

Town of Saugeen Shores

Building Homes with a Community Planning Permit System Recommendations Report

Issue – 2022-12-14



Our project number: P0064-00



4-190 Brickworks Ln
Toronto ON M6N 5H7
seanhertel.ca

Contents

- In brief 1
- 1 Introduction: opening doors for more homes.....3
 - 1.1 Doing our best but acknowledging our limits3
- 2 Planning framework4
 - 2.1 Community planning permit systems4
 - 2.2 How to use a community planning permit system.....4
 - 2.3 Community planning permit systems in Ontario6
 - 2.4 Development permit systems in Western Canada 11
 - 2.5 Community planning permit systems unaffected by Provincial planning changes... 19
- 3 Demographics and housing stock snapshot..... 20
- 4 Engagement and consultation 29
 - 4.1 Goals and approaches 29
 - 4.2 Questions asked 30
 - 4.3 Activities..... 30
 - 4.4 What we heard..... 31
- 5 Home building financials..... 37
 - 5.1 Effect of a community planning permit system on the financials of home building.. 37
 - 5.2 Adding up the many costs of building homes..... 38
 - 5.3 Baseline scenario results: the costs of business-as-usual 41
 - 5.4 Sensitivity analysis: the costs with a community planning permit system..... 42
 - 5.5 Costs are reduced a little by using a community planning permit system..... 43
- 6 What does this all mean?..... 46
 - 6.1 Home building cost savings opportunities..... 46
 - 6.2 Non- financial benefits of a community planning permit system 46
 - 6.3 How a CPPS can align with Town housing goals 47
- 7 What happens next? 49
- Appendix A: *What We Heard* (consultation and engagement report by PROCESS) 50

Figures

Figure 1: City of Calgary Beltline density bonus formula for affordable housing units 14

Figure 2: City of Calgary density bonus formula for affordable housing fund contributions for Commercial Residential Districts (CR20-C20/R20) 15

Figure 3: Population growth rates for Saugeen Shores, Bruce County, and Ontario, 2006-2021 (Source: Statistics Canada, Census of Population, 2006, 2011, 2016, 2021.) 20

Figure 4: Percentage of building permits issued by dwelling type in Saugeen Shores (Source: Town of Saugeen Shores Building Permit Reports, 2016 to October 2022 year-to-date.)..... 23

Figure 5: Average market rents by year in Saugeen Shores, 2011-2021 (Source: Canada Mortgage and Housing Corporation, Housing Market Information Portal.)..... 25

Figure 6: Percentage of respondents who somewhat agree or strongly agree with the implementation of a community planning permit system by age cohort..... 34

Figure 7: Carrying cost as a percentage of development cost for each scenario by housing unit type 44

Figure 8: Development cost per buildable square foot for each scenario by housing type ... 45

Tables

Table 1: Percentage change in the number of residents in each population cohort for Saugeen Shores, Bruce County, and Ontario, 2016-2021 21

Table 2: Median age for Saugeen Shores, Bruce County and Ontario, 2016-2021 21

Table 3: Occupied private dwellings by structural type for Saugeen Shores and Bruce County, 2021 22

Table 4: Total new residential units by dwelling type in Saugeen Shores, 2016 to 2022 October (year-to-date) 23

Table 5: Household tenure in Saugeen Shores by year 24

Table 6: Household tenure in Bruce County by year..... 24

Table 7: Saugeen Shores housing sale prices and 1- and 5-year percent changes by housing unit type, 2021 26

Table 8: Grey-Bruce-Owen Sound District housing sale prices and 1- and 5-year percent changes by housing unit type, 2021..... 26

Table 9: Median household after tax income for Saugeen Shores, Bruce County, and Ontario, 2015 (inflation adjusted to 2020 dollars) and 2020..... 27

Table 10: Economic family median after-tax incomes for Saugeen Shores, Bruce County and Ontario, 2020 28

Table 11: Assumed site size and building size for housing unit types 38

Table 12: Assumed land costs for housing unit types..... 39

Table 13: Assumed hard costs for housing unit types 39

Table 14: Assumed development charges for housing unit types 40

Table 15: Assumed development financing terms for housing unit types 41
Table 16: Baseline scenario results by housing unit type 42
Table 17: CPPS scenario results by housing unit type 43
Table 18: Carrying costs for each scenario by housing unit type 43
Table 19: Carrying cost as a percentage of development costs for each scenario by housing
unit type 43
Table 20: Development cost per buildable square foot for each scenario by housing unit type
..... 44

In brief

The Town of Saugeen Shores should implement a community planning permit system (CPPS) to encourage the building of a greater variety of homes in existing neighbourhoods, using a “gentle density” approach called for in the Town’s official plan. The CPPS should also be used to make it easier to build apartments in the downtown areas as already envisioned, but which can sometimes be challenging to do.

Generally, a CPPS is a planning tool that combines zoning, site plan, and minor variance processes into one application, for which a decision must be made within 45 days. After that time, appeals can only be made by the applicant. This process is compliance-based, very much like “ticking the boxes on a checklist”, to achieve the vision for the community that all agreed to through a comprehensive and detailed consultation and planning process.

Benefits of a community planning permit system

For the community

- Public feedback shapes and sets the plan before development happens
- The plan can’t be changed without public feedback
- When development happens, it’s clear how tall and dense it will be, how it benefits the community, and how affordable homes will be

For home builders

- Reduced risks and costs from knowing ahead of time what the Town expects of development and what will and won’t be permitted
- Decisions are made in 45 days after the Town receives a complete application
- Eliminates cost of expensive and lengthy Ontario Land Tribunal hearings

For the Town of Saugeen Shores

- Promotes affordable home building while supporting the established vision and plans for development
- Reduces the complexity of reviewing development proposals, saving time and the cost of staff and Council reviews
- Eliminates cost of expensive and lengthy legal hearings

What's next?

It's critical to get the vision right, with much more feedback from and testing with the community and home builders, for the CPPS to be understood, useful, and supported. Accordingly, if Town Council decides to proceed with CPPS implementation, the next steps will then, at a minimum, include:

- Continuing the market and planning analyses, and public consultation program, initiated through the work so far;
- Defining carefully the area within the Town where a CPPS will be used;
- Defining the types and forms of homes permitted within those areas, including details on acceptable height, density, building and site design, parking, servicing and others;
- How and by whom the CPPS will be administered, and how long will it be in place before it should be reviewed; and
- Amending the Town official plan and zoning by-law, as necessary, to reflect the above.

This process will take at least one year to substantially complete, excluding potential appeals to the appropriate policy and zoning changes needed to prescribe and enable the use of the CPPS. This process gives an opportunity to re-affirm and re-imagine the planning vision for Saugeen Shores and enshrine those elements into CPPS requirements.

1 Introduction: opening doors for more homes

The rising cost of homes, and the ability of residents to stay and thrive in their communities, isn't just a big city problem. While gravity-defying home price increases and stories of people being pushed out of their neighbourhoods have become the hot topic of discussion in Toronto and Ottawa, smaller towns and cities across Ontario, including Saugeen Shores, are facing the same problems. The ability of everyone to afford a good home is perhaps more of a problem in smaller towns and cities.

The Town of Saugeen Shores received a grant to study and use a community planning permit system (CPPS) to encourage the building of affordable homes. A CPPS is a tool that the Town can use to plan entire neighbourhoods before they are built, that is, decisions on the kinds and sizes of new buildings are made early in the planning process, and planning approvals would happen using permits that show how well new buildings follow the plan.

This report sets out the basis and options for how the Town can use a CPPS to increase the number and kinds of affordable homes, as one of several policy, regulatory, and financial tools being used in Saugeen Shores to address the housing crisis. The scope and potential directions for this work were presented to the Town's Planning Committee on 20 June 2022.

Since then, we consulted with a wide range of people and groups which included a public open house on 28 September 2022, further analyzed population and housing trends, researched and compared land and construction costs, and tested a variety of options to promote a larger supply and wider range of affordable homes. This report summarizes what we learned, our recommendations for how a CPPS can be used in Saugeen Shores, and what the next steps should be in 2023.

1.1 Doing our best but acknowledging our limits

We (Hertel Planning) have taken great care in crafting our analyses, professional opinions, and recommendations. Our work is based on data and information graciously supplied by the Town, the valuable work of our project team (PROCESS and Urban Formation), and the stakeholders and community members who generously contributed their time and thoughts.

Our work was meant to help the Town understand and make timely and informed decisions about CPPS. Anyone else who uses this work does so at their own risk, and we're not at fault if things don't go as expected. Also, remember that things change over time, and we can't always predict or account for this in our work.

Also, we can't emphasize this enough: don't treat this work as investment advice. We are Hertel Planning—as in cities, not financial.

2 Planning framework

2.1 Community planning permit systems

Amended in 2015, section 70.2 of Ontario's *Planning Act* allows local municipalities to adopt by-laws that establish a development permit system (DPS, now known as a community planning permit system, or CPPS, and used interchangeably) to control land use development. The Government of Ontario's objectives for CPPS include:

- Making development approval processes more streamlined and efficient;
- Getting housing to market quicker;
- Supporting local priorities (such as community building, transit-supportive development, and greenspace protection); and
- Creating certainty and transparency for the community, landowners, and developers.

A CPPS attempts to achieve these objectives by combining zoning, site plan, and minor variance processes into one application, with shorter approval timelines (municipalities are required to make a decision or non-decision within 45 days).

In short, a CPPS works by establishing a community vision for development within an identified area, and then defining the permitted uses and development standards required to achieve that vision. (A CPPS replaces the municipal zoning by-law within the identified CPPS areas.) These development standards may include requirements on height and density, lot design and site alteration, parking and loading, permissible variations, and conditions of development approval. With the community vision and planning framework pre-defined, a development application becomes more of a conformity exercise; proposed developments are evaluated based on how well the proposal conforms with the vision and framework and is henceforth approved (with or without conditions) or refused accordingly.

2.2 How to use a community planning permit system

As detailed in *Ontario Regulation 173/16 Community Planning Permits*, to establish a CPPS, a local municipality must adopt official plan policies that establish the location, aims, and criteria of the proposed CPPS, and then pass a community planning permit by-law that enables municipal application of the CPPS. Briefly, the Regulation requires municipalities to (in this order):

1. Adopt policies within its official plan (as detailed in subsection 3 (1) of the Regulation) that:

- a. Identify the areas in which the CPPS shall take effect;
 - b. State the municipality's goals, objectives, and policies in proposing a CPPS for each identified area;
 - c. Set out the types of criteria and conditions that may be included in the community planning permit by-law to determine what class of development or land use may be permitted by the CPPS; and
 - d. Define the scope and limitations of the authority that may be delegated, if the municipality should choose to delegate any authority under the by-law (for example, the delegation of approvals for certain classes of development to staff or a committee of Council, in lieu of a full Council-focused approvals process).
2. Pass a community planning permit by-law (as detailed in subsection 4 (1) of the Regulation) that, amongst other things:
- a. Contains a description of the area to which the by-law applies, as identified in the official plan;
 - b. Defines the permitted uses of land;
 - c. Sets out a list of minimum and maximum standards for development;
 - d. Gives effect to inclusionary zoning policies (as defined by subsection 16 (4) of the *Planning Act*) that may exist within the municipality's official plan;
 - e. Sets out internal review policies regarding applications for community planning permits (as defined by subsection 10 (9) of the *Planning Act*);
 - f. Sets out the manner in which notice shall be given (under subsection 10 (13) of the *Planning Act*) of community planning permit application review decisions;
 - g. Provides that the community planning permit and/or agreements between the landowner and the municipality that imposes conditions may be amended as described in the by-law; and
 - h. Set out the scope and limitations of the authority that may be delegated, if the municipality should choose to delegate any authority under the by-law.

