance and utilities	\$300
<b>Total</b>	\$2,521
Required annual qualifying income for mortgage	\$100,000
Suite conversion cost	\$25,000
<b>Additional monthly carrying costs</b>	
Mortgage payment	\$150
Taxes, maintenance and utilities	\$150
<b>Total</b>	\$300
Total monthly carrying costs	\$2,871
Rent for additional unit	\$900
Net monthly carrying costs	\$1,971
<b>Net monthly financial benefit to home owner</b>	\$600

costs for a home owner and reduce the required annual qualifying income for a mortgage. Furthermore, a secondary suite in the average Canadian home could increase the affordability of home ownership by up to 22.5% (excluding any additional property and income taxes).

## MORE AFFORDABLE HOUSING OPTIONS

Secondary suites also provide the Province with a legal and affordable alternative for individuals who choose to rent instead of buy. Providing tenants with a choice of price, type and location of rental accommodations can reduce the need for affordable housing services thereby reducing costs for municipalities. It is estimated that 20% of all rental properties in Toronto are secondary suites. On average, secondary suites are 10% to 15% cheaper than low-rise and high-rise apartments.

Additionally, secondary suites encourage residential intensification of communities therefore, reducing the strain that is placed on Ontario’s infrastructure caused by commuting. Research conducted by the CMHC found that people who live in secondary suites tend to own fewer cars on average than people who live in single-detached homes.

## THE PATCHWORK PROBLEM: VARYING MUNICIPAL STANDARDS

While the *Strong Communities through Affordable Housing Act, 2011* was an important step to ensuring municipalities established official plan policies and zoning by-law provisions allowing secondary units, there are still a wide array of standards across the Province. Whether it is the different zoning by-laws, Gross Floor Area limitations, or the different licensing and fees structure, Ontario’s approach to secondary suites is a patchwork of municipal legal frameworks (Figure 7). The Province has an opportunity to increase the supply of these units on the market by cutting red tape on home owners looking to create legal secondary suites.

**FIGURE 7: THE PATCHWORK OF MUNICIPAL SECONDARY SUITES RULES**

CITY	LIMITS OF GROSS FLOOR AREA	COST FOR APPLICATION	ZONING	ADDITIONAL REQUIREMENTS
<b>KINGSTON</b>	Cannot exceed 40% of Gross Floor Area (maximum of 970 sq. ft.)	Necessary fees associated with permits	Three by-law zoning classification in Kingston.  1) Second Suites are permitted;  2) Subjected to review through zoning by-law amendment process.  3) Removal of holding symbol required (rural area north of 401). Must meet provincial water quality and quantity standards.	Second residential units are only permitted in all single-detached, semi-detached, and row house dwellings.  Requires a minimum of one parking space.

CITY	LIMITS OF GROSS FLOOR AREA	COST FOR APPLICATION	ZONING	ADDITIONAL REQUIREMENTS
<b>TORONTO</b>	Cannot be greater than Gross Floor Area of primary dwelling.	Necessary fees associated with permits	Permitted city-wide only for detached and semi-detached that are over five years old.	No addition or substantial alteration to exterior appearance of front or side of the dwelling facing street.  No parking space is required for the second unit.
<b>BRAMPTON</b>	Bungalow – up to 75% of primary unit's Gross Floor Area.  All other houses – up to 45% of primary unit's Gross Floor Area.	Initial review for zoning compliance: \$200 (non-refundable)  Registration fee: \$500 (owner-occupied dwelling)  \$1,000 (non-owner occupied)  Applicable building permit fees: approx. \$1,000	Permitted in detached, semi-detached and townhouse dwellings, subject to zoning requirements.  Zoning By-law will not permit second units within floodplain areas, including the Downtown Floodplain Regulated area.	Only one second unit is permitted per house.  Must be one parking space for the second unit.  There must be a 1.2 metre clear path of travel to a door in the side or rear yard that provides access to a second unit.
<b>MISSISSAUGA</b>	Cannot exceed 50% of Gross Floor Area	<b>Licensing fees:</b>  <b>Owner occupied:</b> Year 1 - \$500. Year 2 and beyond - \$250.  <b>Non-owner occupied:</b> Year 1 - \$1000. Year 2 and beyond - \$500. Dwellings require 3 additional inspections per year.		Must be one parking space for the second unit.  There must be a 1.2 metre clear path of travel to a door in the side or rear yard that provides access to a second unit.  Outside entrance cannot be above first storey nor facing the street.  License is non-transferable. Must be applied for each year.
<b>OTTAWA</b>	Cannot exceed 40% of Gross Floor Area.  Basement units have no limitations.	Necessary fees associated with permits	Secondary suites permitted in all areas of Ottawa with the exception of the former Village of Rockcliffe Park.	The new unit must not change the streetscape character along the road on which it is located. No additional parking space is required. If one is created, it cannot be located in the front yard.
<b>LONDON</b>	Cannot exceed 40% of Gross Floor Area	\$55 rental license fee and \$171 fire inspection fee.	City-wide with exception of Great Near-Campus Neighbourhood Area (areas surrounding Western University, and Fanshawe College).	Only one second unit is permitted per house and is limited to one bedroom.  Total bedrooms of both dwellings cannot exceed five.  Entrances can only be located at the side or rear.  Must be one parking space for the second unit.  New unit must not change the streetscape character along the road on which it is located.  License is non-transferable. Must be applied for each year.

