



FOR IMMEDIATE RELEASE
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BACKGROUNDER

New OREA Report Calls for Bold Action to Build Homes

The Ontario Government has set an ambitious goal: adding 1.5 million homes to the province's housing stock by 2031. In pursuit of getting more homes built, the Ontario government has made sweeping changes to the province's planning and development regime since 2018, and has made noteworthy progress towards implementing the Housing Affordability Task Force's (HATF) 55 recommendations. While the province is reviewing various tools, external factors like higher interest rates and construction financing costs have slowed positive progress on new developments, and risk slowing the pace of growth that has come from efforts to date.

In 2024, the Ontario Government should return its focus to the most impactful policies, with the most benefit to housing supply in Ontario. OREA has outlined a path forward with 10 action items, using recommendations from the HATF report, that are critical to increasing supply and improving affordability. Our assessment has been made through weighing which policies have the largest impact on building more homes, but also which ones the government can reasonably deliver on within the next year.

Based on progress to date, this paper recommends next steps in three key areas.

Fix the Ontario Land Tribunal and Zoning Rules

ACTION ITEM 1 – Reform the Ontario Land Tribunal by preventing abuse, eliminating backlog, and allowing fines for unreasonable delays (*HATF Recommendations 27, 31, 29*):

a) Ontario must prevent abuses at the Ontario Land Tribunal. While some progress has been made towards recommendation 27, it is fundamental that anti-housing advocates are not able to use a legitimate appeals process to circumvent the common good of Ontario and unnecessarily delay much-needed housing supply. We must all recognize we are in a housing supply crisis and prioritize the social and economic need to build more homes.

After an initial false start in Bill 23, the province must be emboldened to fulfill this recommendation, specifically on allowing adjudicators to award costs to the successful party as is common in other areas of litigation. The province needs an aggressive

communications strategy that does not apologize for creating a fair and transparent appeals process that cannot be hijacked.

b) The province has also made some progress on implementing recommendation 31, eliminating the existing backlog at the Ontario Land Tribunal, and encouraging it to prioritize projects close to the finish line that support housing growth and intensification, as well as prioritizing regional water or utility infrastructure decisions that unlock significant housing capacity.

However, the government must take a role in ensuring that its administrative tribunals are run effectively and efficiently. They must, however, remain neutral and not interfere with the substance of the files. Instead, they ought to direct a list of criteria that should be used by the Tribunal to prioritize which backlogged projects must be dealt with first.

c) The government should allow the Ontario Land Tribunal to award punitive damages where it is found that a municipality has refused an application simply to avoid accountability, as per recommendation 29. Allowing the Tribunal to punitively damage municipalities who abuse the process would be a positive step to changing the behaviour of municipalities.

ACTION ITEM 2 – Implement land use changes to end exclusionary zoning (HATF Recommendation 3):

The government has made some progress in limiting exclusionary zoning. It is encouraging that the City of Toronto, Hamilton, London, and other municipalities have acted to removing exclusionary zoning from bylaws. However, the province ought to make this a provincial policy by implementing land use changes to end exclusionary zoning – a step it could take in its next housing supply legislation. This will help create more housing supply in high-demand, high-growth urban neighbourhoods.

ACTION ITEM 3 – Modernize zoning to support commercial-to-residential conversions and greater density along transit corridors (HATF Recommendations 4, 10, 9):

a) As Ontario recovers from the pandemic and employers assess their commercial real estate needs, there is an opportunity to convert underutilized commercial properties to new homes. Recommendation 4 in the Task Force report makes a compelling case for the importance of allowing this conversion to help address affordability. While some progress has been made, the province should legislate the ability for this conversion to occur and overrule any local bylaws that prohibit this conversion. Particularly problematic is Toronto’s outdated policies that restrict office redevelopment nearby transit stations.

b) The government, consistent with recommendation 10, should designate or rezone all land along transit corridors as mixed commercial and residential use. Further, it should consider redesignating all residential apartments and office areas, particularly around transit stations, to mixed commercial and residential zoning in Toronto. This would

open greater density around transit corridors and increase the supply of housing in urban areas.

c) Not all developments need the same features. To this end, recommendation 9 recognizes that minimum parking requirements on streets utilized by public transit may not be required. This recommendation would allow as-of-right zoning of six to 11 storeys with no minimum parking requirements on any streets utilized by public transit (including streets on bus and streetcar routes).

ACTION ITEM 4 – Streamline new development applications by requiring pre-consultations (*HATF Recommendations 21*):

a) The government should speed up the approval process of new developments through implementing recommendation 21, which would require a pre-consultation with all relevant parties. At the consultation, the municipality would set out a binding list that defines what a complete application looks like. This would increase the speed and consistency of applications and mean these pre-consultations are included in the legislated review period.

