

South Georgian Bay Tourism Labour  
Supply Task Force

**South Georgian Bay Tourism  
Industry Workforce Housing  
Research and Business Case**

May 2018

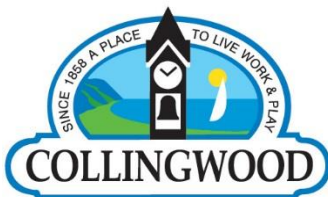
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## South Georgian Bay Tourism Industry Workforce Housing Research and Proposed Business Case

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#### **Disclaimer:**

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## Executive Summary

N. Barry Lyon Consultants Limited, (NBLC) was retained by the South Georgian Bay Tourism Labour Supply Task Force (“the Task Force”) to undertake a study to examine tourism workforce housing issues in South Georgian Bay with a view to defining key issues and identifying ways that the private and public sectors can collaborate across the region on innovative approaches to improve the supply of attainable housing. This study builds on the recently released “Hospitality and Tourism Sector Partnership Labour Market Strategy, Bruce County and Grey County” that identified “the lack of affordable housing as the most pressing obstacle to workforce attraction and retention” in the region.

Across Canada, where market demand has driven real estate pricing to very high levels, the supply of attainable workforce housing is typically strained. This is especially true where the market is driven by seasonal or retirement buyers and home pricing is unrelated to local jobs and incomes. Muskoka, Whistler, and Banff are just a sample of the communities whose real estate markets cater to external demand leaving few housing opportunities for locals.

The communities of South Georgian Bay are facing a similar situation. In 2016, the median household income in the region was \$67,762, an increase of 12% since 2011. However, the average price for a single-family home increased 34% over the same period to \$433,000. In 2017 prices rose an additional 18% year-over-year to nearly \$512,000. At this price, (assuming a 20% down payment) a qualifying household income of about \$121,000 is required, almost double the region’s median income.

Those employed in South Georgian Bay, at local wages, are left to compete with buyers and renters with significantly higher incomes. The effect is to undermine the viability of local businesses that depend on this workforce. In the fall of 2017, a labour shortage of over 800 tourism-related positions was estimated across Bruce, Grey, and Simcoe Counties. Based on local income levels, over 2,000 households are potentially facing housing challenges.

This study involved over 25 interviews and more than 500 surveys with employers and members of the labour force who confirmed the critical shortage of labour and the challenges of attracting staff without housing.

While housing markets are cyclical by nature, the factors that have made the area so attractive to external buying groups are unlikely to change. The shortage of employee housing and the detrimental impacts to the region are therefore likely to persist and worsen unless there is an intervention in the market.

Some of the impacts identified in this study include:

- The weakening of existing businesses and stagnating economic growth;
- Weakened appeal of the region in terms of attracting new investment;

- Negative impacts on municipal / regional tourism brand;
- Loss of tax assessment;
- Social impacts associated with individual's sense of shelter security and wellness; and,
- Continued out migration of young people from the region, and the continued decline in community diversity.

Solutions across Canada range widely, but they all rely on interventions in the market. In resort-based communities, like Whistler, as well as Vail, Aspen and others outside Canada, the housing market can be linked directly to the appeal of the resort amenity. These communities have recognized this and have developed local strategies – largely by taxing the resort. In South Georgian Bay, the housing market is driven in part by the amenities associated with Blue Mountain, but also by a wide range of other factors including private ski and golf clubs, people who are attracted to the natural beauty of the area, and the broad range of community commercial amenities. The solution therefore requires engagement from not only the resort but a broader set of employers and the public sector.

While this study recognizes the need for a broad range of housing– the need at entry-level was deemed most acute given current pricing in the housing market. Providing a good supply of housing for young people, potentially coming to the area for the first time, would offer the opportunity to attract a workforce that might create roots in the community, form households with children, and help reverse the aging demographic trend across the region. The opportunity to attract younger people offers benefits such as diversifying the community, populating schools, and longer economic and community investment.

This study concludes with a broad set of recommendations but are all framed around the need for a partnership between the employers, the development community, and the public sector.

- **Employers / Partners** – Many of the employers in the region are already engaged in providing employee housing by “head-leasing” private rentals, buying housing, or even accommodating employees in their own homes. These ad-hoc efforts detract from the core business and are inefficient. We recommend that employers co-ordinate their housing efforts with the Blue Mountain Village Association (“BMVA”) and other employer groups in South Georgian Bay, joining together to package a “rental guarantee” that can be offered to a developer as an incentive to invest in employee housing. The BMVA and any other existing employer groups are in a unique position to take leadership in a co-ordinating role of this nature. This leadership is viewed as crucial in terms of creating confidence with both municipal and private sector partners moving forward.
- **Municipal Partners** – Each of the area municipalities should assess what it can do, in partnership with the employers, to intervene in the market to increase the appeal of building employee housing

in terms of offering developer incentives. Our study identifies a range of possible incentives. However, each municipality needs to first assess:

- The specific local needs and target workforce groups;
  - The fiscal and management ability to offer any of the suggested incentives in this report, and possibly others;
  - Specifically, what role the use of public land may have;
  - Policy and other implementation implications; and,
  - A supporting communication strategy.
- **Develop an Outreach Program with the Development Community** – We envision that one or all municipalities/Counties may consider developing a partnership with the BMVA and other employers. Once these programs are clearly understood, meetings with local and other developers should be had to articulate and solicit program involvement.
  - **Program Principles** – Our report offers specific recommendations with respect to factors and approaches that should be considered in the development and design of incentive programs:
    - **Consider incentives to workforce participants rather than developers.** Our study identifies a program that would defer municipal charges and fees, passing the cost of these incentives on to home purchasers via second mortgages to provide down payment assistance. This reduces the cost of development to a developer and incentivizes the purchaser.
    - **Adopt a "performance-based" program delivery approach.** We recommend that developers be required to compete for incentives based on the objectives revealed in the individual community strategies. The municipality's evaluation criteria could be structured to address local priorities including affordability, design and target employee groups.
  - **Project Proposals** – Our recommendations include two potential initial projects that could be the product of a request for proposal (RFP) process, sponsored by a municipality in partnership with the employers group. The project proposals include;
    - An employee dormitory style development designed to properly house entry-level workers who tend to be more transient. This type of project could also be utilized to house Georgian College students, helping the school to improve their appeal to prospective students; and,
    - A condominium apartment building designed to accommodate full-time individuals, couples, and families.

We have developed a conceptual development proforma that illustrates the financial feasibility of these projects with and without a set of possible incentives. The analysis suggests that either project is viable with increasing affordability as incentives are applied.

Overall, we illustrate that while the need is great, proven strategies illustrate that addressing a significant part of the demand is not insurmountable.

## 1.0 Introduction and Project Overview

One of the by-products of a successful community is an increase in demand for housing. As demand increases, so does pricing. Increases in pricing yields benefits in terms of building personal wealth, increased tax assessment and stimulating local investment. However, home sellers and developers typically price their product at the highest the market will bear. Therefore, as home prices increase, access to housing for a growing number of people deteriorates.

In recent years, South Georgian Bay (“SGB”) has experienced an acute labour shortage for both front line workers and specialized roles in the tourism sector. Access to good quality, attainable housing plays a significant role in this shortage.

The purpose of this report is to identify the priority workforce group(s), the appropriate form/ tenure of housing, and a business case for an attainable housing delivery mechanism for the tourism workforce.

*Unless stated otherwise, the South Georgian Bay region is assumed to include the Town of the Blue Mountains, the Town of Collingwood, the Town of Wasaga Beach, the Municipality of Meaford, and the Township of Clearview for the purpose of this report. While Owen Sound and other adjacent municipalities may struggle with similar housing issues, the core of the issue from a tourism industry perspective is believed to be associated with these communities.*

### 1.1 Defining Attainable Housing

The market naturally prices homes at the highest level possible and where there is a steady supply of investors, affluent baby boomers, and seasonal home buyers in South Georgian Bay there is little incentive to supply lower cost housing. The rising costs of construction, servicing, municipal fees, and the time associated with approvals are additional barriers to creating housing that is attainable to the local work force.

Defining attainable housing is therefore contextual to the unique circumstances that make up a community. People’s perceptions of housing quality also differ based on personal preference. However, for the purpose of this study we adopt the following two tests. These relate to both ownership and rental tenure housing:

1. The Provincial Policy Statement and the Canada Mortgage & Housing Corporation (‘CMHC’) state that housing is affordable (attainable) when it accounts for no more than 30% of a household’s gross income.
2. The ability of a household to enter the local housing market before graduating to successively higher levels of housing within the market (example: rental apartment to condominium apartment to townhouse to single-detached). Implicit in this definition of attainability is the

idea that a range of housing options (type, size, tenure, cost) exist in the local market, allowing households at various income levels to find and secure suitable housing as their needs or means change.