## ILLEGAL SECONDARY SUITES

Because many municipalities only permit secondary suites in particular dwellings or in specific areas in their cities, secondary dwellings are often created illegally. Even when secondary dwellings are permitted, home owners are reluctant to legalize their units due to the cost of applying for licenses or permits/inspections when upgrading their suites.

Many municipalities across Canada, including Kingston, view secondary suites as viable options for affordable housing and are providing home owners with incentives to lessen the financial burden of building a secondary suite or legalizing an existing one. For example, the City of Saskatoon offers to waive all municipal permit (building and plumbing) fees to encourage the legalization of existing secondary suites. In British Columbia, the City of Burnaby provides property owners the opportunity to legalize their secondary suite by offering a complimentary inspection carried out by building, electrical, plumbing and gas inspectors.

Instead of leaving a patchwork of rules and guidelines for secondary suites, Ontario should implement streamlined guidelines to provide home owners with greater clarity on what is required of them when creating a secondary suite. When applications for secondary suites are denied by a municipality, the municipality should provide clear reasons for the refusal. This will provide home owners with the opportunity to easily reapply with the required amendments to their application.



## OREA'S RECOMMENDATION

The Government should standardize existing legislation and municipal standards to bring uniformity to municipal by-laws on secondary suites and require that municipalities provide clear reasons for refusal so streamline the reapplication process.



# LOWER TAXES FOR YOUNG FAMILIES & FIRST-TIME HOME BUYERS

Young Ontarians are doing everything right. Going to school. Getting good jobs. Saving carefully. Now they are ready to buy their first home and be a part of a community. But, no matter how they crunch the numbers, they can't make it work. The dream of home ownership has never been harder to achieve.

The overwhelming majority (90%) of millennials say home ownership is important to them but over half of Ontarians (56%) believe that home ownership is unaffordable in their neighborhood (Nanos, 2018).

Changes to provincial policies that increase housing supply will not have a significant impact for at least several years. The thousands of young couples who are looking to get into the housing market need a hand up today.

**\$3,800**

**THE LAND TRANSFER TAX BILL FACING A FIRST-TIME HOME BUYER ON 2018 AVERAGE PRICED ONTARIO HOME (\$569,000).**

**\$8,700**

**... LAND TRANSFER TAX BILL FACING A FIRST-TIME HOME BUYER IN TORONTO ON 2018 AN AVERAGE PRICED CONDOMINIUM (\$596,000).**

One of the biggest costs incurred by first-time home buyers is the Ontario Land Transfer Tax (LTT). On an average priced Ontario home (\$569,000), a first-time home buyer will pay \$7,800 in land transfer taxes. Even after receiving the Provincial Land Transfer Tax Rebate for first-time home buyers, young families are still out of pocket almost \$4,000 in taxes. That's money home buyers have to pay upfront at closing - they cannot roll it into their mortgage principal like mortgage insurance premiums.

In Toronto, the problem is even worse. On an average priced condominium (\$596,000), first-time home buyers in Toronto pay \$8,700 in taxes, after receiving both the Provincial and City rebate. If a young couple with a growing family is looking to buy a townhome they have to pay over \$14,500 in taxes to the Province and the City of Toronto.

**6,600**

**... JOBS CREATED IF THE PROVINCE WERE TO INCREASE THE FIRST-TIME HOME BUYER LAND TRANSFER TAX REBATE FROM \$4,000 TO \$6,000.**



One of the quickest ways to give relief to young families looking to get into the housing market is to reduce their tax burden by removing the LTT for first-time home buyers.

As of first step, the Government should increase the first-time home buyer LTT rebate from a maximum of \$4,000 to \$6,000 before removing the LTT for first-time home buyers all together.