In between the two steps required by the Regulation, a municipality would conduct strategic planning studies to establish the community vision for the proposed CPPS area. This work includes (but isn't limited to):

- Delineating the specific boundaries of the CPPS area;
- Engage in consultation with stakeholders and the public to establish the community vision for development in the area;
- Initiating planning studies to articulate and implement the community vision, including, if necessary, identifying and planning for hard infrastructure and soft servicing requirements; and
- Identify any further amendments required to the official plan.

The community vision, consultative feedback, and planning studies would be codified and implemented through the community planning permit by-law. The by-law may be appealed by those who participated in the planning process (that is, no third parties) within 20 days of its passage, beyond which it can't be amended for five years.

With the adopted official plan policies and a by-law passed, municipalities may then assess development permit applications with reference to the by-law requirements, and then make a decision or non-decision within 45 days. Decisions may be appealed only by the owner and/or applicant.

2.3 Community planning permit systems in Ontario

Despite DPS pilot projects taking place in 2001 (as enabled through revoked *Ontario Regulation 246/01 Development Permits*), the usage of CPPS in Ontario is still relatively new and uncommon.

To identify best practices for consideration by Saugeen Shores, a jurisdictional scan was conducted, examining the planning policies of Ontario municipalities known to have or is in the process of implementing a CPPS. As of May 2022, only seven municipalities have tried implementing a CPPS:

- Four municipalities have a CPPS in effect (the City of Brampton, Town of Carleton Place, Town of Gananoque, and Township of Lake of Bays);
- Two in the process of implementing a CPPS (the Towns of Huntsville and Niagara-on-the-Lake); and
- The City of Toronto's efforts appear to have stalled.

Of note, none of the seven municipalities have explicitly stated that building new affordable homes is a goal or objective of their CPPS. An explicit affordable housing objective appears to be novel within Ontario.

City of Brampton

The City of Brampton’s DPS applies specifically to the Main Street North Special Policy Area, which is a portion of Downtown Brampton. Section 5.34 of the 2006 Official Plan (September 2020 Office Consolidation) states the objective of the DPS is:

To implement Development Permit System Areas, where appropriate, to facilitate desire high quality development and redevelopment or protection of areas and streamline the applicable approvals processes.

By-law 230-2012 (To Implement General Provisions for Development Permit Bylaws for the City of Brampton and to Create a Development Permit System Area for Main Street North) states that the goal of the DPS is:

To protect and enhance the character of the Main Street North Special Policy Area and to encourage its transition into a diverse, livable, safe, thriving, and attractive component of the historic Downtown precinct and the City as a whole.

Town of Carleton Place

The Town of Carleton Place’s DPS is applied town wide. Section 6.14.1 of the 2013 Official Plan (17 June 2021 Consolidation) states that:

The objectives of the Town in implementing the development permit system include but are not limited to the preservation of the existing small-town character, the improvement of Mississippi District designation and the waterfront, preservation and enhancement of the residential neighbourhoods, promotion of rehabilitation of industrial properties, the expansion of greenspaces and park facilities and to provide for their interconnectivity, increasing the diversity of arts, cultural and recreational opportunities and the protection of the natural environment.

Of note, there are no stated objectives in the Town’s *Development Permit By-law 15-2015*.

Town of Gananoque

The Town of Gananoque applies its DPS town wide, but with specific reference to the Lowertown area. Section 5.4.10.2 of its 2009 Official Plan states that:

The objectives of the Town in implementing the development permit system include but are not limited to; the preservation of the existing small-town character, the improvement of Lowertown and the waterfront, preservation and enhancement of the residential neighbourhoods, promotion of rehabilitation of industrial properties, the expansion of greenspaces and park facilities and to provide for their interconnectivity,

increasing the diversity of arts, cultural and recreational opportunities and the protection of the natural environment.

Section 1.1 of the *Development Permit By-Law* states that the intent of the DPS is:

[T]o implement policies of the Official Plan, streamline development and provide for timely reviews of development proposals.

Specifically, for the Lowertown area, section 4.5 of the By-Law states that the objective within the Lowertown Mixed Use designation is:

[T]o recognize the historical, architectural character and unique streetscape and waterfront advantages this distinctive area of Town enjoys.

Town of Huntsville

The Town of Huntsville has a partially implemented CPPS. The *Town of Huntsville Official Plan* (March 2019) establishes the use of CPPS on a town wide level but doesn't contain any specified goals or objectives for the CPPS.

As of May 2022, the Town has released for public feedback its second draft of the proposed *Community Planning Permit By-law*. The draft By-law states the goals and objectives of the By-law:

In line with the Town's Official Plan, the goals of the CPP By-law include:

- Implement the vision, principles and policies of the Official Plan;
- Protect the Town's natural areas;
- Enhance connectivity to open space areas;
- Promote and enhance the Town's settlement areas for commerce, employment, and residential growth;
- Promote the tourism industry with an emphasis on active lifestyle tourism initiatives and development; and
- Protect rural lands for agricultural purposes, resource extraction and production.

The objectives of the CPP By-law include:

- Streamlining the development approvals process;

- Allowing for considerable flexibility in the application of development standards and land use permissions, providing more certainty to the public and stakeholder on the future of land;
- Establishing a comprehensive planning framework that facilitates and shapes appropriate, ecologically sound and safe development; and
- Regulating vegetation [sic] removal and site alteration as part of the development approval process to appropriately consider environmental protection and tree preservation where appropriate.

Township of Lake of Bays

The Township of Lake of Bays applies its DPS town wide, but with specific reference to its Waterfront area. The preamble to section J.20 of the 2016 Official Plan states that:

The Township’s objectives in utilizing this system are essentially related to better implementation of the policies of this Official Plan, especially as they relate to preservation of waterfront character, including ecological and social values. This system also offers opportunities to streamline the planning approvals processes and clearly establish rules and criteria for development within the by-law.

Section 1 of the *Development Permit By-law 2004-180* refers to section H.20 of the Official Plan, which establishes these guiding principles for the provisions of the By-law:

- The natural waterfront will prevail with built form blending into the landscape and shoreline;
- Natural shorelines will be retained or restored;
- Disturbance on lots will be limited and minimized;
- Vegetation will be substantially maintained on skylines, ridge lines or adjacent to the top of rock cliffs;
- Native species will be used for buffers or where vegetation is being restored;
- Rock faces, steep slopes, vistas and panoramas will be preserved to the extent feasible; and
- Building envelopes and the associated activity area will be defined and the remainder of the property shall remain generally in its natural state.

Town of Niagara-on-the-Lake

The Town of Niagara-on-the-Lake has a partially implemented CPPS. The *Niagara-on-the-Lake Official Plan* (15 August 2019) establishes the use of CPPS on either a town wide or area specific level. Section 10.4.2 states that the objectives of the CPPS are:

- The preservation of the existing small-town character;
- The conservation of cultural heritage resources;
- Ensuring that new development reflects the community design guidelines approved by Council;
- Ensuring that the new development or redevelopment is in keeping with the existing built form of the community;
- The protection of the natural environment;
- Protection and support for agricultural production in the Specialty Crop Lands; and
- Streamlining the development approval process while providing certainty with respect to future uses and built form.

An undated draft development permit by-law can be found on the Town’s website. This draft by-law proposes the use of CPPS for The Village Community Development Permit District. No specific goals or objectives are stated in the draft by-law.

City of Toronto

The status of DPS in the City of Toronto is currently unclear. On 11 July 2014, the City enacted *By-law 726-2014 (To adopt Amendment No. 258 to the Official Plan for the City of Toronto with respect to the policies for the implementation of a development permit system)*. The intent of Official Plan Amendment (OPA) 258 was to replace section 5.2.3 with a new section describing the proposed DPS, associated development permit by-laws, delegation of decision-making authority, and conditions of approval.

Policies 1 and 2 of OPA 258, respectively, state the goals and objectives of the DPS:

1. The goals of the Development Permit System are to:
 - a. implement the vision, principles and policies of the Official Plan;
 - b. engage the community in the creation of the planned vision subject areas;

- c. establish a comprehensive planning framework that facilitates and shapes development appropriate for subject areas; and
 - d. secure predictable outcomes by ensuring that all approved development is consistent with the planned vision and the comprehensive planning framework for subject areas.
2. The objective of the Development Permit System is to provide for an alternative land use regulatory framework that implements the Official Plan and achieves the Goals stated above.

Briefly, OPA 258 has slowly made its way through the legal system:

- In August 2014, OPA 258 was appealed by a group comprised of the Building Industry and Land Development Association and several landowners to the Ontario Municipal Board (now Ontario Land Tribunal, case number PL140906).
- On 2 November 2017, the Board issued a decision to adjourn the hearing indefinitely on the basis that the Board required more information (specifically, a development permit by-law detailing how the DPS would be implemented) to properly adjudicate the issues.
- On 5 December 2017, the City Solicitor requested from Toronto City Council direction on how to proceed with OPA 258. The Solicitor was directed by Council to appeal the Board decision to the Ontario Divisional Court, leading to *City of Toronto v. Avenue Road Eglinton Community Association, 2019 ONSC 146*.
- On 10 January 2019, the Divisional Court dismissed the City's appeal, stating that the Board didn't err in law in making its decision, nor was the City entitled to have the appeals of OPA 258 adjudicated before the enactment of a DPS by-law.

As of May 2022, the City hasn't publicly shared a draft DPS by-law nor any news that the City is in the process of preparing such a by-law. The text of OPA 258 hasn't been consolidated into the Official Plan.

2.4 Development permit systems in Western Canada

Development permit systems are widely used in Western Canada. To identify best practices for consideration by Saugeen Shores, a jurisdictional scan was conducted, examining the planning frameworks of selected municipalities in British Columbia, Alberta, Saskatchewan, and Manitoba.

Briefly, the scan found that three of the four provinces (British Columbia, Saskatchewan, and Manitoba) either don't permit or don't leverage development permit systems for the

development, protection, or the expediting of affordable housing. Only in Alberta are development permit systems used to support affordable housing, and typically as voluntary measures through increased density and height provisions.

British Columbia

The Government of British Columbia allows municipalities to designate development permit areas in which development permits may be used to regulate development. These development permit areas must be identified within each municipality's official community plan¹, and the purpose of each permit area must conform with the purposes stated in subsection 488 (1) of the *Local Government Act*², which are:

- Protection of the natural environment, its ecosystems and biological diversity;
- Protection of development from hazardous conditions;
- Protection of farming;
- Revitalization of an area in which a commercial use is permitted;
- Establishment of objectives for the form and character of intensive residential development;
- Establishment of objectives for the form and character of commercial, industrial or multi-family residential development;
- In relation to an area in a resort region, establishment of objectives for the form and character of development in the resort region;
- Establishment of objectives to promote energy conservation;
- Establishment of objectives to promote water conservation; and/or
- Establishment of objectives to promote the reduction of greenhouse gas emissions.