It is also important to note that attainable housing is not just a tourism workforce issue. While this report has a focus on the tourism workforce and how they are impacted by current housing market conditions, attainable housing is a wider issue that needs to be addressed for a variety of residents. The recommendations and potential solutions in this report have the ability to improve housing opportunities for a wider population than just the tourism workforce.



## 2.0 The Cost of Inaction

In the absence of an intervening attainable housing strategy, we expect that market forces will continue to put upward pressure on pricing and continue to erode affordability in the housing market. Left unattended, the following impacts, which are already being felt, are likely to worsen:

- Weakening of the economic base of the community in terms of:
  - Undermining the operations of existing businesses;
  - A decline in service levels and lifestyle benefits which could negatively impact real estate values and future residential growth;
  - Business owners having to redirect time and capital that could be spent on the business, to housing staff within their own homes, or having to purchase or lease private homes for this purpose;
  - Potential trickle-down effects on secondary businesses due to decreased traffic given lower service capacity;
  - Negative impact on municipal / regional tourism brand leading to potential decline in visitation and impact on local and regional economy;
  - Discouragement from potential investors; and,
  - Stalled tax growth due to stagnant investment or missed investment opportunities, and slow business growth.
- An inability to recruit the necessary workforce, particularly younger workers, leading to a (further) labour shortage;
- Added community stress due to:
  - Those who are forced to spend a disproportionately large share of their income on shelter, leaving less money for other essential needs and impeding the economic health of the wider community;
  - Increased need to work longer hours or multiple jobs to afford shelter costs putting increased pressure on home life;
  - The need to drive further for suitable housing adding to the length of the work day and commuting costs;
  - Increased pressure to live in substandard housing. Generally, a lack of attainable housing can impact negatively on an individual's sense of security, and undermine the wider community's social and economic stability;
  - Younger work force required to live at home longer;

- Continued out migration of young people from the region; and,
- Preventing the creation of a diverse community with a range of household types and income levels.

All of these factors erode the live/work relationship within a community and detract from its appeal. These factors ultimately put pressure and demands on other community health and support services.

## **3.0 South Georgian Bay Economic Overview**

### **3.1 Growing and Aging**

Over the past decade, the natural appeal of South Georgian Bay, combined with a wide range of commercial and recreational amenities has contributed to strong population growth. South Georgian Bay recorded a 16% increase in population between 2006 and 2016, out pacing the provincial average of 11%. However, this growth has not been evenly distributed, with Collingwood and Wasaga Beach receiving the bulk of the new population, growing by 26% and 38%, respectively.

Much of the recent growth can be attributed to older, affluent populations moving to the area as they downsize or retire. Concurrent to this inflow of older affluent residents, South Georgian Bay has seen an outflow of younger residents leaving for a wider range of employment options in more urban locations. The lack of attainable housing choices has undoubtedly added to this trend. Combined, this has led to an increasingly older population, with 45% of residents in 2016 being 55 years of age or older (Ontario average is 30%).

Mobility data provides further evidence for the inflow of residents to the region. As of 2016, approximately 22% of South Georgian Bay's population had moved to the area from elsewhere in Ontario in the previous five years. This is double the provincial rate of 11%.

Growth projections for South Georgian Bay have these trends continuing into the near future. By 2031, South Georgian Bay will have grown to approximately 101,000 persons, equal to an additional 26,400 persons (+35%) over a 15 year span. Much of this growth will continue to be driven by in-migration, primarily retirees from more urban centres such as the GTA or Barrie. A smaller share of the growth will be from younger families attracted to the area for its more rural or small town characteristics. Again, this growth will not be distributed evenly, with Collingwood, Wasaga Beach, and Clearview receiving the majority share (Figure 1).

### **3.2 Demand from Seasonal Residents Continues to Grow**

South Georgian Bay has always been a popular destination for seasonal home owners. This trend has continued and perhaps strengthened.

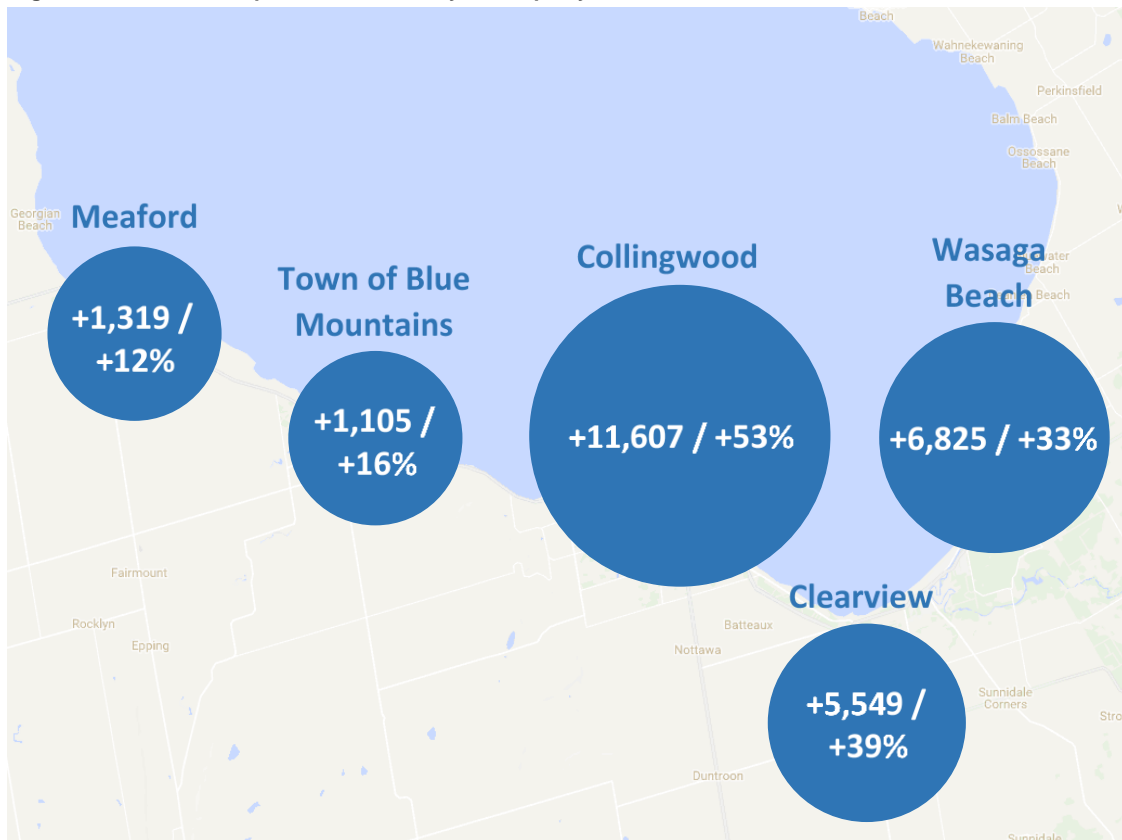
The population growth does not account for the increased number of persons choosing to live in South Georgian Bay on a seasonal basis. As of 2016, just 76% of South Georgian Bay's 42,240 private dwellings were occupied by permanent residents<sup>1</sup>, meaning that as many as 10,200 dwelling units are used as secondary or seasonal homes. This represents an increase of more than 500

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<sup>1</sup> The provincial rate is 92%.

seasonal / secondary units since 2006, or 8% of South Georgian Bay’s total growth in private dwelling units.

**Figure 1: Forecasted Population Increase by Municipality, 2016 to 2031**



*Source: Statistics Canada; Growth Plan 2017, Schedule 7; Grey County Growth Management Strategy*

The increased popularity of private, short-term accommodations through websites such as Airbnb has also played a role in the increased number of dwellings that are not occupied by permanent residents. This secondary home / short-term accommodation phenomenon is focused in the Town of the Blue Mountains, where just 51% of private dwellings are occupied by permanent residents given the amount of investment that has occurred in and around Blue Mountain Village.