Increasing the rebate from \$4,000 to \$6,000 would result in an estimated additional 17,290 home sales annually across the Province of Ontario. When more people are buying homes, Ontario's economy reaps tremendous benefits in jobs and additional tax revenue. The economic impact of the additional sales include an additional \$993 million in gross economic activity, a \$523 million increase in GDP, and the creation of 6,600 direct, indirect and induced jobs (Altus, 2018).

All told, the taxes and other Government revenue derived from a typical home sale in Ontario, aside from the provincial LTT, amount to some \$12,800 per sale, \$4,640 of which is Ontario Provincial Government revenue (Altus, 2018). Completely eliminating the LTT for first-time home buyers would result in even greater home sales and economic spin-offs in the province.



## OREA'S RECOMMENDATION

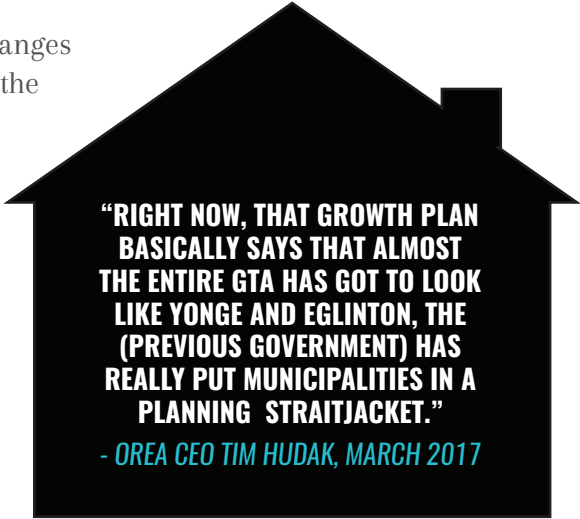
Give young families a tax break on their first home by removing the Provincial Land Transfer Tax for first-time home buyers.

# REMOVE THE STRAITJACKET OF THE “ONE SIZE FITS ALL” GROWTH PLAN

OREA has advocated for an end to the “one size fits all” Provincial Growth Plan since 2017.

OREA was pleased to see the Government announce proposed changes to eliminate the one size fits all intensification requirements of the Growth Plan. The proposed changes respect the ability of local municipalities to make decisions about how they grow to reflect their local market demand. Moreover, the proposed intensification and density targets reflect the objective of supporting provincial transit investments.

Municipalities that have the space will be able to accommodate missing-middle housing types like townhouses, stacked flats or mid-rise buildings, creating more affordable choices for first-time buyers, young families and those looking to down-size.



**“RIGHT NOW, THAT GROWTH PLAN BASICALLY SAYS THAT ALMOST THE ENTIRE GTA HAS GOT TO LOOK LIKE YONGE AND EGLINTON, THE (PREVIOUS GOVERNMENT) HAS REALLY PUT MUNICIPALITIES IN A PLANNING STRAITJACKET.”**

**- OREA CEO TIM HUDAK, MARCH 2017**

**FIGURE 8: COMPARING GOVERNMENT GROWTH PLANS**

## PREVIOUS GOVERNMENT'S GROWTH PLAN - “ONE SIZE FITS ALL”

### **Intensification Targets**

Interim intensification target of 50 per cent achieved at the next municipal comprehensive review, to be completed by 2022.

60 per cent of residential development annually directed to delineated built-up areas as of 2031.

### **Designated Greenfield Area Density Targets**

60 residents and jobs combined per hectare - beginning in 2022.

80 residents and jobs combined per hectare - 2022 and beyond.

## CURRENT GOVERNMENT'S GROWTH PLAN

### **Intensification Targets**

60 per cent: Hamilton, Peel, York, Waterloo;

50 per cent: Barrie, Brantford, Guelph, Orillia, Peterborough (City), Durham, Halton, Niagara

Maintain or improve on existing targets in official plans: Kawartha Lakes, Brant, Dufferin, Haldimand, Northumberland, Peterborough (County), Simcoe, Wellington.

### **Designated Greenfield Area Density Targets**

60 residents and jobs: Hamilton, Peel, York, Waterloo;

50 residents and jobs: Barrie, Brantford, Guelph, Orillia, Peterborough (City), Durham, Halton, Niagara; and - 2022 and beyond.

## OREA'S RECOMMENDATION

OREA supports the Government's recent proposal to eliminate the one size fits all Growth Plan as it will provide municipalities across Ontario with the ability to accommodate more missing-middle housing.

# SPEED UP THE PLANNING APPROVALS PROCESS

In Ontario, it can take up to 10 years to get all the necessary approvals before construction can begin on a standard, single-family home. Every size-month delay in approvals reduces new housing supply by 3.7% (RESCON, 2017).