The Act doesn't permit municipalities to identify the development, protection, or the expediting of affordable housing as a purpose of a development permit area.

¹ In British Columbia, official community plans are the counterpart of Ontario's official plans.

² British Columbia's *Local Government Act* is comparable to an amalgam of, amongst other legislation, Ontario's *Municipal Act* and *Planning Act*.

Alberta

The Government of Alberta, through its *Municipal Government Act*³, allows municipalities to issue development permits to regulate development. Unlike British Columbia, the Government of Alberta allows for municipal-wide use of development permit systems and doesn't prescribe the purposes for which the systems are to be used. This flexibility gives individual municipalities the ability to develop, protect, and expedite affordable housing in response to the local planning context and using local planning solutions.

City of Calgary

Calgary is Alberta's largest municipality, with a population of over 1.3 million in 2021. Calgary is also one of the fastest growing regions in Canada, with a population growth of 11 to 14% between each of the 2001-2016 censuses. Calgary has long prided itself on housing affordability, but this sustained growth has put tremendous pressure on the city's housing market.

The City of Calgary receives development permit applications and delegates approving authority to:

- City Administration, or more specifically, to the Development business unit of the Planning and Development Services Department, for minor development permit applications; or
- Calgary Planning Commission, a committee of councillors and peers, for major development permit applications.

Development permit applications are reviewed with reference to the City's *Land Use Bylaw 1P2007* and may be approved (with or without conditions) or refused. Decisions made by the City may be appealed to the City's Subdivision and Development Appeal Board.

As part of the development permit application review, *Land Use Bylaw 1P2007* provides a floor area ratio bonus for development that includes affordable housing units if it's proposed in specific land use districts within the Beltline, a mixed office, commercial, and residential neighbourhood immediately south of Downtown Calgary. These districts include:

- Centre City Multi-Residential High Rise District (CC-MH);
- Centre City Multi-Residential High Rise Support Commercial District (CC-MHX);
- Centre City Mixed Use District (CC-X); and

³ Alberta's *Municipal Government Act* is comparable to an amalgam of, amongst other legislation, Ontario's *Municipal Act* and *Planning Act*.

- Centre City Community Corridor District (CC-COR).

The City defines affordable housing units as:

- Non-market housing units provided within the development, in perpetuity;
- Owned and operated by the City or a bona fide non-market housing provider recognized by the City; and
- In a number, location, and design acceptable to the City or other bona fide non-market housing provider recognized by the City.

The floor area ratio bonus is calculated using a formula that accounts for construction costs and proposed floor areas, as shown in Figure 1.

$\text{Incentive GFA (m}^2\text{)} = \frac{\text{total construction cost (\$)}}{(\text{Incentive Rate 1 (\$)} \times 0.75) + \text{GFA (m}^2\text{) of affordable housing units}}$ <p>Notes:</p> <ol style="list-style-type: none"> 1. GFA is the gross floor area. 2. As of May 2022, Incentive Rate 1 is set at \$270.00/m².

Figure 1: City of Calgary Beltline density bonus formula for affordable housing units

Similarly, for development located with a Commercial Residential District (CR20-C20/R20), which includes (but may not be limited to) Downtown Calgary, *Land Use Bylaw 1P2007* provides a maximum incentive floor area ratio bonus of 2.0 for development proposals that include contributions to the City’s Affordable Housing Fund. The Fund is a civic fund used to support off-site development of affordable or non-market housing. This bonus is contingent on the achievement of other requirements, such as (but not limited to) a minimum floor area ratio of 11.0 before bonuses.

The floor area ratio bonus is calculated using the formula shown in Figure 2.

$\text{Incentive GFA (m}^2\text{)} = \frac{\text{contribution amount (\$)}}{\text{Incentive Rate 3 (\$)}}$ <p>Notes:</p> <ol style="list-style-type: none"> 1. GFA is the gross floor area. 2. As of May 2022, Incentive Rate 3 is set at \$194.00/m².

Figure 2: City of Calgary density bonus formula for affordable housing fund contributions for Commercial Residential Districts (CR20-C20/R20)

In addition, *Foundations for Home: Calgary's Corporate Affordable Housing Strategy Implementation Plan* sets a target of having all qualifying affordable housing projects move to development and building permit approvals within six months, 80% of the time by 2018, and to reimburse these fees for non-profit affordable housing development:

- Pre-application fees;
- Land use re-designation fees;
- Development site servicing plan fees;
- Building permit fees;
- Off-site levies;
- Acreage assessments;
- Redevelopment levies; and
- Demolition permit fees.

City of Edmonton

Edmonton, Alberta's capital, is a city of over 1.0 million people in 2021. Between each of the 2001-2016 censuses, Edmonton experienced a sustained population growth of roughly 8 to 15%, making the city one of Canada's fastest growing urban regions (along with Calgary and Toronto).

The City of Edmonton delegates development approving authority to development officers, who are staff members within the Development Services branch of the City's Urban Planning and Economy department. Development officers are responsible for reviewing development permit applications with reference to the City's *Zoning Bylaw 12800* and may approve (with or without conditions) or refuse such applications. Decisions made by development officers may be appealed to the City's Subdivision and Development Appeal Board.

Zoning Bylaw 12800 provides floor area ratio and height incentives for development proposed in The Quarters, a historically under-invested area east of Downtown Edmonton proposed to be redeveloped and revitalized into a mixed residential and commercial neighbourhood. The additional floor area and height is secured through the development permit approvals process in exchange for compliance with a sustainable development standard checklist, of which an agreement to contribute to affordable housing is a required checklist item. (The details of such an agreement aren't defined in the Bylaw).

Of note, strategy 1.2.3 of the City's *Affordable Housing Strategy 2016-2025* calls for the implementation of effective regulations and internal processes to encourage affordable housing development, with two implementation actions to be taken:

- Complete a review of City regulations and processes for affordable housing development; and
- Create a new housing facilitator position to guide affordable housing proponents through the development permit process.

Town of Canmore

Located approximately 80 km west of Calgary, Canmore is a town of roughly 15 000 residents in 2021 that faces home building challenges, including:

- Significant demand for short term vacation rental accommodations by visitors;
- The need for employer-provided staff housing for international visitors with working holiday visas (typically working at local hotels and resorts, shops, and restaurants);
- Second home purchasing activity, typically from residents looking for a retreat from Calgary; and
- Constrained land supply due to its location in environmentally sensitive lands, wildlife corridors, and adjacency to Banff National Park.

The Town of Canmore receives development permit applications and delegates approving authority to:

- Development officers, who are members of the Town's Planning and Development staff, for minor development permit applications; or
- Canmore Planning Commission, a committee of councillors and public members, for intermediate and large development permit applications, such as for hotels, commercial, and multi-family residential buildings.

Development permit applications are reviewed with reference to the Town's *Revised Land Use Bylaw 2018-22* and may be approved (with or without conditions) or refused. Decisions made by the City may be appealed to the Town's Subdivision and Development Appeal Board.

The Bylaw's land use districts include provisions for the development of affordable housing units as part of the development permit approvals process. As one example (similar provisions exist in other residential land use districts), Subsection 3.10.4.1 of the Bylaw requires that 25% of the units developed in the Residential Comprehensive Multiple Unit,

Stewart Creek District (R3 SC) must qualify as Entry Level Housing or Perpetually Affordable Housing (PAH), which are defined as:

- Entry Level Housing means a detached dwelling that is subject to specific requirements to construct an accessory dwelling unit; and
- PAH, as a general definition, means both equity and rental housing units that, through a variety of restrictions such as those imposed through a restrictive covenant, open to purchase, a land lease, or other document, is removed from the influence of the open real estate market. PAH units aren't offered at market rates when ownership or tenancy changes but remain at levels lower than the market would dictate. This means PAH units are controlled in such a way to make them perpetually affordable over a long period of time, or in perpetuity.

The Bylaw also notably includes housing provisions in its commercial land use districts. For example, within the Bow Valley Trail Central Commercial District (BVT-C):

- Subsection 4.4.6.1 permits a maximum of 50% of the total gross floor area of the building(s) on-site to be used for residential dwelling units and/or tourist home purposes; and
- Subsection 4.4.6.7 states that employee housing, staff accommodation, temporary staff housing, and PAH shall not be counted towards the maximum gross floor area.

The Bylaw also includes the Employee Housing District (EHD) land use designation, which is aimed at providing residential accommodation for employees in freestanding buildings. Subsection 3.19.4.4 includes an interesting policy that preserves these buildings for employee housing:

Employee Housing shall be owned and operated in a manner to ensure the housing is maintained for 'employees' as defined in Section 14, Definitions and/or for "eligible employees" as described in Subsection 3.19.5, below. The Development Authority may require, among other things, periodic declaration of solemn oaths confirming the occupancy of Employee Housing by "employees" or "eligible employees", and restrictive covenants or other encumbrances on title as part of any approval for Employee Housing.

Subsection 3.19.5.1 describes eligible employees:

Candidates for "eligible employees" shall be required to provide the Development Authority with appropriate written evidence of residency and location of employment as proof of their eligibility.

Section 12 of the Bylaw regulates density bonuses, with the stated purpose of increasing the number of PAH units constructed and available within comprehensive developments, primarily in new area of town. In general:

- The provision of PAH units is optional and voluntary to the developer/builder;
- Cash-in-lieu contributions aren't accepted;
- For each PAH unit provided on-site, three bonus/additional market units are permitted (as stated in Subsection 12.2.0.9);
- For each PAH unit provided off-site, two bonus/additional market units are permitted (Subsection 12.2.0.13); and
- The Planning and Development Department will expedite the processing of applications submitted with a request for variances under this section (Subsection 12.2.0.22).

Saskatchewan

Saskatchewan's *The Planning and Development Act, 2007* allows municipalities to use a development permit system. Through this jurisdictional scan, it was found that neither the Government of Saskatchewan nor municipalities such as the City of Regina or the City of Saskatoon (Saskatchewan's two largest cities) leverage development permit systems to develop, protect, or expedite affordable housing.

To reach this finding, this jurisdictional scan reviewed:

- *The Planning and Development Act, 2007*;
- *City of Saskatoon Official Community Plan*;
- *City of Saskatoon Zoning Bylaw No. 8770*;
- *Design Regina: Official Community Plan*⁴; and
- *The Regina Zoning Bylaw, 2019*.

Manitoba

Manitoba's *The Planning Act* allows municipalities to use a development permit system. Through this jurisdictional scan, it was found that neither the Government of Manitoba nor

⁴ In Saskatchewan, official community plans are the counterpart of Ontario's official plans.

the City of Winnipeg (Manitoba's largest city) leverage development permit systems to develop, protect, or expedite affordable housing.

To reach this finding, this jurisdictional scan reviewed:

- *The Planning Act*;
- *OurWinnipeg 2045* (the City of Winnipeg's development plan⁵);
- *Winnipeg Zoning Bylaw 200/06* (for areas outside Downtown Winnipeg); and
- *Winnipeg Zoning Bylaw 100/04* (for Downtown Winnipeg),

2.5 Community planning permit systems unaffected by Provincial planning changes

The Government of Ontario introduced Bill 23, which features sweeping changes to the *Planning Act* and other legislation shaping how municipalities plan for and accommodate growth. Bill 23, now known as the *More Homes Built Faster Act, 2022*, received Royal Assent on 28 November 2022. Most, but not all, of the changes will come into force on 1 January 2023.