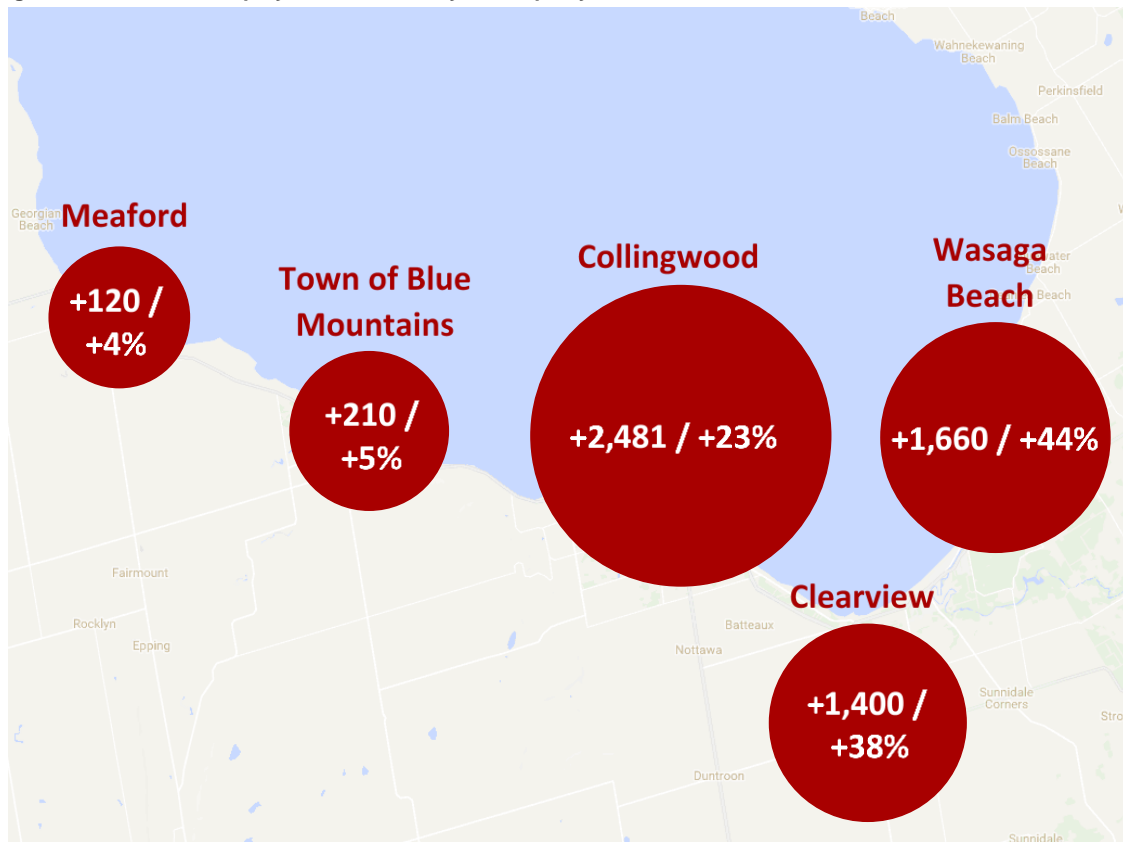
Looking forward we expect the appeal of South Georgian Bay will support this trend continuing. The youngest baby boomers are now 52 years of age, which suggests that retirees will continue to make up an increasingly large share of the forecasted population growth over the next 15 years.

### **3.3 Economic Growth is Also Positive**

Employment growth is also forecasted to be positive, though not at the rates projected for population growth. By 2031, the number of local jobs in South Georgian Bay will total

approximately 36,700, a 23% increase from 2011<sup>2</sup>. Nearly all of this growth (94%) is forecast to be located in Collingwood, Wasaga Beach, and Clearview (Figure 2).

**Figure 2: Forecasted Employment Increase by Municipality, 2011 to 2031**



*Source: Statistics Canada; Growth Plan 2017, Schedule 7; Grey County Growth Management Strategy*

The South Georgian Bay employed labour force consists of approximately 24,200 persons aged 15 and over. Of this labour force, 70% have their usual place of work located within South Georgian Bay, while the remaining 30% work in other communities. Collingwood and the Blue Mountains have the greatest retention of their local labour force, with 88% and 81%, respectively, remaining in South Georgian Bay for work. The Census data indicates that there are 19,400 people who work in South Georgian Bay, 87% of which live within the region itself.

The three largest industries of employment for the region are health care/social assistance, retail trade, and accommodation and food services, with the latter two representing significant parts of the tourism industry. Accommodation and food services employment is particularly high in South Georgian Bay at 10.4% of the labour force, compared to only 6.9% for Ontario. The share of the

<sup>2</sup> For comparisons sake, forecasts for population growth from 2011 to 2031 is +48%.

local workforce employed in the arts, entertainment, and recreation industry (3.3%), another tourism-related industry, is also larger than the share for Ontario (2.1%).<sup>3</sup>

### 3.4 Housing Price Growth Outpacing Income Growth

Household incomes in South Georgian Bay have grown at a similar pace to the province as a whole, increasing by 16% between the 2011 and 2016 Census periods to an average of \$86,165. However, average incomes have been boosted by a number of high-earners, particularly in the Town of the Blue Mountains, where the average income was \$122,199 in 2016, 42% higher than the South Georgian Bay average. Median household incomes tell a more accurate story in South Georgian Bay, at \$67,762 in 2016, representing an increase of 12% from 2011 (Table 1). It is also notable that 70% of individuals earn less than \$50,000 per year.

**Table 1**

South Georgian Bay Pre-Tax Household Incomes						
Municipality	Avg. Income			Median Income		
	2011	2016	% Growth	2011	2016	% Growth
Collingwood	\$72,915	\$82,216	13%	\$56,131	\$64,369	15%
Clearview	\$82,545	\$94,671	15%	\$69,432	\$78,519	13%
Wasaga Beach	\$66,250	\$74,297	12%	\$54,241	\$62,150	15%
Blue Mountains	\$90,258	\$122,199	35%	\$66,428	\$78,490	18%
Meaford	\$72,637	\$82,314	13%	\$64,666	\$65,792	2%
<b>Average (South Georgian Bay):</b>	<b>\$74,538</b>	<b>\$86,165</b>	<b>16%</b>	<b>\$60,408</b>	<b>\$67,762</b>	<b>12%</b>

*Source: Statistics Canada 2011 NHs & 2016 Census.*

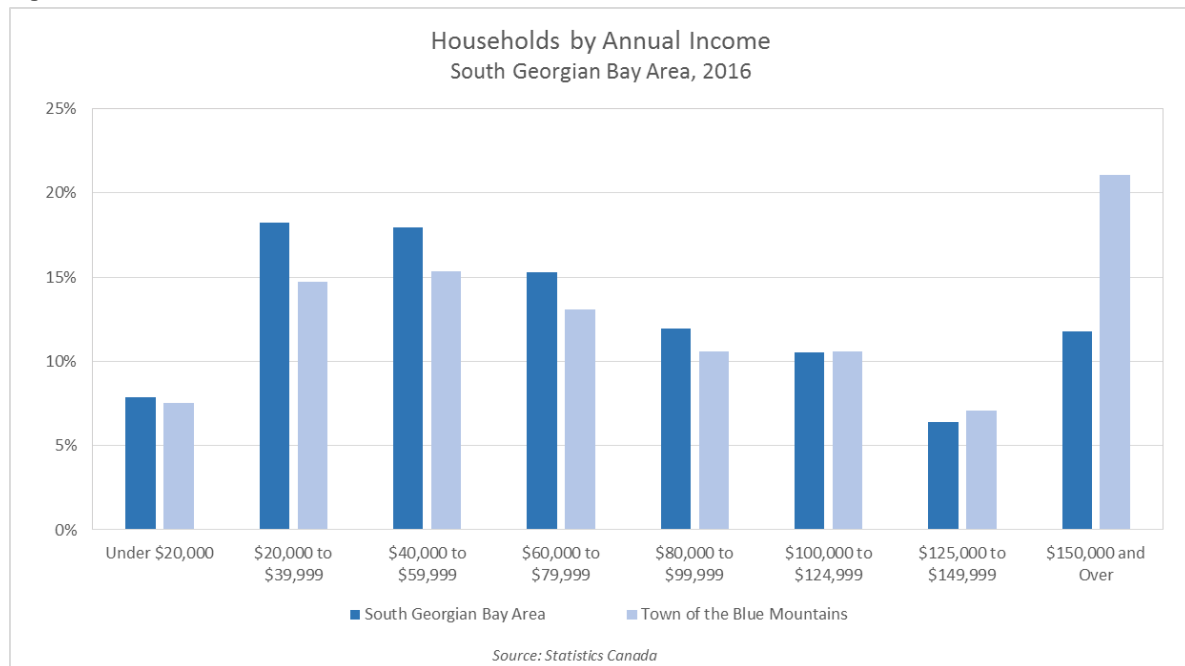
Household incomes are unevenly distributed in South Georgian Bay, with 44% of households recording annual incomes below \$60,000, and 29% recording annual incomes over \$100,000. This was even more pronounced in the Town of the Blue Mountains, where 38% of households recorded annual incomes below \$60,000 per year, while 39% of households recorded annual incomes over \$100,000, including 21% of households earning an annual income over \$150,000 (Figure 3).