Lower Housing Costs

ACTION ITEM 5 – Allow water and wastewater services to be provided through a municipal services corporation (*HATF Recommendation 44*):

In the long-term, this is one of the most important recommendations that the government ought to implement, by working with municipalities to develop and implement a municipal services corporation utility model for water and wastewater. Under this arrangement, the municipal corporation would borrow and amortize costs among customers instead of using development charges, which is one of the main contributing factors to high upfront costs to building and drives up prices. This is how hydro, gas, and other infrastructure developments are financed and will be crucial to unlocking more housing supply.

The government should fund, design, and create an entity who can use the government's balance sheet to fund, borrow, and amortize costs for important and fundamental infrastructure. This will eliminate unnecessary costs on housing developments, while funding these important investments in a transparent and public way. The province, through the Ontario Financing Authority (OFA), has the technical expertise, experience, credibility, and team that could deliver on this commitment in short order. The OFA should be tasked with creating this entity and the government should appoint the board of directors, which should include municipal representatives to govern the entity accordingly.

ACTION ITEM 6 – Abolish the Land Transfer Tax (*HATF Recommendation 39*):

The government should adopt recommendation 39 and get rid of the economically costly Land Transfer Tax (LTT). If it is not willing to eliminate the LTT, then it should

dramatically reduce the rate, including with the City of Toronto's LTT. Governments have become addicted to the revenue from this tax, especially as home prices have increased. This tax creates disincentives for first-time homebuyers to move into bigger homes and is negatively impacting the flow of housing supply.

ACTION ITEM 7 – Reform how municipalities collect and spend development charges (*HATF Recommendation 35*):

A study from the C.D. Howe Institute found total development charges collected in 2021 reached more than \$4 billion. However, only a little more than half of the amount collected that year, was subsequently spent. As a next step, we recommend that the province consider whether legislation is required to fix any structural issues with the collection and allocation of development charges.

More Workers and New Models of Ownership

ACTION ITEM 8 – Increase the number of skilled tradespeople in Ontario (*HATF Recommendation 45*):

The government has made progress on improving funding for colleges, trade schools, and apprenticeships; and on encouraging and incentivizing municipalities, unions, and employers to provide more on-the-job training. If we do not have enough people to build, the province will not be able to meet its objective. The single best way to build the needed homes is to increase the supply of qualified and credentialed labour to meet the demand.

The government should consider providing income tax rebates after 5 years of working in the trades. Innovative programs such as this must be considered if we are to address the acute labour and skills shortages facing Ontario, which is projected to wear 40% of the overall labour gap in Canada over the next six years. This will incentivize more people to enter the trades and is a worthwhile cost for supplying affordable and attainable homes.

ACTION ITEM 9 – Fund pilot programs creating innovative pathways to homeownership (*HATF Recommendation 41*):

The government has made progress implementing this recommendation, which would support funding for pilot projects that create innovative pathways to homeownership for Black, Indigenous, and marginalized people, and first-generation homeowners. If this recommendation is to be successful, the government must set a goal to increase the number of first-time homebuyers. This objective will benefit marginalized people, who disproportionately are not homeowners. But it will also help everyone else.

As our economy stratifies between high and low-income earners, many people are unable to save for a new home. The government should create an innovation fund in the Ministry of Municipal Affairs and Housing that would fund and support made-in-Ontario housing innovation that both encourages new pathways to homeownership and helps

lower the costs of building homes for all first-time buyers. This fund could be used to support co-ownership models in new developments or shared equity agreements. Co-owning a home makes housing more affordable and gives people more choices when it comes to location, size, and type of home available within their budget.

The government should also cut red tape and bring government-owned surplus land to the table in order to lower upfront costs for first-time homebuyers.

ACTION ITEM 10 – Implement provincial loan guarantees and support for innovative ownership projects (*HATF Recommendation 42*):

The province has made some progress towards providing loan guarantees for purpose-built rental, affordable rental, and affordable ownership projects. When providing provincial loan guarantees for purpose-built rental projects, the government must ensure that it does not dissuade capital with overly restrictive administrative burdens and agreements. There should be simplified and accountable agreements that are based on the private sector's best practices, not the government's usual terms and conditions.

Ontario should also prioritize its efforts on affordable ownership projects, as it looks to fund and support innovative new models of home ownership. Priority should be given to made-in-Ontario innovative models. This fund could be modest but would send the signal that there are more options than renting or having a traditional mortgage that can be developed in Ontario.

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