Town staff presented a detailed report to Town Council on 21 November 2022 to explain the proposed changes and how they may affect current and future land use planning, development approvals, appeals, development charges, infrastructure funding and environmental regulation across Ontario and Saugeen Shores in particular.

Among the many changes are allowing, as-of-right (that is, without having to amend the official plan or zoning by-law), up to three residential units per lot (two in the main building and one in an accessory building), with no minimum unit sizes. Another change is that developments of up to 10 residential units will be exempted from site plan control, limiting a municipality's ability to prescribe some exterior design elements.

⁵ In Manitoba, development plans are the counterpart of Ontario's official plans.

3 Demographics and housing stock snapshot

Saugeen Shores’ population is growing significantly, faster than across Bruce County or Ontario

The population of Saugeen Shores has increased a lot in the last 15 years. According to Statistics Canada’s Censuses of Population for 2006, 2011, 2016, and 2021, the five-year population growth rates were:

- 11.2% for the 2006-2011 five-year period.
- 8.3% for 2011-2016.
- 16.0% for 2016-2021.

In comparison, Bruce County and Ontario grew less during the same periods, as shown in Figure 3. Saugeen Shores’ fast growth pressures the local home market.

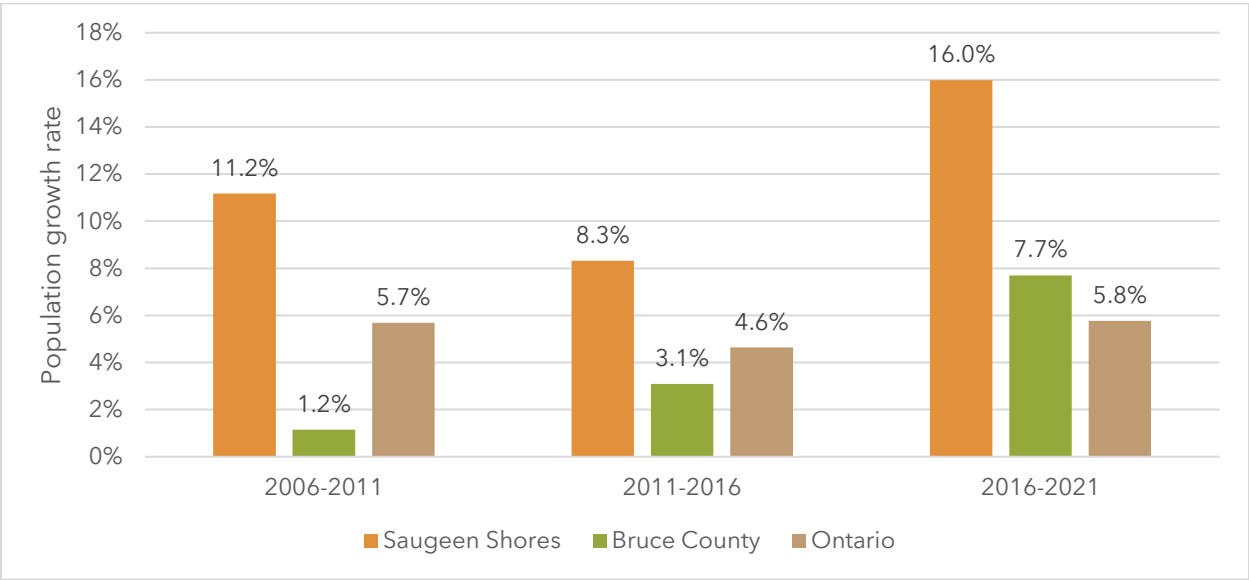


Figure 3: Population growth rates for Saugeen Shores, Bruce County, and Ontario, 2006-2021 (Source: Statistics Canada, Census of Population, 2006, 2011, 2016, 2021.)

The number of young adults and children have each grown by nearly 30% in the last five years

The number of young families with children are growing significantly in Saugeen Shores. Looking at the data from Statistics Canada’s Censuses of Population for 2016 and 2021, the number of residents age 25-44 increased by 29.4% over the five-year period, while those age 0-14 grew by 27.8%.

In comparison, across Bruce County, the number of residents age 25-44 increased by 15.2%, and those age 0-14 increased by 12.1%. Similarly for Ontario, residents age 25-44 increased by 9.9%, and those age 0-14 increased only by 2.0%.

Table 1: Percentage change in the number of residents in each population cohort for Saugeen Shores, Bruce County, and Ontario, 2016-2021

Place	0-14 (children)	15-24 (youth)	25-44 (young adults)	45-64 (older adults)	65+ (seniors)
Saugeen Shores	27.8%	1.2%	29.4%	-1.8%	36.2%
Bruce County	12.1%	-6.2%	15.2%	-4.1%	29.5%
Ontario	2.0%	-0.5%	9.9%	0.3%	31.0%

Source: Statistics Canada, Census of Population, 2016 and 2021.

The median age dropped by 2.7 years in the last five years

The decrease in median age between 2016 and 2021 is another sign that Saugeen Shores is becoming younger. The median age of 49.5 for Saugeen Shores residents in 2016 was one year older than the 48.5 in Bruce County and much older than 41.3 for Ontario. However, in 2021, the Saugeen Shores median age dropped to 46.8, a decrease of 2.7. This is a significant decline in a five-year period. The magnitude of this change is notable when compared to decrease of 0.5 in Bruce County and increase of 0.3 in Ontario.

Table 2: Median age for Saugeen Shores, Bruce County and Ontario, 2016-2021

Place	2016	2021
Saugeen Shores	49.5	46.8
Bruce County	48.5	48.0
Ontario	41.3	41.6

Source: Statistics Canada, Census of Population, 2016 and 2021.

Homes are mostly single-detached

In 2021, single-detached housing makes up 74.9% of the Town’s supply, which is lower than the 82.9% in Bruce County. Another 12.5% of units are semi-detached, row, or duplexes, and the remaining 11.7% of units are apartments in buildings under five storeys.

Table 3: Occupied private dwellings by structural type for Saugeen Shores and Bruce County, 2021

Housing unit type	Saugeen Shores	Bruce County
Single-detached house	74.9%	82.9%
Semi-detached house	4.9%	2.3%
Row house	6.7%	4.6%
Apartment or flat in a duplex	0.9%	1.1%
Apartment in building less than five storeys	11.7%	7.9%
Apartment in a building five plus storeys	0.1%	0.0%
Other single-attached house	0.1%	0.5%
Movable dwelling	0.8%	0.7%
Total	100.0%	100.0%

Source: Statistics Canada, Census of Population, 2016 and 2021.

Since 2016, 61% of new home starts were single-family units, 39% were multi-family

According to the Town’s building permits, between 2016 and 2018, the percentage of permits issued for new multi-family residential units (that is, semi-detached, row, and apartment units) was greater than the percentage of permits for single-family (single-detached) units by 54.8% to 45.2%. However, a notable change began in 2019 and has continued through October 2022 as single-family developments outpaced multi-family units by 74.1% to 25.9%. Figure 4 breaks down the percentages of permits issued for single- and multi-family units annually for 2016 to October 2022 (year-to-date).

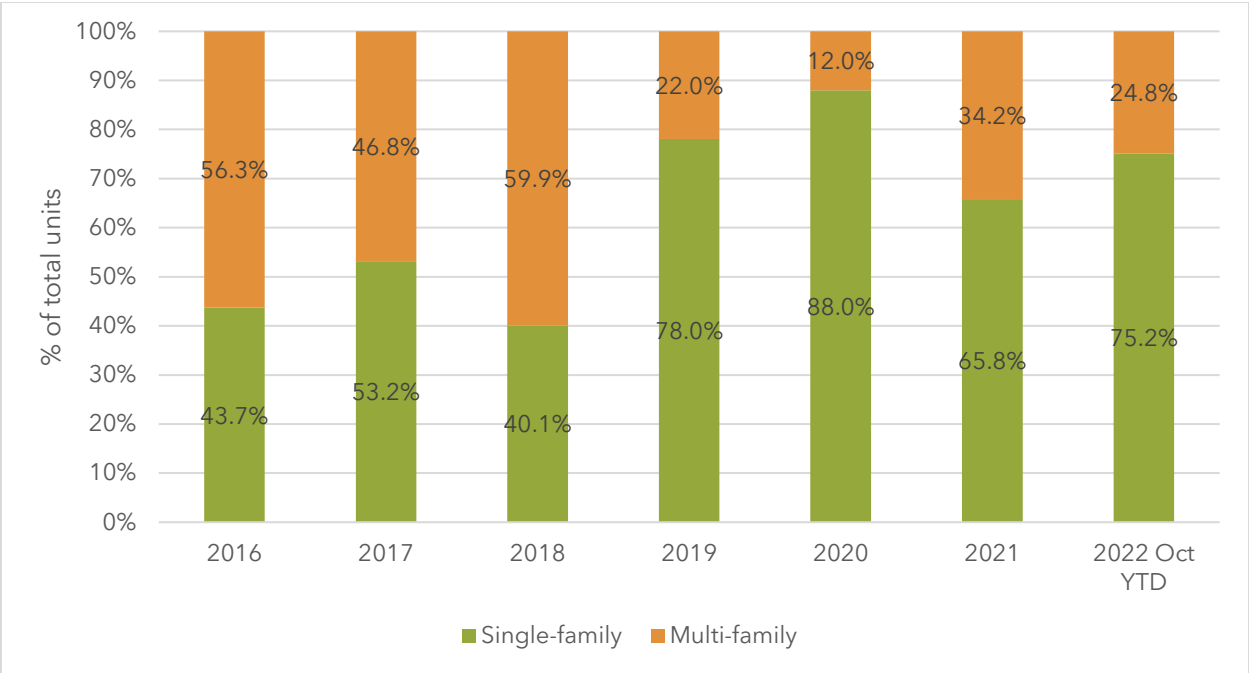


Figure 4: Percentage of building permits issued by dwelling type in Saugeen Shores (Source: Town of Saugeen Shores Building Permit Reports, 2016 to October 2022 year-to-date.)

For 2016 to October 2022 (year-to-date), single-family units made up 61.2% of new residential building permits issued, while multi-family units made up the remaining 38.8% of the permits.

Table 4: Total new residential units by dwelling type in Saugeen Shores, 2016 to 2022 October (year-to-date)

Unit type	2016-2018		2019-2022 Oct 2022 YTD		2016-Oct 2022 YTD	
	Units	% of total units	Units	% of total units	Units	% of total units
Single-family	281	45.2%	572	74.1%	853	61.2%
Multi-family	340	54.8%	200	25.9%	540	38.8%
Total	621	100.0%	772	100.0%	1 393	100.0%

Source: Town of Saugeen Shores Building Permit Reports, 2016 to October 2022 Year to Date.

The number of owner households grew faster than renter households

In 2021, 80.4% of Saugeen Shores households lived in ownership units and 19.6% in rental units while Bruce County was 81.6% owner households and 18.4% rentals. Between 2016 and 2021, Saugeen Shores ownership households grew by 15.9% in comparison to 8.8% for rental households, an indication that new arrivals were purchasing homes at a greater rate than those that are renters.