The income data for South Georgian Bay also provides some insight into the need for more attainable home prices. As of the 2016 Census, 20% of owner households and 50% of renter households across South Georgian Bay were spending more than 30% of their income on housing costs. Based on the definition of attainable housing, this indicates that nearly 11,000 households are potentially living in core housing need, an increase from 9,300 households in 2011.

While median incomes increased by 12% between 2011 and 2016, resale single-family home prices increased by 34% over the same period, and an additional 18% year-over-year in 2017. This discrepancy between income and housing price growth indicates significant decline in housing attainability for the local workforce.

<sup>3</sup> Statistics Canada, 2016 Census of Population.

**Figure 3**



### 3.5 South Georgian Bay Tourism Industry

Equal to 4% of Ontario's gross domestic product, the tourism industry continues to grow as an important segment of the provincial economy.<sup>4</sup> In South Georgian Bay, with its abundance of recreational opportunities, this importance is even more pronounced.

In an expanded study area that includes both the Grey-Simcoe and Bruce-Grey-Owen Sound electoral districts, there are approximately 1,400 tourism-related businesses and 17,000 tourism-based employees.<sup>5</sup> This accounts for just under 14% of the area's labour force, underscoring the importance of the tourism industry to the local economic ecosystem.

With between 2,700 and 3,300 full-time, part-time, and seasonal employees, Blue Mountain Village and its partners account for about 20% of this labour force. Recently, one of the major Blue Mountain Village employers has noted a growing labour shortage, with an estimated 150 positions left unfilled at any given time<sup>6</sup>. This shortage has been most acute during the peak seasons and has been felt across a range of positions.

Across the above noted electoral districts, the labour shortage is estimated to account for more than 800 unfilled tourism-related positions, the majority of which are believed to be in South Georgian

<sup>4</sup> Tourism Industry Association of Ontario, 2017.

<sup>5</sup> Blue Mountain Village Association, 2017, Supporting the Tourism Industry in South Georgian Bay.

<sup>6</sup> Ibid.

Bay<sup>7</sup>. One of the key factors driving this tourism labour shortage is the lack of attainable housing to support this type of employment.

### 3.5.1 How Many Tourism Workers are in Need of Attainable Housing Options?

In addition to contributing to a labour shortage, the lack of attainable housing also impacts tourism workers who are already living and working in South Georgian Bay, as they have trouble finding suitable housing or are forced to pay a higher proportion of their income on monthly housing costs.

Table 2 provides a high-level estimate of the number of tourism workers that could be in need of attainable housing as of the most recent Census. It should be noted that the actual number could differ, but this begins to provide a picture of the level of need for attainable housing in South Georgian Bay for this part of the workforce.

Utilizing a variety of assumptions, we have estimated that there could be approximately 2,250 tourism workers in South Georgian Bay that require housing that is more attainable than the existing market options. While some of these workers may already be living in housing that matches their means, many are likely living in housing that does not suit their needs or costs them more than 30% of their gross household income.

For this estimate, we have only considered households under \$60,000 per year. Based on our findings on the current housing options in South Georgian Bay (see Section 5.0), it is possible that many households above this income threshold are also faced with housing attainability issues. Additionally, we have assumed an average rate of 14% of the labour force being part of the tourism industry, based on the regional average, though it may be higher in these lower income brackets.

**Table 2**

<b>Potential Tourism Employee Housing Need South Georgian Bay, 2016</b>	
Households <\$60,000	14,080
Average PPH*	2.3
Total people in households <\$60,000	32,384
% People above 15 years of age *	87%
People above 15 years of age in households <\$60,000	28,174
Participation rate *	57%
Total people in workforce in households <\$60,000	16,059
% Tourism Workers ^	14%
<b>Total tourism workers in households &lt;\$60,000</b>	<b>2,248</b>
*Based on average for Meaford, Town of the Blue Mountains, Collingwood, Wasaga Beach, Clearview, as of 2016 Census	
^Based on average for Grey-Simcoe and Bruce-Grey-Owen South	

<sup>7</sup> Blue Mountain Village Association, 2017, Supporting the Tourism Industry in South Georgian Bay.



## 4.0 Barriers to Attainable Housing

There are a number of issues that are impacting housing attainability in South Georgian Bay. Some of these issues include:

- **Market demand pushing housing prices upwards** – This is a result of a number of factors, including, but not limited to:
  - Increased housing prices in the wider Southern Ontario region, spurred by significant price growth in the Greater Toronto Area ('GTA');
  - Affluent retirees moving from elsewhere in Southern Ontario, particularly the GTA;
  - An increase in the popularity of South Georgian Bay for seasonal or secondary home purchasers. As the area has evolved to a four season destination, the popularity of the area as an alternative to places such as Muskoka or the Kawarthas has risen; and,
  - Investment demand due to increasing popularity of short-term accommodations (e.g. Airbnb, Homeaway, etc.). When a home is used specifically for short-term accommodation purposes, it removes a potential rental or ownership unit from the wider market, limiting supply and pushing prices for permanent housing upwards.
- **The nature of seasonal jobs and tenants** – Many tourism-related jobs in South Georgian Bay are seasonal. These workers may have an issue finding housing to suit their needs given the shorter timeframe of seasonal jobs. Landlords are likely to be less willing to rent a unit for four or eight months if they have prospective tenants with full-time permanent jobs willing to sign a 12-month lease.
- **Limited supply of entry-level housing** – As will be outlined in more detail in Section 5.0, there are few options in the purpose-built rental and condominium apartment market in South Georgian Bay. These are typically considered entry-level housing types and would likely be sought by a number of tourism employees.
- **Increasing costs of developing new housing** – Developing housing requires significant financial investment and risk. It can take years to bring a housing project to market. Many millions of dollars are typically spent or borrowed before a financial return is realized in a typical housing project. Financing in seasonal / secondary home markets can also be challenging. Hard construction costs and soft costs such as design, financing, and approval fees typically increase each year. For example, the Simcoe County School Board (impacting Collingwood, Wasaga Beach, Clearview in our study area) has recently announced a proposed development charge increase from \$1,759 to \$5,064 (+188%) per residential unit. The time it takes to achieve approvals also adds costs and exposes projects to increased risk.

- **Specific Challenges Related to Rental Housing Developments** – Rental housing development has significant disadvantages when compared to ownership housing. These include increased equity requirements, an extended payback period, and rent control legislation that caps annual rent increases.
- **Transportation issues** – Rising housing prices typically force workers to live further from their employer and increase their commute times. However, a lack of transportation options in South Georgian Bay has made commuting from further distances challenging without owning a personal vehicle (which in itself adds a significant additional expense).

The transportation issue is one that several public and private sector stakeholders are currently working to address. Three pilot projects are planned to launch in Summer 2018. These include:

- Improved regional transit mapping to aid residents in planning their trips. This includes mapping of both public and private transit options;
  - Extended public transit hours from 6:00 am to 9:00 pm to provide service for a larger proportion of the working population; and,
  - A private shuttle service partially funded by employers that will provide service to employees outside public transit hours for a flat \$5 fare. This service would provide pick-up/drop-off from some of the largest employers in South Georgian Bay.
- **Incomes** – As housing prices have increased at a rapid rate (see Section 5.0), a market distortion has been created as it has become ever more difficult for entry-level employees to afford existing housing options in South Georgian Bay.

#### 4.1 Attainability Benchmarks

Table 3, on the following page, provides benchmarks for rental and ownership housing prices that would be attainable for a variety of income levels. These prices assume 30% of gross household income is used for housing costs.

For ownership housing, we have assumed that the buyer is able to make a 20% down payment on their home, which in and of itself may be a challenge for many households. A lower down payment, or changes to other assumptions such as property tax costs or interest rates would have an impact on the maximum ownership price. The figures presented in Table 3 are meant to be illustrative of the pricing that different households may be able to afford, however, actual attainability levels are likely to vary somewhat depending on the household.