Slow and uncertain building approvals in the GTHA, contribute to increased developer cost and risk, resulting in a lack of new housing supply, higher housing prices and reduced affordability, and a less attractive place for firms to invest and create jobs (RESCON, 2018).

**THE WORLD BANK RANKS TORONTO  
(REPRESENTING CANADA)  
54TH OUT OF 190  
COUNTRIES WHEN IT COMES TO  
DEVELOPMENT APPROVAL EFFICIENCY  
FOR ROUTINE BUILDING PROJECTS.**

*SOURCE: RESCON, 2018*

The current approvals system in Ontario is slow and inefficient, which is inhibiting the ability of builders to provide the supply of new housing choice for Ontarians. Approval delays disincentive builders from applying for missing-middle housing developments such as low-rise developments and townhomes, as they chose to apply for more high-rise developments to make up for lost revenue and time from the anticipated delay in approvals.

**A TWO-YEAR DELAY IN  
APPROVALS CAN RESULT  
IN MILLIONS OF DOLLARS  
IN DELAYED PROPERTY TAX  
REVENUES FOR A MUNICIPALITY.**

*SOURCE: RESCON, 2018*

With municipal and provincial housing priorities better aligned, including the requirement for updated zoning around transit corridors, new homes can come to market in locations where they are needed to accommodate the 100,000 new people entering the GTHA housing market every year.

The Government of Ontario should create a more streamlined and transparent approval process by implementing clear guidelines and requirements for development applications. Builders want to have clear information about requirements, processes, and decision-making criteria when they are applying for projects. Informing builders from the start would minimize confusion for builders, since they would know exactly what is expected of them.



Builders should know, upfront, how long it will take for municipal planning departments and local conservation authorities to review and process a complete application. For applications to be managed more effectively and efficiently, it should be made clear to the builder what is required to submit a complete application. If an application is denied, builders should be given clear reasons

for the refusal, to streamline the re-application process. This will eliminate the back-and-forth between the builder and the municipal and local conservation authorities' staff when managing applications.

Municipalities and conservation authorities should also publicly publish the number and types of applications they receive and the average time it takes to approve them. This not only gives builders a general idea of how long their application will take, but it also keeps staff accountable to meet expected timelines.



With a more streamlined and transparent approval process, building approval times would improve, contributing to lower costs, increased property tax revenue, and most importantly, greater residential supply.

## OREA'S RECOMMENDATION

The Government of Ontario should create a more streamlined and transparent approval process by implementing clear guidelines and requirements for development applications.







# FIX THE OSFI STRESS TEST

In January 2018, the Office of the Superintendent of Financial Institutions (OSFI) brought forward new rules that required home buyers with uninsured mortgages to prove that they can afford payments based on the Bank of Canada's five-year benchmark rate (currently 5.34%), or their mortgage rate plus two percentage points.

The change has meant that home buyers qualify for smaller mortgages than they previously have. They will now have to buy a less expensive house, put off buying a house, look at other areas to buy a house or look to alternative lenders.

As a result, home sales in Canada fell more than expected in 2018, to about 458,400, a drop of 11% compared to 2017, and 15% compared to 2016.

According to the Mortgage Professionals Association of Canada (MPA), "... by October 2019, about 200,000 Canadian families... will either have significantly reduced their housing expectations in order to obtain financing or been entirely prevented from buying a home."

With the Bank of Canada's benchmark interest rate increasing 0.75 points since January 2018, the stress tests' impact on affordability has worsened – making the rationale underpinning the OSFI's policy change even weaker.

It's time to fix Canada's OSFI stress test. It's time to stand with young families looking to get into the housing market.

The stress test is making it harder and harder for middle-class Canadians, particularly younger ones, to buy a home. The Federal Governments' new rules have made mortgages more expensive, which benefits Canada's big banks and hurts Canada's middle-class. This is especially true in the Greater Toronto Area.



## OREA'S RECOMMENDATION

Ontario should stand with middle-class families and call of the Federal Government to fix and rebalance the OSFI stress test.

A black silhouette of a house with a chimney. Inside the house, the number '200,000' is written in large, bold, teal letters. Below it, the text reads: "... CANADIAN FAMILIES WHO HAVE HAD TO REDUCE THEIR HOUSING EXPECTATIONS OR KEPT OUT OF THE MARKET ENTIRELY BECAUSE OF THE MORTGAGE STRESS TEST." At the bottom of the house silhouette, the text "SOURCE: MPA, 2018" is written in teal.