Table 5: Household tenure in Saugeen Shores by year

Tenure	2016		2021		% change
	Households	% of total	Households	% of total	
Owner	4 785	79.4%	5 545	80.4%	15.9%
Renter	1 245	20.6%	1 355	19.6%	8.8%
Total	6 030	100.0%	6 900	100.0%	14.4%

Source: Statistics Canada, Census of Population, 2016 and 2021.

Table 6: Household tenure in Bruce County by year

Tenure	2016		2021		% change
	Households	% of total	Households	% of total	
Owner	23 530	81.7%	25 215	81.6%	7.2%
Renter	5 285	18.3%	5 690	18.4%	7.7%
Total	28 815	100.0%	30 905	100.0%	7.3%

Source: Statistics Canada, Census of Population, 2016 and 2021.

Over the last decade, average rents have increased by 68%

According to the Canada Mortgage and Housing Corporation (CMHC), in October 2011, the average market rent in Saugeen Shores was \$715 per month. By October 2021, the average market rent was \$1 199 per month, an increase of 67.7% over 10 years. (For comparison, Statistics Canada’s Consumer Price Index increased by 19.12% over the same decade.)

More recently, the average market rent increased from \$1 052 per month in October 2020 to \$1 199 per month in October 2021, an increase of 14.0%. (For comparison, Statistics Canada’s Consumer Price Index increased by 4.65% over the same year.)

Figure 5 shows the average market rent in Saugeen Shores over the last decade.

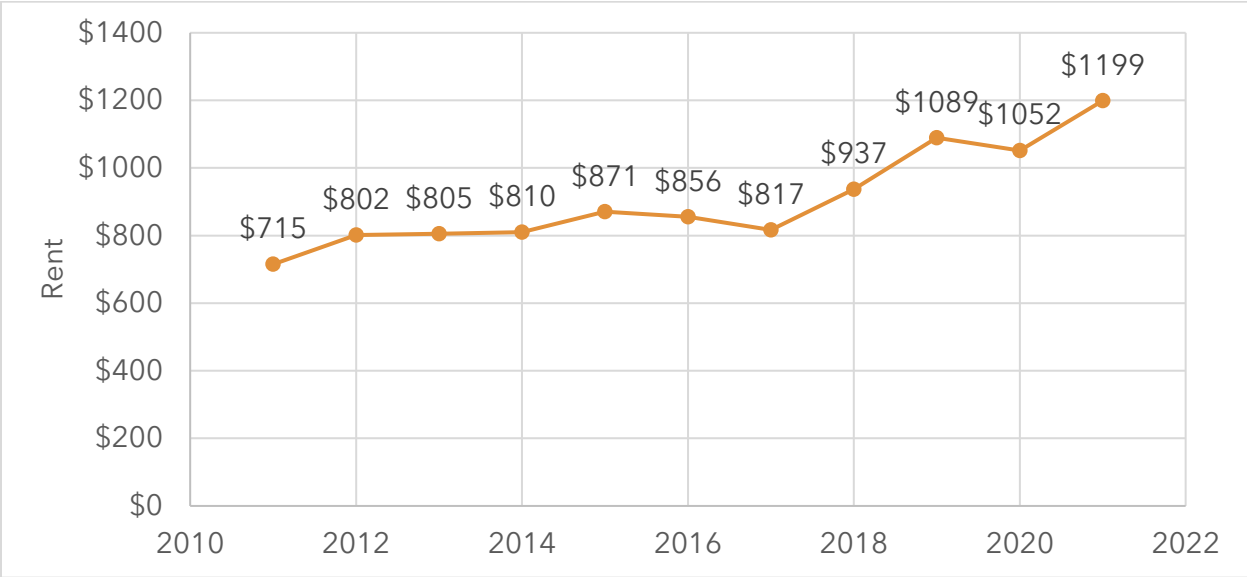


Figure 5: Average market rents by year in Saugeen Shores, 2011-2021 (Source: Canada Mortgage and Housing Corporation, Housing Market Information Portal.)

Home prices are rising significantly for all unit types

In 2021, the median home price in Saugeen Shores was \$654 750, as compared with \$575 000 for the Grey-Bruce-Owen Sound District regional market, as defined by the Canadian Real Estate Association. Additionally, all housing types were more expensive in Saugeen Shores than in the larger district. The one-year percent increases were higher in Saugeen Shores, suggesting that the town is more expensive than Grey-Bruce-Owen Sound.

Table 7: Saugeen Shores housing sale prices and 1- and 5-year percent changes by housing unit type, 2021

Housing unit type	Price	% change (1 year)	% change (5 years)
Median price	\$654 570	40.8%	129.7%
Single family	\$680 000	37.2%	130.5%
Condo townhouse	\$603 700	48.5%	158.6%
Apartment	\$477 322	38.4%	104.0%

Source: The Realtors Association of Grey Bruce Owen Sound, 2022

Table 8: Grey-Bruce-Owen Sound District housing sale prices and 1- and 5-year percent changes by housing unit type, 2021

Housing unit type	Price	% change (1 year)	% change (5 years)
Median price	\$575 000	34.5%	134.7%
Single family	\$598 000	35.9%	139.2%
Condo townhouse	\$496 500	28.0%	126.2%
Apartment	\$416 000	45.3%	118.9%

Source: The Realtors Association of Grey Bruce Owen Sound, 2022

There is a big income gap between renters and owners, and 41% of renters spend 30% of income or more on housing

In 2015, there was a distinct difference in the pre-tax median household incomes of renters (\$39 361) and owners (\$104 492).

According to the CMHC, *core housing need* is a measure of whether housing is affordable and meets housing standards:

A household is in core housing need if it meets two criteria:

- A household is below one or more of the adequacy, suitability, and affordability standards.
- The household would have to spend 30% or more of its before-tax household income to access local housing that meets all three standards.

The three standards are further defined:

- Adequacy: housing is adequate when it isn't in need of major repairs.
- Suitability: housing is suitable when there are enough bedrooms for the size and make-up of resident households.
- Affordability: housing is affordable when housing costs less than 30% of before-tax household income.
- Looking only at affordability and the 2020 household incomes, 8.2% of owner households spend 30% or more of their before-tax incomes on housing costs. On the other hand, 36.9% of renter households spend 30% or more. There is an economic divide in Saugeen Shores between renter and owner households.

Median household after-tax income increased 8.8% between 2015 and 2020

The 2020 median household after-tax income in Saugeen Shores was \$88 000, an 8.8% increase from the 2015 income of \$80 900 (stated in 2020 dollars to control for inflation). Bruce County and Ontario had larger median after-tax household increases of 12.6% and 13.5%, respectively.

Table 9: Median household after tax income for Saugeen Shores, Bruce County, and Ontario, 2015 (inflation adjusted to 2020 dollars) and 2020

Place	2015 (in 2020 dollars)	2020	% change
Saugeen Shores	\$80 900	\$88 000	8.8%
Bruce County	\$67 488	\$76 000	12.6%
Ontario	\$70 018	\$79 500	13.5%

Source: Statistics Canada, Census of Population, 2016 and 2021.

The neighbourhoods with the lowest median household after-tax incomes are downtown Port Elgin, east of Goderich Street, and downtown Southampton, west of Goderich Street.

Lone parents and independent individuals had the lowest economic family median incomes

Statistics Canada defines an *economic family* as:

[A] group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law union, adoption, or a foster relationship.

The economic family median after-tax income in Saugeen Shores was \$108 000 in 2020. Lone parent economic families in Saugeen Shores had the lowest median after-tax income of \$66 000. Meanwhile, individuals living on their own, who aren't part of an economic family, reported a median income of \$43 200.

Table 10: Economic family median after-tax incomes for Saugeen Shores, Bruce County and Ontario, 2020

Family type	Saugeen Shores	Bruce County	Ontario
Economic family	\$108 000	\$93 000	\$96 000
Couple only without children or relatives	\$93 000	\$81 000	\$83 000
Couple with children	\$150 000	\$125 000	\$121 000
Lone parent	\$66 000	\$62 400	\$67 500
Individuals aged 15+ not in an economic family	\$43 200	\$38 000	\$35 600

Source: Statistics Canada, Census of Population, 2021.

4 Engagement and consultation

To ensure that we understood the needs and aims of residents and various important stakeholders on housing affordability, and the potential use of a community planning permit system (CPPS) specifically, Hertel Planning commissioned PROCESS to conduct stakeholder and public engagement and consultation work. This section summarizes PROCESS' goals and approaches, research questions, methods, and findings. (PROCESS' full report is included as Appendix A.)

4.1 Goals and approaches

The goals of the engagement and consultation work were to:

- Support the ongoing CPPS research by inviting key stakeholders to contribute thoughts;
- Share information with local community members and key stakeholders about the project, including:
 - Clarity and education around CPPS;
 - Opportunities to learn more from each other and provide feedback;
 - Conduct deliberative engagement to support research and learnings and inform the development of a CPPS; and
 - Build relationships and generate community and stakeholder support and buy-in.

To this end, we designed the engagement and consultation program to bring together diverse stakeholders and a range of viewpoints to help inform this project. Our approach was guided in part by the *Town of Saugeen Shores Engagement Strategy (2020)*, which envisions Saugeen Shores as:

[A]n engaged community in which municipal decision-making processes strive to incorporate the values, interests and needs of all interested and affected stakeholders.

The strategy outlines a mission of relationship building, to make sustainable, balanced and community-supported decisions.

4.2 Questions asked

Throughout the engagement process, we endeavoured to gain local knowledge to further inform the development of a “made-in-Saugeen-Shores” approach to the CPPS. Questions explored through consultation included:

- Who would like to live in Saugeen Shores but is unable to, due to the cost of homes or an inadequate supply?
- What kinds of homes are in demand? What kinds of homes are missing?
- How do limited leases and the seasonal nature of Saugeen Shores affect the implementation of a CPPS?
- How is the lack of homes for employees affecting local businesses?
- Are there context specific considerations that might need CPPS exemptions?

4.3 Activities

Engagement included a series of small focus groups for facilitated discussions, virtual public meetings and an online survey.

Project website and key messages

The project website (<https://www.saugeenshores.ca/CPPS>) became a knowledge and education hub for the Town of Saugeen Shores, and a place to provide project updates, engagement opportunities and feedback mechanisms. We updated the website regularly with engagement opportunities, research, and project progress. It also housed the public survey.

Staff and Planning Committee presentation

At a Town Planning Committee meeting on 20 June 2022, and again at a Town senior leadership team meeting on 21 June 2022, we provided a short informational presentation and welcomed questions from the respective groups.

Virtual open house

At this virtual public meeting, held on 28 September 2022, we and Town staff welcomed members of the public and presented CPPS information and study findings to date before opening the floor to questions, comments and discussion.

Public survey

We used a public survey to invite participants to share information about their homes, and as a mechanism to gather general feedback, input, and level of support for the potential implementation of the CPPS. There was a total of 257 respondents who responded to our survey from 14 June 14 to 7 August 2022. (Detailed responses to the survey are included in section 2.3 of Appendix A.)

Focus groups

We held two focus groups virtually, one with realtors and local employers, and another with home builders and developers, to capture important viewpoints and input to inform the development of a CPPS. Each focus group began with a presentation from us before we opened the floor to questions, commentary, and discussion, with specific questions to guide each group. The presentation provided project information and provincial and local context for the consideration of the CPPS. We invited participants to ask questions and provide feedback in a facilitated discussion.