**Table 3**

<b>Housing Attainability Levels by Income</b>					
<b>FT/PT*</b>	<b>Hourly Wage</b>	<b>Annual Household Income</b>	<b>Monthly Household Income</b>	<b>Maximum Ownership Price<sup>^</sup></b>	<b>Maximum Monthly Rental Price</b>
PT	\$14	\$14,560	\$1,213	\$29,000	\$364
PT	\$20	\$20,800	\$1,733	\$58,000	\$520
FT	\$14	\$29,120	\$2,427	\$96,000	\$728
FT	\$20	\$41,600	\$3,467	\$152,000	\$1,040
FT	-	\$50,000	\$4,167	\$191,000	\$1,250
FT	-	\$60,000	\$5,000	\$236,000	\$1,500
FT	-	\$75,000	\$6,250	\$304,000	\$1,875
FT	-	\$100,000	\$8,333	\$417,000	\$2,500
*Full-Time (40 hours per week) / Part-Time (20 hours per week)					
<sup>^</sup> Assumes 20% down payment, 5% fixed interest rate, 25-year mortgage, \$200 monthly utility costs, 1% annual property tax rate.					

The income levels that have been chosen for the purpose of this benchmarking are in line with what many tourism workers are believed to be earning. While incomes have likely grown somewhat since the study was done, and those in South Georgian Bay may differ somewhat, Canadian Tourism Industry Compensation Data from Tourism HR Canada in 2012 indicated the following salaries for a variety of tourism-related jobs<sup>8</sup>:

- Front desk agent: \$33,000
- Food service counter attendant: \$36,000
- Housekeeping: \$36,000
- Food & beverage server: \$37,000
- Retail sales clerk: \$39,000
- Cook: \$41,000
- Grounds/maintenance: \$47,000
- Restaurant manager: \$52,000-\$62,000
- Chef: \$54,000
- Outdoor adventure guide: \$50,000-\$80,000

Table 3 indicates that the attainable housing prices for households under \$50,000 per year are very low in both rental and ownership tenures, leaving them with few housing options in the local market. Home ownership is likely to be particularly challenging as a household would have to earn at least \$75,000 per year just to afford a home that is \$300,000.

The following section provides detail on the housing options in the South Georgian Bay market, demonstrating the difficulty that most households at the income levels in Table 3 would have in the current market today.

<sup>8</sup> Salaries do not include tips / commissions for applicable jobs

## 5.0 Current Housing Market Options

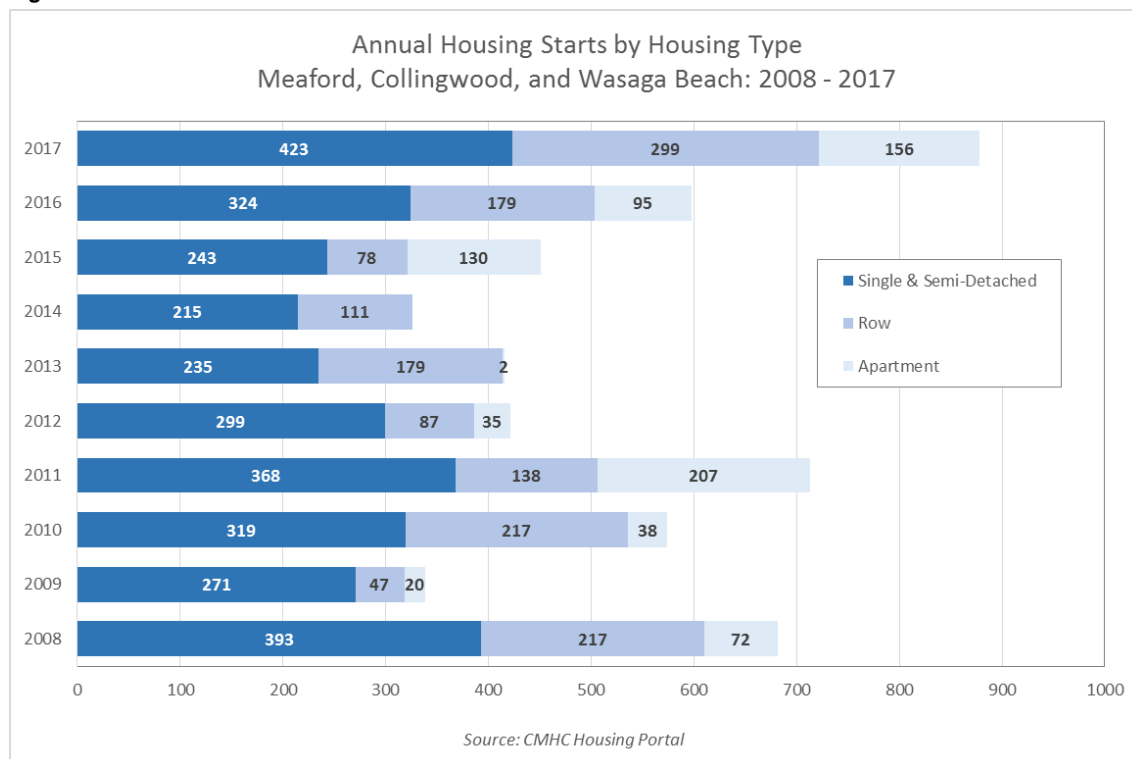
The following section provides a profile of the current housing options in South Georgian Bay. This includes a brief overview of the market in general before diving the specific housing options, including employee housing, the rental market, actively marketing residential developments (ownership), and the resale market.

### 5.1 Housing Market Overview

The South Georgian Bay housing market is primarily focused on low-density, ownership housing. The market has very little high-density (apartment) product, and even less purpose-built rental product. This is reflected in both the housing start data for the area and the most recent Census data.

According to data from CMHC, over the ten-year period between 2008 and 2017, low-density homes accounted for 86% of all housing starts in Meaford, Collingwood, and Wasaga Beach (57% single and semi-detached homes, 29% row/townhouses)<sup>9</sup>. At just 14% of all housing starts over a ten-year period, apartment units account for a small share of the market (Figure 4).

Figure 4



<sup>9</sup> CMHC data unavailable for other communities in South Georgian Bay, however, trends are believed to be similar

While apartment starts have generally been inconsistent year-to-year, townhouses have begun to account for a higher proportion of housing starts in the surveyed communities indicating that there has been some movement away from the lowest densities, attributable at least partially to increased prices. In the five-year period between 2013 and 2017, townhouses accounted for 32% of all housing starts, compared to 26% between 2008 and 2012, and just 12% between 2003 and 2007.

Since 2008, just 4% of all housing starts (221 units) have been rental tenure. However, CMHC counts social housing units as part of their rental housing starts. It is believed that there have been no market-rate purpose-built rental units constructed in South Georgian Bay during this period.

The 2016 Census noted that across South Georgian Bay, 88% of households currently live in either a single-detached home, semi-detached home, or townhouse. This has remained relatively consistent over the past three census periods. Also consistent has been the low proportion of rental households at just 18%.

## 5.2 Employee Housing

Blue Mountain Resort offers a small amount of employee housing in close proximity to Blue Mountain Village. At peak times there are a maximum of 172 beds available for Blue Mountain Resort employees.

Employee housing is offered as single or double occupancy, with shared kitchens and bathrooms. Housing is typically offered in private homes where business owners have purchased homes specifically to be used to house employees, or private home owners have agreed to rent one or multiple rooms to employees for guaranteed rent from the Resort.

Pricing for employee housing ranges from \$115 to \$150 per week (approximately \$460 to \$600 per month), representing the most affordable housing available to tourism workers in South Georgian Bay. Pricing includes furnishings, basic cable, and internet.

**Figure 5: Examples of employee housing**



*Source: bluemountain.ca*

## 5.3 Rental Market

Overall, there is a very limited supply of purpose-built rental supply in South Georgian Bay. CMHC reports that Meaford, Collingwood, and Wasaga Beach have a combined 753 purpose-built rental apartment units and 56 purpose-built rental townhouse units.

Given the limited supply of purpose-built rental units, vacancy rates were very low in 2017 at approximately 0.5% in Meaford and 1.1% in Collingwood (vacancy data unavailable for Wasaga Beach) leaving next to nothing available for workers moving to South Georgian Bay.

Average rents in 2017 according to CMHC were \$975 per month in Collingwood and \$808 per month in Meaford. While these rates may be attainable for a wide range of incomes, they are suppressed by rent control and include units that have been occupied for a long period of time. They are not considered to be representative of pricing for a unit that becomes vacant today or of what a new purpose-built rental apartment unit could achieve.