**200,000**  
... CANADIAN FAMILIES WHO HAVE HAD TO REDUCE THEIR HOUSING EXPECTATIONS OR KEPT OUT OF THE MARKET ENTIRELY BECAUSE OF THE MORTGAGE STRESS TEST.  
SOURCE: MPA, 2018

# REBALANCE THE HEAVY-HANDED MORTGAGE RESTRICTIONS

AVERAGE CANADIAN  
RESALE HOME PRICE

**\$344,551 (2011)**

VS

**\$472,000 (2018)**

SOURCE: CREAA

Canada should return to 30-year amortization periods for insured mortgages to allow young Canadians to get a fair shot at owning a home.

Canadians, especially young, middle-class families, are being denied the opportunity to build their financial futures through home ownership due to the heavy-handed mortgage restrictions that were put in place eight years ago.

The Federal mortgage rules should be re-examined to extend the amortization periods to give young families a better shot at getting approved for a mortgage.

When it comes to risk, in particular, mortgage arrear rates, Canada is among the lowest in the G7. In fact, the rate of mortgage arrears remains very low at 0.24% (as of September 2018), or just two mortgages for every 1,000 approved by Canadian lenders.

To further support young, middle-class families to achieve home ownership close to urban centres, Ontario should encourage the Federal Government to change CMHC's \$1,000,000 mortgage insurance cap to be informed regionally and/or by inflation rather than maintain a stringent cap for all housing markets in the country.

Changing the cap to be regionally informed and/or informed by inflation would allow more young families to achieve home ownership in certain areas, particularly in a number of housing markets in Ontario.



Ontario's housing market is too important to the provincial economy to withstand heavy-handed restrictions that impact home ownership. Every home transaction generates \$55,000 in economic spin-offs which creates jobs and supports local businesses.

**0.24%...**

**THE MORTGAGE AREARS RATE  
IN CANADA (SEPT 2018).  
OR 1 IN EVERY 424 MORTGAGES.**

SOURCE: MORTGAGE PROFESSIONALS CANADA

## OREA'S RECOMMENDATION

The Government of Ontario should call on the Federal Government to rebalance Canada's strict mortgage rules and extend the amortization period from 25 years to 30 years.

# UNLOCK SURPLUS PUBLIC LANDS

Unlocking surplus public lands and underutilized land in Ontario can offer an opportunity to create greater housing supply. Utilizing surplus public lands will help address the missing middle of housing supply and create more affordable housing opportunities for Ontarians, particularly surrounding transit hubs.



OREA was pleased to see the Government recently identified 243 pieces of land to be sold off in stages for the development of new housing supply.

It is estimated that Stage 1 of this initiative will unlock land that has the capacity to produce approximately 4,000 townhouses or 29,000 units for mid-density developments (Ryerson CUR, 2019).

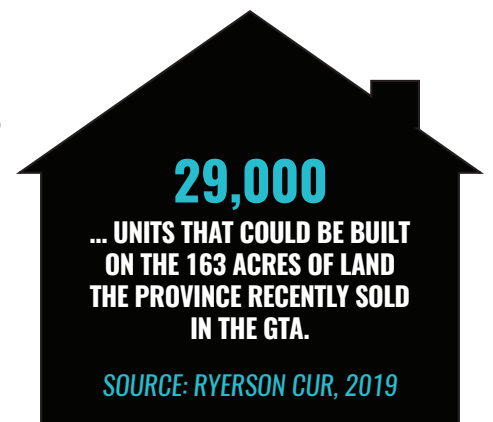
Municipalities can unlock land that is prime for higher-densities as well. The City of Toronto's initiative, known as CreateTO, is responsible for the development of surplus land, largely near major transit hubs. Current projects on these lands range from low-rise developments that include affordable housing units to high-rise developments.

To appropriately utilize surplus lands, partnerships with the private sector should be examined to offer new housing supply opportunities.



For example, in 2010, the Toronto District School Board (TDSB) sold the underutilized land that the North Toronto Collegiate Institute was situated on to a private developer. The almost 100-year old school needed to

be rebuilt and it was negotiated that the developer purchase the land from the TDSB to build condominiums in exchange for a significant contribution to the rebuilding of the school. This type of arrangement can be used throughout the Province to create new housing supply on underutilized public lands in which provincial entities are situated.



Both Liquor Control Board of Ontario stores and Ontario Beer Stores also offer new housing supply opportunities as they tend to be in one-story buildings on relatively large sites. Many of these sites are appropriate for redevelopment where private developers can incorporate the Provincial entity within the new development.

## OREA'S RECOMMENDATION

Unlocking surplus public lands can help address the missing-middle of housing supply and create more affordable housing opportunities for Ontarians. The Government should identify surplus public lands that have development potential and develop partnerships with the private sector to develop on underutilized public lands in which public entities are situated on.

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