4.4 What we heard

This section captures some top takeaways of what we heard across all the engagements. Takeaways are grouped under three larger themes:

- Housing supply, types, and unaffordability;
- Development, planning and the CPPS; and
- Indigenous considerations.

Within each theme, we've identified key takeaways. Additional details regarding survey responses and feedback can be found in Appendix A.

4.4.1 Housing supply, types, and unaffordability

The community is generally concerned about the lack of attainable and affordable housing in Saugeen Shores. Many members of the public shared stories about employers who can't find or retain workers due to a shortage of homes, adult children who can't move into their own homes because of unaffordability, young families unable to buy a home and seniors unable to downsize. The challenge that emerged rests at the intersection of supply and the lack of housing types to meet various community needs.

The lack of attainable and affordable housing is a concern

The public and stakeholders acknowledge—and are concerned by—the challenges in Saugeen Shores because of a lack of affordable and attainable housing. Many participants mentioned

the challenges that young people face in moving to Saugeen Shores and expressed an urgency in addressing these concerns. Some participants wanted to understand how to move forward more quickly with options like the CPPS that might mitigate some housing challenges.

A large majority (72.3%) of the public who responded to the survey strongly agree that housing in Saugeen Shores is unaffordable. 53.9% of respondents also strongly agree that it's difficult to find housing that meets their needs in Saugeen Shores. Prospective renters and buyers also indicate a challenge for them was that available homes aren't desirable or don't meet their needs (13.3% of renters, 20.5% of buyers).

When searching for a home, the main challenges reported include unaffordable pricing and the unsuitability of available homes. The biggest challenge faced by both prospective renters and buyers is that available homes are outside of their price range: 37.3% of renters feel this way and 37.0% of buyers report this.

There is a shortage of rental home types to meet differing needs, potentially keeping those who want to live here away

Participants pointed to the shortage of homes, especially at the low-end of the spectrum, and the effects across Saugeen Shores. Seniors and homeowners are often locked in, unable to downsize, while new residents struggle to find suitable options that might meet their needs. Many choose to travel to the area to work while living elsewhere, as they can't afford a suitable option in Saugeen Shores.

Participants indicated that seniors, many of them who own houses, are unable to downsize to something smaller because there isn't an available supply. As a result, individuals are stuck with "too much house". If there were enough rental options or smaller homes, then this might allow for more flexibility and unlock space and value in the existing supply. Participants also noted that the effects of seniors seeking downsizing options may be a trend. Meanwhile, they noted that young families and workers who are trying to move to the area may be kept away as they can't afford to live in Saugeen Shores.

There is a disconnect between the three wards, Council, and the public when it comes to home building priorities

Some key stakeholders indicated that they feel that the vision and plans laid out for the Town are at odds with how the Council approaches the planning and development process. Since amalgamation, they suggest, differing views on development across each ward further exacerbate this disconnect and can limit the housing types being built. For example, the development of apartment buildings is avoided in favour of townhomes to better suit and protect the existing charm and character, rather than prioritizing the demand and need for apartments and a greater variety of housing types.

Survey respondents indicated that apartments and houses (single- and semi-detached) are the most desired housing types. However, respondents indicate that they are open to more variety about new builds.

- 43.4% of all respondents strongly agree that Saugeen Shores needs more houses, whether they're single- or semi-detached.
- Nearly half (48.8%) of all respondents believe that there should be more apartments built in Saugeen Shores.
- 32.4% strongly agree that there should be more row houses and walk-up apartments built in Saugeen Shores.

4.4.2 Development, planning, and the CPPS

While there is support for the CPPS, questions to be addressed in subsequent phases of the project emerged. Education, clarity, and robust community engagement would be essential to the success of implementation of a CPPS, to ensure transparency and understanding of potential outcomes and benefits for the community.

Stakeholders and the public generally support using a CPPS

The public and key stakeholders were supportive of the potential implementation of a CPPS, but at this early stage in the process remain curious of the details, effects, and outcomes of a CPPS in Saugeen Shores.

The survey indicated that 64.8% of respondents agree, to some degree, that Saugeen Shores should implement a CPPS. Some respondents expressed not knowing enough about the benefits of a CPPS, suggesting that additional education may be required for the public to provide more informed feedback on the CPPS.

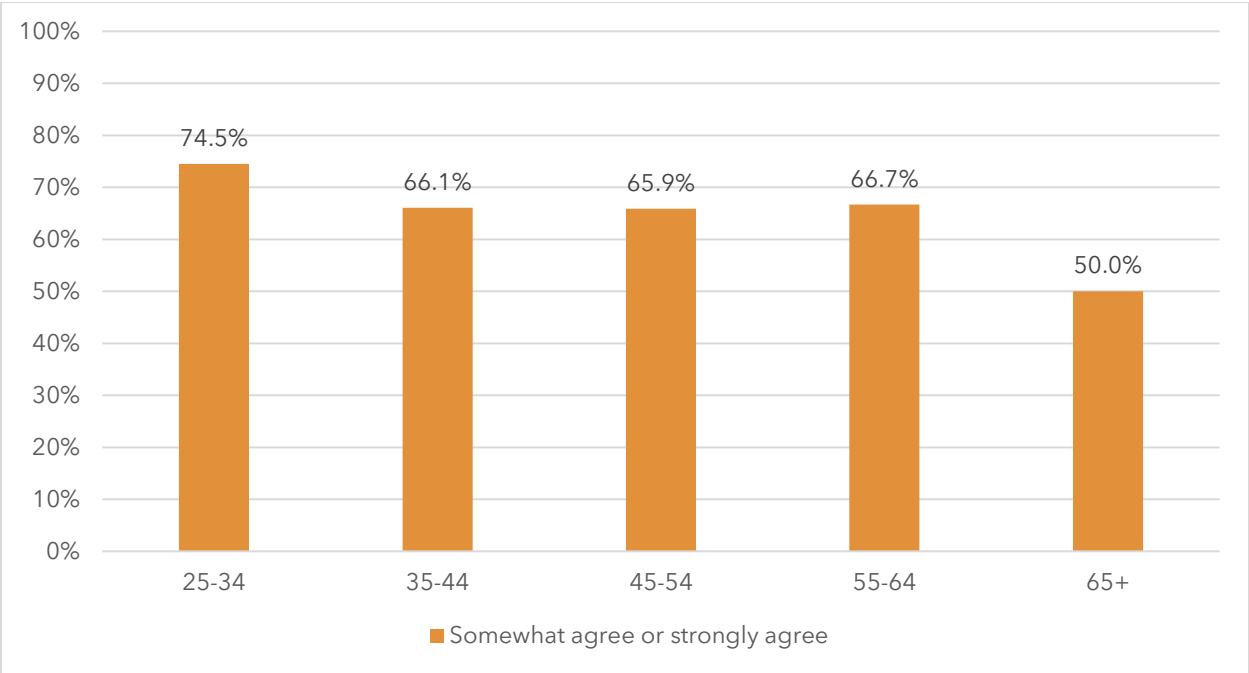


Figure 6: Percentage of respondents who somewhat agree or strongly agree with the implementation of a community planning permit system by age cohort

Home builders said that they currently face long timelines for planning and approval processes in Saugeen Shores and expressed that in some cases the timelines are longer than other municipalities. Without clarity around timelines, participants said that the homes they build or plan to build may no longer be feasible or desirable by the market by the time they are approved. They also pointed to the costs associated with this waiting game and additional studies or requests, which can eat into any attempts to provide attainable or affordable housing options. Builders saw CPPS as a tool that might help to alleviate some of these challenges.

People were concerned about the stability and responsiveness of a CPPS

While there was a great deal of support for the implementation of a CPPS, there were also concerns that its ability to enshrine a stable planning vision would lead to unforeseen consequences should planning or economic conditions change. The nature of the CPPS was understood by some as inflexible, indicating a need for increased public education to clarify the intention of a CPPS as a transparent and flexible system that can provide a stable planning vision. There was a call for robust community engagement to help the community understand how a CPPS works, including potential consequences. Despite this concern, there was also an optimism maintained by many participants that bold steps are needed to ensure Saugeen Shores remains affordable and attainable to those who already live here as well as those who would like to live here.

Stakeholders and the public want robust community consultation for the creation of the CPPS

Many participants wanted clarity and examples of what authentic community engagement might look like, particularly considering that a CPPS enshrines a stable planning vision once in place. Additional education about the potential benefits of this stability, as an ongoing tool for building affordable homes will be required in subsequent phases, as well as ongoing community consultation.

4.4.3 Indigenous considerations

Representatives from the Historic Saugeen Métis (HSM) shared several key considerations that will inform the study and any future steps. Their feedback has been grouped into the following key themes.

(We note that we and Town staff have contacted the Saugeen First Nations on several occasions about this project but have received no official response. The Town will continue to invite the Saugeen First Nations into the consultation process for future phases of the CPPS study and its potential implementation because we recognize the importance of engaging diverse Indigenous viewpoints.)

The HSM's biggest priority is affordable housing for an aging population

Affordable housing is a key priority for the HSM and they indicated that their biggest priority is the housing needs of their elderly population. There are some older HSM community members who face financial challenges and don't have many opportunities to downsize their home and some of the current options—like income adjusted housing—can introduce safety and comfort concerns for this group. The HSM indicated that ensuring the CPPS actively incorporates well-thought out and deliberate plans for affordable housing is crucial. They recommended that elderly-focused affordable housing be planned for in CPPS. Additionally, questions regarding the workforce to build this affordable housing were raised, as much of the construction/development labour force is geared towards building cottage-style homes, which is more profitable.

The land is a gift: homes need to be built with care for the environment

Preserving and maintaining the environment for which Saugeen Shores is known for is the top priority for the HSM. The land is a gift, not a resource to be exploited. Considerations as to how and where development will be allowed to proceed must take place, with environmental protection being a fundamental consideration. The region has seen recent intensification of development, and there are concerns that "marginal" lands will be developed, at the cost of fragile ecosystems (particularly those around the coastline). Additionally, consideration must be given to ensuring there is enough of the natural environment left to be used by community members. The HSM recommended that the CPPS

should allocate green spaces, protect trees, and ensure the natural environment is safeguarded.

Housing for the people of the future must respect the people of the past

Saugeen Shores is home to a rich Indigenous history, including that of the HSM. This history must be considered when planning new developments. Careful and consistent attention must be paid to archeological artefacts that may be beneath potential development sites. Archeological due diligence wasn't carried out in some developments in the region, and it's important for the CPPS to include archeological planning into developmental planning. Similarly, there is a desire to protect the agricultural heritage of the region and of the Indigenous communities who have lived here for millennia. The CPPS should focus development in already disturbed urban areas, whilst protecting agricultural zones.

5 Home building financials

To understand the economics of home building in Saugeen Shores and to test the effectiveness of a community planning permit system in reducing new home costs, Hertel Planning commissioned Urban Formation to conduct development financial pro forma analyses and to lead peer reviews of methods and assumptions by local developers.

5.1 Effect of a community planning permit system on the financials of home building

A streamlined community planning permit system (CPPS) is expected to provide developers with reductions in overall project costs. The potential savings are examined using three hypothetical cases that represent infill development opportunities in Saugeen Shores. The expectation is that the cost reductions associated with the implementation of a CPPS will affect new home building outcomes that align with the Town’s housing and planning objectives. The three hypothetical infill opportunities are:

- A single-detached home with a basement apartment built in a residential area;
- A triplex built in a residential area; and
- A multi-unit residential development situated in a local node or major corridor, which may be a purpose-built rental or condominium.