**Figure 6: Images of 610 Tenth Street rental building in Collingwood**



*Source: Skyline Living*

To gain a better understanding for current rental rates in South Georgian Bay, it is important to look to the private market where most renters are likely forced to turn given the dearth of purpose-built rental supply. These private rental units could be in a variety of forms, including in condominium apartments, basement apartments, or as entire homes. While the private market has been able to fill some of the gap between supply and demand for rental product, they do not offer the same security of tenure that a purpose-built rental unit provides.

Though rents vary depending on quality and location, based on a sample of listings on Kijiji and realtor.ca in April 2018, average rental rates in the private market appear to be in the range of the following:

- One-bedroom: \$1,190 per month;
- Two-bedroom: \$1,465 per month;
- Three-bedroom: \$1,850 per month;
- Four-bedroom: \$2,150 per month.



## 5.4 Actively Marketing Residential Projects (Ownership)

The following provides a brief overview of actively marketing residential projects in South Georgian Bay. The Town of the Blue Mountains, Collingwood, and Wasaga Beach tend to have the most amount of development occurring at any given time in South Georgian Bay and data on actively marketing projects is most readily available in these communities. This includes both low-density housing (single-detached and townhouses) and condominium apartment projects.

### 5.4.1 Low-Density Housing Options

As noted, the majority of new housing supply in South Georgian Bay is low-density, specifically single-detached homes and townhouses.

NBLC gathered data on 20 actively marketing projects in South Georgian Bay as of the end of February 2018. Our findings indicate that prices for available new single-detached product averaged approximately \$627,000. While pricing ranged from \$410,000 to \$2,000,000, the majority of available single-detached product is priced above \$600,000.

Available townhouses meanwhile were priced at approximately \$490,000 on average in February 2018, ranging in price from approximately \$330,000 to \$800,000.

**Figure 7: Example of single-detached product at Lora Bay in Blue Mountains (L) and townhouses at Stonebridge in Wasaga Beach (R)**



Source: BuzzBuzzHome

Despite the number of actively market projects, there remains a limited supply of homes available for purchase. Across the 20 projects, there were just 274 homes available for purchase at the time of survey.

Buyer groups at these projects have tended to consist of a mix of families living and working in the surrounding region, secondary home purchasers, and retirees. While some homes at more attainable prices below \$500,000 remain available, the majority of product, is now at price points elevated well above this level. At current prices, low-density homeownership is likely to be a challenge for a large number of tourism workers in South Georgian Bay.

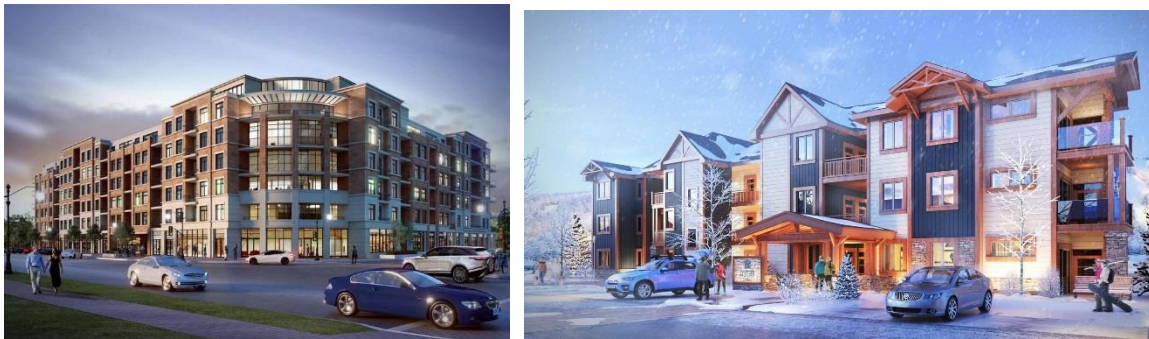
#### 5.4.2 Condominium Apartments

Condominium apartment units typically present the most affordable homeownership option in any housing market. However, the number of condominium apartment projects in South Georgian Bay is limited. Launches tend to be fairly infrequent, and are generally located in Collingwood or the Town of the Blue Mountains, where housing prices are typically highest.

At the time of survey, there were two actively marketing condominium apartment projects in South Georgian Bay – Monaco Condominiums in Collingwood and Mountain House in the Town of the Blue Mountains.

Monaco Condominiums is considered a luxury project, which is reflected in its high prices. The project had sold 50 of its 127 units at the end of March 2018 after launching in October 2017. Average pricing for available units was \$589 per square foot ('psf') in March 2018, well above other recent launches in South Georgian Bay, which have tended to range from \$250 to \$400 psf. From an end-price perspective, available units range from approximately \$350,000 to \$1,100,000. More than half of all available units were believed to be above \$500,000 at the time of survey.

**Figure 8: Monaco Condominiums (L) and Mountain House (R)**



Source: BuzzBuzzHome

The project has appealed largely to affluent move-down purchasers from the local area, though the modest sales pace (8 sales per month overall, 4 sales per month since December 2017) may indicate that the market is not entirely receptive to the elevated pricing associated with the project.

The second actively marketing project is Mountain House in the Town of the Blue Mountains. As of March 2018, the two-building project, with a total of 35 units, was averaging approximately \$385 psf. End-prices range between \$307,000 and \$415,000, representing a more attainable option than Monaco.

According to sales agents, Mountain House has appealed primarily to secondary / seasonal home buyers given its proximity to Blue Mountain Resort, in addition to downsizers and retirees.

Given the buyer groups that are targeted by these projects, unit sizes tend to be fairly large, with most units at Monaco exceeding 1,000 sf, and Mountain House averaging approximately 930 sf. In both cases, the majority of suites include multiple bedrooms.



In addition to Mountain House and Monaco, it is also worth mentioning a recent development in Collingwood known as Wyldewood Cove. This project, consisting of seven 3-storey buildings with a total of 177 units, was launched in 2014, sold out in 2016, and completed construction in 2017.

Wyldewood Cove represented what would be considered an attainable home ownership product. All units across the seven buildings were priced below \$300,000, ranging between \$180,000 and \$280,000<sup>10</sup>. Units were also generously sized, with the large majority above 900 sf.

**Figure 9: Exterior and Interior Images of Wyldewood Cove**



Source: [wyldewoodcondos.ca](http://wyldewoodcondos.ca) (L), Brandy Lane Homes (R)

## 5.5 Resale Market

The resale market typically includes less expensive options than in actively marketing developments. However, there is an increasingly limited supply of attainable options in the South Georgian Bay resale market as prices have climbed fairly rapidly in recent years.

As Figure 10 on the following page shows, pricing for both single-family homes (freehold single-detached, semi-detached, townhouses) and condominium homes (apartments and condominium townhouses) were relatively flat between 2010 and 2014. During this time single-family homes had annual average prices that fluctuated between \$316,000 and \$346,000, while condominium units ranged from \$227,000 to \$238,000.

Pricing for both single-family and condominium product began to move upward in 2015 and 2016, taking a large jump in 2017. Overall, pricing has increased 62% since 2010 for single-family homes and 57% for condominium homes.