Development financing costs are referenced as the basis for assessing the savings that could be realized through the implementation of a CPPS. Most developers rely on development financing for land acquisition, due diligence, the municipal development and building application processes, and construction. This financing is provided throughout the development period and accumulates interest that is known as the carrying costs. Consequently, the length of the development timeframe directly affects the carrying costs that is repaid following completion of the project. For a purpose-built rental project, the outstanding debt is assumed by a permanent amortized loan, while a condominium developer uses sales proceeds to retire the debt.

Other factors likely benefit from the implementation of a CPPS include reduced construction costs, monthly rents, and sales prices. These savings are beyond the scope of this analysis but need to be examined in future work.

5.2 Adding up the many costs of building homes

This development cost analysis is based on assumptions that approximate current conditions in Saugeen Shores. A challenge that arose is determining costs for projects that aren't commonly built in the Town. In these instances, consultation with a local developer, market research, and standard real estate industry assumptions provide the basis for proceeding with the analysis. A base-type scenario provides the results under current conditions and the CPPS scenario presents the cost savings that might occur.

Certain assumptions are adjusted to reflect the size, complexity, and risk of the three hypothetical cases. The single-detached home with a basement apartment is considered the most straightforward option, while the triplex is treated with additional risk, and the multi-unit alternative is treated as the most complex option.

The single-detached-with-basement and triplex types are assumed to include an 8 000 sf lot⁶, which is based on an average of transactions retrieved from the Municipal Property Assessment Corporation (MPAC) database. Each site was inspected using Google Earth to determine its redevelopment potential based on the condition of the existing structure and location within Saugeen Shores. The building size approximates existing developments in Saugeen Shores.

The multi-unit scenario option is based on recent purpose-built developments that have been built, approved, or currently in the review process. The inputs are based on site plans, planning staff reports, Bruce County property reports, and development websites. The building size estimate begins with an average unit size for completed developments, which is multiplied by the average number of units, when the data is available, to produce the net floor area. This is then adjusted for building efficiency to calculate the gross floor area, which is adjusted further to calculate the gross construction area. The multi-unit example is assumed to have 178 units.

Table 11: Assumed site size and building size for housing unit types

Unit type	Site size	Building size
Single-detached with basement apartment	8 000 sf	2 500 sf
Triplex	8 000 sf	4 000 sf
Multi-unit	1.1 ac	189 362 sf

⁶ For Metric units, 100 square feet (sf) is approximately 9.29 m² and 1 acre (ac) is approximately 0.405 ha.

Land cost

Land cost for the single-detached home with a basement apartment and triplex types are estimated using a sample of residential property transactions. The multi-unit type has an assumed land cost confirmed by a local developer.

Table 12: Assumed land costs for housing unit types

Unit type	Land cost
Single-detached with basement apartment	\$65/sf
Triplex	\$65/sf
Multi-unit	\$750 000/ac

Hard costs

Hard costs represent the amount allocated for construction labour and materials. The hard costs for the single-detached home with a basement are based on the experience of a local developer. The hard costs for the basement unit are considered negligible. The increased hard costs for the triplex and multi-unit types represent the additional expenses that are expected with larger and more complex projects.

Parking hard costs are included for the multi-unit surface lot, with an assumed size of 400 sf per stall and a parking requirement of one space per unit.

Table 13: Assumed hard costs for housing unit types

Unit type	Hard costs (building, \$/sf)	Hard costs (parking, \$/sf)
Single-detached with basement apartment	\$220	Not applicable
Triplex	\$230	Not applicable
Multi-unit	\$250	\$15

Source: Altus Group. *2022 Canadian Cost Guide*.

Hard cost contingency

A hard cost contingency of 5% is included in accordance with standard practices to account for unexpected cost increases and time delays.

Soft costs

Soft costs include an estimate of the professional services, municipal fees and charges (excluding development charges), and property taxes. Based on standard practices, this is assumed as 20% of hard costs.

Development charges

The development charges are sourced from the *Town of Saugeen Shores Development Charges* schedule (effective 1 January 2022 to 31 December 2022). The multi-unit development is assumed to have a 50:50 split between one- and two-bedroom units.

Table 14: Assumed development charges for housing unit types

Unit type	Development charges (\$/unit)
Single-detached with basement apartment	\$26 056
Triplex	\$17 083
Multi-unit (one-bedroom unit)	\$11 133
Multi-unit (two-bedroom unit)	\$16 043

Source: *Town of Saugeen Shores Development Charges*. (Effective 1 January 2022 to 31 December 2022.)

Development financing

The development loan terms provide the basis for calculating the carrying costs. The loan terms are the product of a negotiation, but in general, the reputation and experience of the developer and the risks associated with the project provide the basis for negotiations with the lender.

The loan-to-cost (LTC) ratio is used by lenders to determine the size of the loan and the corresponding developer equity investment. Lower risk projects could have a higher LTC (that is, a larger loan with a smaller equity investment requirement) which is used as the basis for single-detached with basement apartment and triplex cases. The larger multi-unit alternative has a lower ratio (that is, a smaller loan with a higher equity investment requirement) to reflect the additional risk involved with this built form in Saugeen Shores.

Development financing includes annual interest rates that are often linked to the Bank of Canada prime business rate, which was 5.95% on 30 November 2022⁷. The single-detached with basement apartment and triplex scenarios are assigned an interest rate of prime rate plus 1%, while the multi-unit development is prime rate plus 2% to reflect a risk premium.

The development loan duration, stated in months, represents an estimate of current baseline conditions in Saugeen Shores. The length of time for a development to proceed from land acquisition to completion is adjusted to reflect the project scale and complexity, with the

⁷ Source: Bank of Canada. *Daily Digest*. <<https://www.bankofcanada.ca/rates/daily-digest/>> (Accessed on 1 December 2022.)

single-detached with a basement apartment taking 24 months, a triplex taking 30 months, and the multi-unit at 36 months.

Table 15: Assumed development financing terms for housing unit types

Unit type	Loan-to-cost ratio	Interest rate (per annum)	Duration (months)
Single-detached with basement apartment	75%	6.95%	24
Triplex	75%	6.95%	30
Multi-unit	70%	7.95%	36

Carrying costs are calculated as the interest that is accumulated during the development financing phase. Development loans involve a schedule of payments commonly known as draws. This analysis incorporates a simplified approach that provides a sense of the interest accumulated during the financing period. For illustrative purposes, a draw schedule with equal monthly payments is used. In actual practice, however, the draw schedule is based on specific benchmarks that represent progress in the development process.

5.3 Baseline scenario results: the costs of business-as-usual

The baseline scenario indicates that carrying costs for the hypothetical cases vary according to development size. For the single-family home with a basement apartment the carrying costs represent 5.4% of the total development costs, and overall development cost is \$521/buildable sf. For the triplex the carrying costs represent 6.5% of the total development costs, and the overall development cost is \$460/buildable sf. The multi unit case the carrying cost is 9.0% of total development costs and are \$394/buildable sf.

Carrying costs represent a larger percentage of development costs as the project size increases, which indicates that financing obligations are related to the scale of a project. The development cost is lower, which suggests the presence of economies of scale.

Table 16: Baseline scenario results by housing unit type

Baseline scenario results	Single-detached with basement apartment	Triplex	Multi-unit
Standard loan duration (months)	24	30	36
Carrying cost (total)	\$70 049	\$119 085	\$6 340 029
Carrying cost (\$/buildable sf)	\$28.02	\$29.77	\$35.62
Development cost	\$1 303 605	\$1 840 334	\$70 094 225
Carrying cost (% of development costs)	5.4%	6.5%	9.0%
Development cost (\$/buildable sf)	\$521	\$460	\$394

5.4 Sensitivity analysis: the costs with a community planning permit system

A sensitivity analysis is completed to examine the effect that a CPPS could have on the costs for the three cases. For the purposes of this analysis, it's assumed that the CPPS reduces the planning application review time by four months for each case. (This reduction in processing time is hypothetical and was chosen for illustrative purposes only and does not reflect actual or forecasted processing times using CPPS. Also, this reduction does not include additional time savings related to legal appeals of decisions, which would no longer be available under the CPPS process.)

The results indicate that the CPPS-related reduction in the development timing reduces the carrying costs associated with each development case.

The single-detached with basement apartment has an estimated carrying cost of \$48 650 which is \$19.46/buildable sf, while the carrying cost is 3.8% of total development costs and the overall development cost is \$513/buildable sf.

The triplex has an estimated carrying costs of \$89 182 which is \$22.30/buildable sf, while the carrying cost is 4.9% of total development costs and the overall development cost is \$453/buildable sf.

The multi-unit case has an estimated carrying costs of \$5 603 153 which is \$31.48/buildable sf, while the carrying cost is 8.1% of total development costs and the overall development cost is \$390/buildable sf.

Table 17: CPPS scenario results by housing unit type

CPPS scenario results	Single-detached with basement apartment	Triplex	Multi-unit
Expedited loan duration (months)	20	26	32
Carrying cost (total)	\$48 650	\$89 182	\$5 603 153
Carrying cost (\$/buildable sf)	\$19.46	\$22.30	\$31.48
Development cost	\$1 282 206	\$1 810 431	\$69 357 349
Carrying cost (% of development cost)	3.8%	4.9%	8.1%
Development cost (\$/buildable sf)	\$513	\$453	\$390

5.5 Costs are reduced a little by using a community planning permit system

The CPPS approval timing reductions translated into lower carrying and development costs.

The single-detached with basement apartment case sensitivity analysis indicated that the carrying cost was reduced by \$21 399. The triplex sensitivity analysis indicated that the carrying cost is \$29 904 lower and the multi unit sensitivity analysis indicated that the carrying cost was \$736 876 lower.

Table 18: Carrying costs for each scenario by housing unit type

Scenario	Single-detached with basement apartment	Triplex	Multi-unit
Baseline	\$70 049	\$119 085	\$6 340 029
CPPS	\$48 650	\$89 182	\$5 603 153
Difference	\$21 399	\$29 904	\$736 876

Table 19: Carrying cost as a percentage of development costs for each scenario by housing unit type

Scenario	Single-detached with basement apartment	Triplex	Multi-unit
Baseline	5.4%	6.5%	9.1%
CPPS	3.8%	4.9%	8.1%
Difference	1.6%	1.5%	1.0%

Table 20: Development cost per buildable square foot for each scenario by housing unit type

Scenario	Single-detached with basement apartment	Triplex	Multi-unit
Baseline	\$521	\$460	\$394
CPPS	\$513	\$453	\$390
Difference	\$9	\$7	\$4

Examining carrying costs relative to development costs standardizes the results for project size and provides a relative measure of the effect of the CPPS. The results indicate that the CPPS has the potential to reduce carrying costs for the single-detached with basement apartment from 5.4% to 3.8%, for a saving of 1.6%.

The triplex experienced a reduction from 6.5% to 4.9%, for a change in carrying costs of 1.5%.

The multi unit project is the largest development, but the carrying costs declined from 9.1% to 8.1% for a 1.0% change.