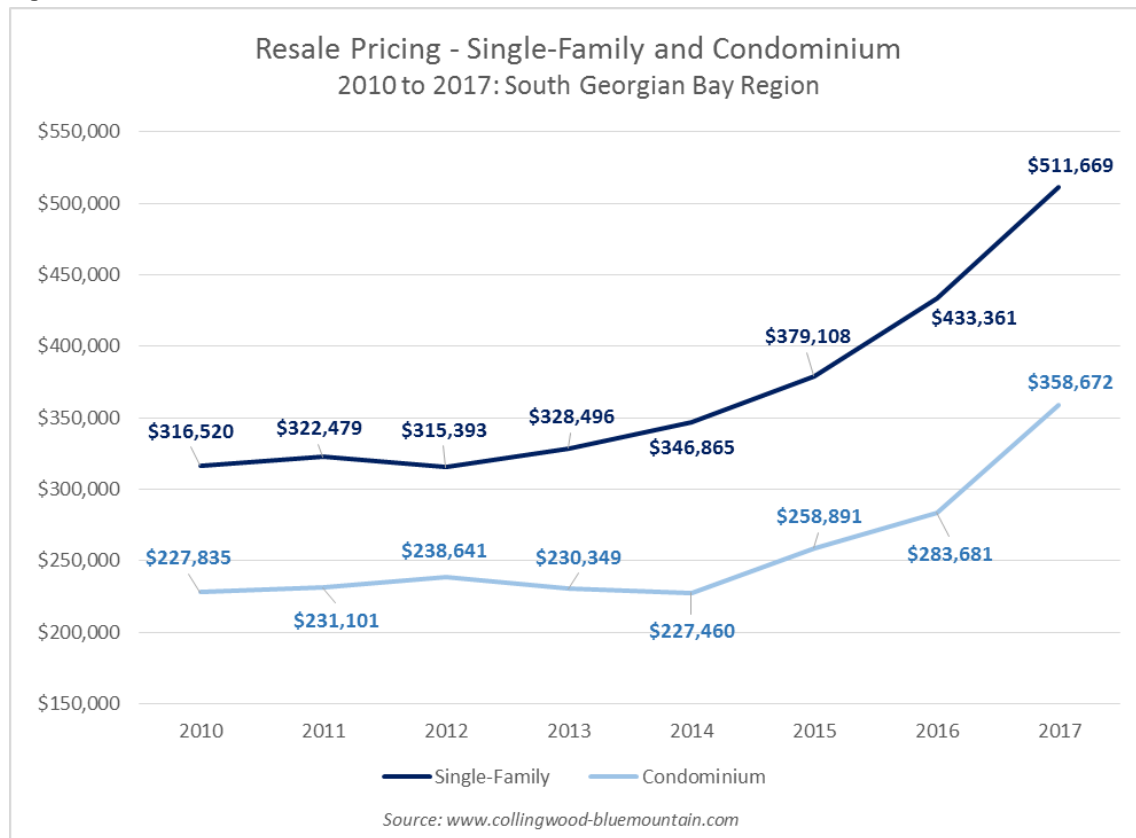
By comparison, average household incomes in South Georgian Bay increased just 16% between 2011 and 2016 according to the most recent Census data. While this is a shorter period of time than

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<sup>10</sup> All pricing information from RealNet Canada.

2010 to 2017, it is unlikely that the change in average household income between 2010 and 2017 would be significantly higher than 16%.

**Figure 10**

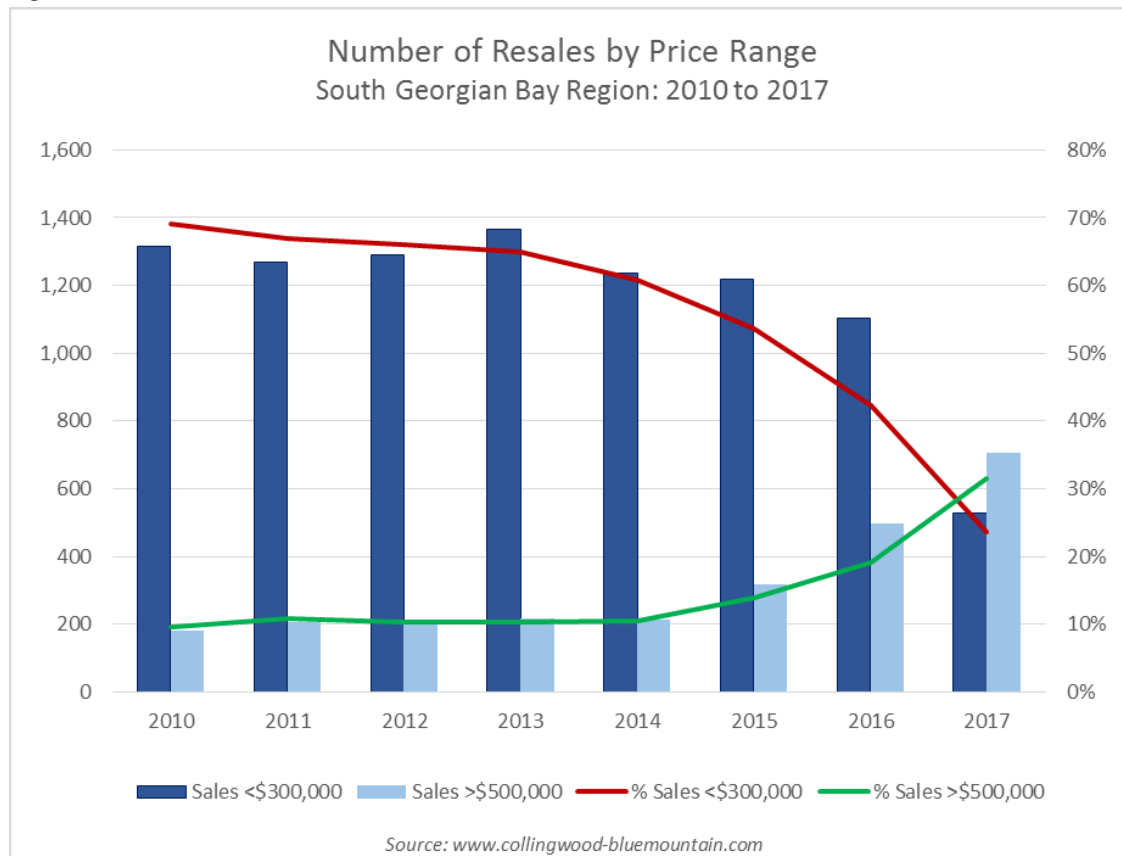


Though pricing varies between municipalities – Collingwood and the Town of the Blue Mountains tend to have the highest prices, with Wasaga Beach and Meaford typically having the lowest prices on average – the supply of attainable homes in all communities has been on the decline.

As Figure 11 on the following page shows, the number of resales in South Georgian Bay that are below \$300,000 have dropped significantly from 1,317 in 2010 (69% of all resales) to just 529 in 2017 (24%). Conversely, resales above \$500,000 have recently increased sharply from 181 in 2010 (9%) to 707 in 2017 (31%), surpassing the number of resales under \$300,000 for the first time.

Supporting this, a review of available listings in mid-April 2018, found just 31 listings in South Georgian Bay below \$300,000 (including mobile/modular homes), with more than 200 listings for homes above \$500,000. There has been a clear shift in pricing in a matter of just a few years in the resale market and this has had a significant impact on what is attainable for a number of households. This has an impact on not just the tourism workforce, but the workforce of other industries as well.

**Figure 11**



## 5.6 Future Supply

Taking a longer term view, NBLC gathered available development application information for proposed residential developments across South Georgian Bay municipalities.

Approximately 10,600 housing units are proposed across the five municipalities, with the most sizable shares located in Clearview (3,516 units, 33%) and Wasaga Beach (3,367 units, 32%) (Table 4). Despite being forecast for the most population growth in South Georgian Bay, just 12% of all proposed units are in Collingwood.

Amongst the proposed projects, there is a noticeable shift towards higher-density forms of housing in the South Georgian Bay region. For applications with an identified housing type, single-detached homes make up just 47% of proposed units, well below the 77% of households who currently live in a single-detached home according to the 2016 Census.

Apartments account for 20% of the proposed units with an identified housing type, including nearly one-third (32%, 410 units) of the proposed units in Collingwood. A sizable number of apartment units (24%, 849 units) are also proposed in Clearview Township.

**Table 4**

<b>Residential Development Applications by Housing Type</b>						
<b>South Georgian Bay Area as of April 30, 2018</b>						
<b>Municipality</b>	<b>Single-Detached</b>	<b>Semi-Detached</b>	<b>Townhouse</b>	<b>Apartment</b>	<b>Unknown Housing Type</b>	<b>Total</b>
Meaford	58	26	16	169	1,400	1,669
Town of Blue Mountains	304	228	237	-	-	769
Collingwood	411	16	464	410	-	1,301
Wasaga Beach	1,526	154	545	205	937	3,367
Clearview	1,572	263	832	849	-	3,516
<b>Total</b>	<b>3,871</b>	<b>687</b>	<b>2,094</b>	<b>1,633</b>	<b>2,337</b>	<b>10,622</b>
<i>Source: Municipal Planning Departments</i>						

While these development applications may point to an early shift in the market, it remains to be seen what market these units will be targeted to and at what price point. Considering the recent trends with active projects in the region, it is likely that these proposed projects will continue to be marketed towards older move-down buyers, retirees, investors, and seasonal home purchasers, at a price point that is still out of reach for many tourism workers.

Furthermore, none of the available information indicated that any of these proposed projects would be rental tenure. Overall, it is unlikely that this longer-term supply will provide a significant source of attainable housing for tourism workers without some sort of market intervention. Additionally, pushback from the local community in regards to increased density could put some projects at risk.