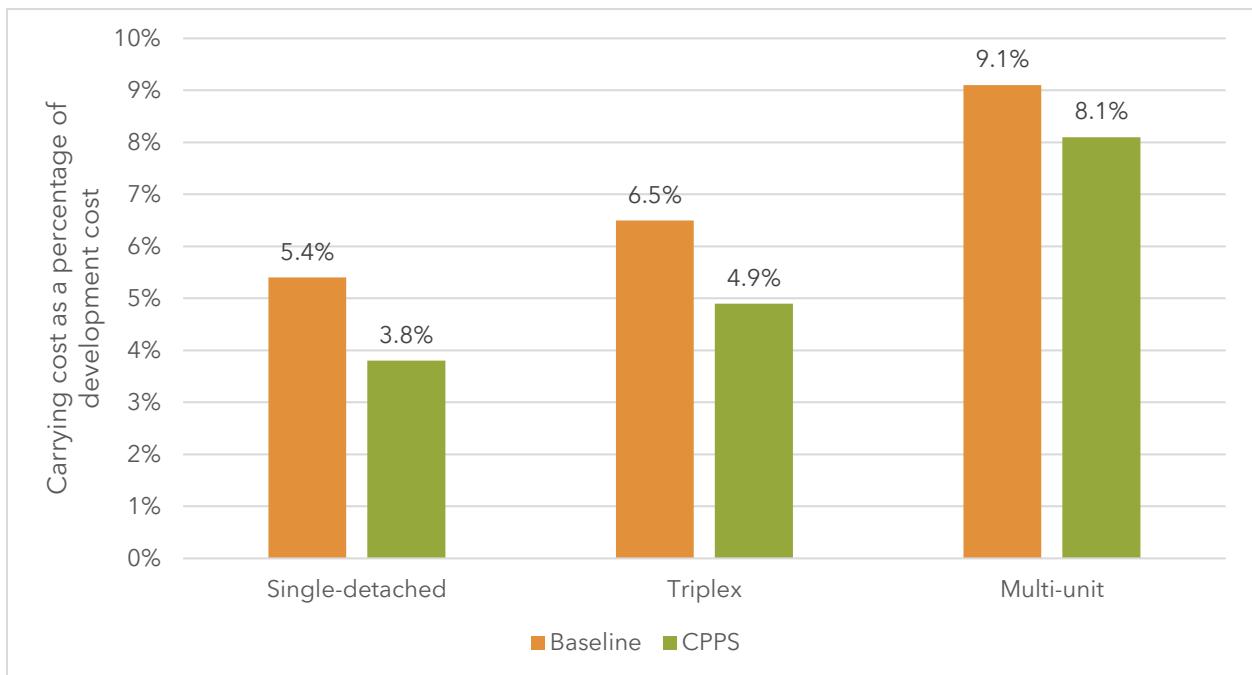


Figure 7: Carrying cost as a percentage of development cost for each scenario by housing unit type

Development cost on a per buildable square foot basis declined in the scenario where the use of a CPPS shortened the development timeline and thereby reduced the loan duration.

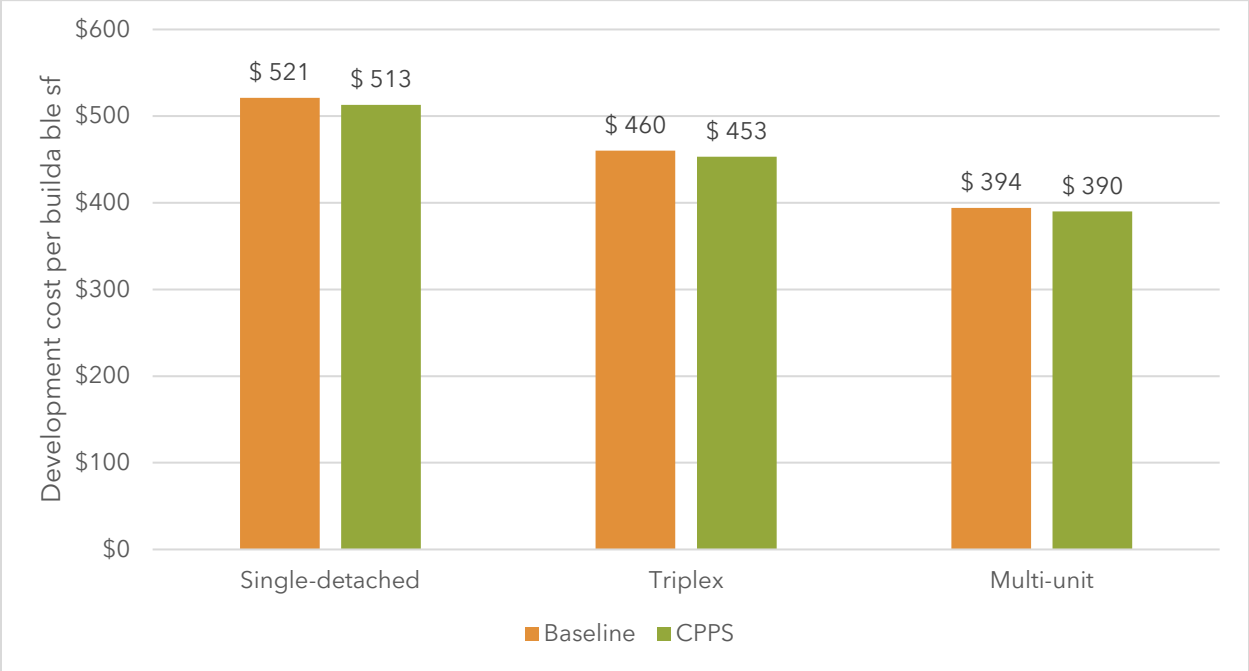


Figure 8: Development cost per buildable square foot for each scenario by housing type

The results indicate that implementing a CPPS reduces carrying costs for each of the hypothetical cases examined in this analysis. This reduction translates into lower development costs, but the cost savings are small, which suggest that a CPPS is likely to make only a minor improvement in the financial feasibility of building new affordable homes. Despite these minor gains, however, it is important to note that the financial component is only one consideration in the potential use of a CPPS, to be weighed along with significant non-financial benefits such as risk reduction and planning certainty.

6 What does this all mean?

6.1 Home building cost savings opportunities

We spoke with home builders in Saugeen Shores and they reported that the Town’s current planning and development approvals process isn’t a major barrier to new home starts, including more affordable options such as apartments. While opportunities for improvement exist, such as explaining the roles and processes of outside agencies (like the conservation authority), the development process in general doesn’t add substantial time or cost barriers to building new homes.

Uncertainty in the process, along with a wide range of requirements to fulfill, was noted as a potential barrier to building new homes that aren’t more conventional plans of subdivision in unbuilt areas (such as greenfields). While there is a market for smaller homes, including apartments in three- and four-plexes for example, in established areas the risks associated with such proposals are often considered untenable for home builders.

An analysis of home building costs across the Town, including land and construction by unit type, reveals some opportunities for savings under a CPPS, with the potential for encouraging applications for a wider variety of homes in desirable areas. A CPPS could reduce carrying costs by between 1-2% depending on the unit type. This cost reduction, in combination with increased process certainty, could propel some projects forward, especially those with physical or other constraints.

6.2 Non- financial benefits of a community planning permit system

For the community

- Public feedback shapes and sets the plan before development happens
- The plan can’t be changed without public feedback
- When development happens, it’s clear how tall and dense it will be, how it benefits the community, and how affordable homes will be

For home builders

- Reduced risks and costs from knowing ahead of time what the Town expects of development and what will and won’t be permitted
- Decisions are made in 45 days after the Town receives a complete application
- Eliminates cost of expensive and lengthy Ontario Land Tribunal hearings

For the Town of Saugeen Shores

- Promotes affordable home building while supporting the established vision and plans for development
- Reduces the complexity of reviewing development proposals, saving time and the cost of staff and Council reviews
- Eliminates cost of expensive and lengthy legal hearings

6.3 How a CPPS can align with Town housing goals

Building homes that are affordable to more people is a major planning and strategic policy priority of the Town. This is a goal with broad community support, including from life-long residents, newcomers, younger and older residents, businesses, and home builders.

A CPPS, with other tools and programs, may make it easier to build the kinds of homes that people say they want and need but can't find because of reasons like price, availability, suitability, and location.

Directing more growth to existing built-up areas of Saugeen Shores, including mature neighbourhoods that can benefit from investment and strategic locations like activity centres and major streets, is a long-standing direction of the Town's official plan. This makes growth more efficient by building up, not out, accommodating additional people and jobs where there is existing infrastructure and services. Furthermore, this approach brings economic and social benefits, including support for local shops and services, and opportunities for older people to age-in-place and for younger residents to find affordable homes close to family and other connections.

Unfortunately, there can be unintended barriers to planning for and implementing this vision, such as:

- High land values;
- Irregular lot sizes and shapes;
- Fragmented property ownership; and
- Many building and design considerations are needed to fit in with existing buildings and some natural areas.

A CPPS may be an effective tool to pre-plan, in a very detailed way, how new homes in existing neighbourhoods can fit—in shape, design, and kind—within current street and lot patterns, providing additional homes through a gentle density approach. A CPPS may support and encourage the construction of:

- Three- and four-unit apartments or plexes;
- Basement or other apartment types, like second suites, within and/or in the rear of existing homes; and
- Purpose-built rental apartments on appropriate sites within the centres and along major streets.

If the new homes being proposed meet detailed requirements, including those for height, density, setbacks, parking, servicing, and design, then approval would be granted in 45 days or less. This provides certainty for the Town and the community that the pre-determined vision for new homes is followed, and certainty for home builders that a decision will be made quickly and without legal appeals.

7 What happens next?

We recommend that the Town implement a CPPS to encourage the building of more:

- Affordable homes in existing neighbourhoods using a gentle density approach, and
- Purpose-built rental apartments in centres, including the Port Elgin and Southampton cores, and along major streets.

The details of the CPPS, including the affected areas and prescribed building types and standards, will need to be carefully considered and tested with focused consultations with the public, home builders, Bruce County, and related agencies.

If Town Council decides to proceed with CPPS implementation, then the next steps include:

- Defining precisely the areas to which the CPPS will apply;
- Defining the kinds and forms of new homes permitted within those areas, including details on height, density, building and site design, parking, servicing, and others;
- How and by whom the CPPS will be administered, and how long before it should be reviewed; and
- Amending the Town official plan and zoning by-law, as necessary, to reflect the above.

The market and planning analyses and the consultation program needs to be continued and escalated in the implementation phase to create and finalize the vision and requirements to be achieved under a CPPS. It's critical to get the vision right, with input from and testing with the community and home builders, for the CPPS to be understood, effective, and supported.

It's likely that this process will take at least one year, without considering potential appeals to the policy and zoning changes needed to prescribe and enable the use of the CPPS. This process is an opportunity to re-affirm and re-imagine the planning vision for Saugeen Shores and enshrine those elements into the CPPS requirements.

A CPPS would also allow the Town to regain some important planning direction and tools lost because of the *More Homes Built Faster Act, 2022* (Bill 23). A CPPS would enable the Town to prescribe what it considers to be appropriate as-of-right development in specific areas of Saugeen Shores, subject to satisfying a range of conditions including those related to site and building design. Under current in-force planning legislation, as-of-right permissions for residential intensification are limited to three homes per lot (including the primary home), and residential buildings under ten units are exempt from site plan control.

Appendix A: *What We Heard* (consultation and engagement report by PROCESS)