Despite this, it is worth noting the number of units proposed as a land lease model across South Georgian Bay. Currently, there is a proposal for 208 units in the Town of the Blue Mountains (under review), 66 units in Wasaga Beach (under review), and 1,000 units in Meaford (pre-application). All units are proposed by Parkbridge Homes which provides homes at more attainable prices using their land lease model (~30% below market price). While most of the proposed units throughout South Georgian Bay are unlikely to help solve the issue of attainable housing for lower income tourism workers, it is possible that these land lease proposals could be part of the solution for increasing the number of attainable ownership units in South Georgian Bay.

## **5.7 Are Current Market Options Attainable for Tourism Workers?**

The current market options in South Georgian Bay offer few attainable housing options for households with incomes under \$100,000. The current market does not appear to have the ability to address the attainable workforce housing issue. Table 5, on the following page, provides information related to the minimum required income for current market options, based on average prices from our survey.

Anyone earning less than \$45,000 per year is likely to have difficulty finding a suitable rental unit without being forced to share accommodations with others. While sharing may work for some, it

may be unsuitable for others, particularly for a family unit that includes children. In any case, the lack of rental choices for this market is clearly an impediment to attracting labour to the area.

Even if average rents were attainable, there is such a small supply of purpose-built rental units in the South Georgian Bay market that many workers seeking a rental unit are likely to have difficulty finding suitable housing.

**Table 5**

Minimum Required Income for Current Housing Options			
Housing Type	Rental Rate	End-Price	Min. Income Required
<b>Rental Market</b>			
Employee Housing	\$600	-	\$24,000
1-Bedroom Rental	\$1,190	-	\$47,600
2-Bedroom Rental	\$1,465	-	\$58,600
3-Bedroom Rental	\$1,850	-	\$74,000
<b>Ownership Market*</b>			
Condominium Apartment (New)	-	\$400,000	\$96,000
Single-Detached House (New)	-	\$627,000	\$146,000
Townhouse (New)	-	\$490,000	\$116,000
Single-Family Home (Resale)	-	\$511,669	\$121,000
Condominium (Resale)	-	\$358,672	\$87,000
<i>Note: Rental rates and end-prices are based on average prices from our market survey.            *Assumes 20% down payment, 5% fixed interest rate, 25-year mortgage, \$200 monthly utility costs, 1% annual property tax rate.</i>			

The same can be said for higher density ownership housing like condominium apartments, typically considered an entry-level ownership housing option. As Table 5 indicates, it is the only type of ownership housing that can be accessed by households earning less than \$100,000 per year, albeit still requiring at least \$87,000 per year on average. However, while some tourism workforce households may be able to afford a new or resale condominium apartment unit, there is a relatively limited supply of this housing type in South Georgian Bay.

Based on average prices, single-family homes are entirely out of reach for households earning under \$100,000 per year. This represents a significant change to housing attainability in recent years. Between 2010 and 2014, a household with an annual income in the range of \$75,000 to \$85,000 would have been able to afford an average resale single-family home. Today, the average resale single-family home in South Georgian Bay would require an annual household income of at least \$121,000, while the average new single-detached home would require \$146,000.

It is also important to consider that even if a new development is brought to market at an attainable price (e.g. Wyldewood Cove), there is nothing stopping investors or seasonal home purchasers from buying a unit. So, even at attainable prices, there is no guarantee that any homes will be provided for those who most need it, without some sort of market intervention.

## 6.0 Targets and Priorities

Our analysis of current market options in the South Georgian Bay region indicates that households with incomes below \$100,000 per year are likely to have significant issues finding attainable housing. The combination of rising home ownership prices and limited supply of rental housing restricts the potential options for households with modest incomes, which has been a significant contributing factor to the recent labour shortage in the tourism workforce.

Based on the attainability benchmarks that were set in Section 4.1, NBLC has determined that there are three target housing types that will be required in South Georgian Bay to address the tourism labour shortage and the wider need for attainable workforce housing. These include: entry-level, dorm-style housing; purpose-built rental housing, and attainable home ownership options. The severity and level of need of each of these three housing types varies, however, all three will be needed in the coming years to solve the labour shortage issues.

Table 6 highlights the income levels that are most in need of attainable housing solutions in the South Georgian Bay market. The market has not been able to meet the needs of these groups in recent years.

While dorm-style housing is the most pressing need given the seasonality and wages associated with many tourism-related jobs, the municipalities and counties in South Georgian Bay should accept any opportunity that arises to build any of these priority housing types. They are all needed currently, and the need is likely to grow in the future as housing prices continue to increase.

**Table 6**

Housing Attainability Levels by Income					
FT/PT*	Hourly Wage	Annual Household Income	Monthly Household Income	Maximum Ownership Price^	Maximum Monthly Rental Price
PT	\$14	\$14,560	\$1,213	\$29,000	\$364
PT	\$20	\$20,800	\$1,733	\$58,000	\$520
FT	\$14	\$29,120	\$2,427	\$96,000	\$728
FT	\$20	\$41,600	\$3,467	\$152,000	\$1,040
FT	-	\$50,000	\$4,167	\$191,000	\$1,250
FT	-	\$60,000	\$5,000	\$236,000	\$1,500
FT	-	\$75,000	\$6,250	\$304,000	\$1,875
FT	-	\$100,000	\$8,333	\$417,000	\$2,500
*Full-Time (40 hours per week) / Part-Time (20 hours per week)					
^Assumes 20% down payment, 5% fixed interest rate, 25-year mortgage, \$200 monthly utility costs, 1% annual property tax rate.					

## 6.1 Entry-Level, Dorm-Style Housing

Based on the existing options in the South Georgian Bay market, this is the highest priority for attainable housing. Given the extremely limited supply of this type of housing today (172 existing employee beds) and the expectation that it would represent the most attainable housing option in the region, we expect demand for this type of housing to be very high.

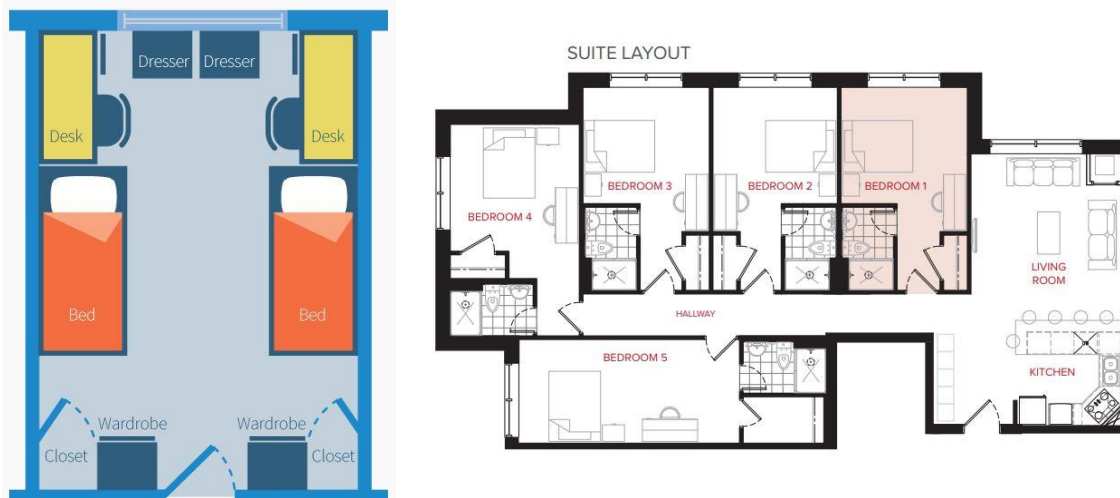
Employees in need of this type of housing are likely to have the lowest incomes (\$14 to \$20 per hour in Table 6), and are more likely to be seasonal or part-time employees. These employees are likely to be young, single, and primarily without children. This could also work for Georgian College students. This younger demographic is important to attract given that they will create roots in the community, form households with children, and help reverse the aging demographic trend across the region. The opportunity to attract younger people offers benefits such as diversifying the community, populating schools, and longer economic and community investment.

This style of housing could be similar to those which have been built on or near several University campuses, or as employee housing at other resorts. The built form is likely to be similar to an apartment building, allowing for higher densities to house an increased number of workers.

The units could be designed as dorm-style rooms (single or double occupancy) with shared bathrooms and kitchens outside of each unit (Figure 12, left), or large, self-contained apartment units with three to six bedrooms (Figure 12, right). Tenants would be charged on a per bed basis, similar to the existing employee housing.

Entry-level, dorm-style housing would aid in filling the housing gap for seasonal workers in particular given that traditional rental operators and landlords are less likely to be open to lease terms of fewer than 12 months.

**Figure 12: Example of a student residence-style dorm layout (L) and an apartment-style dorm layout (R)**



Source: University of British Columbia (L), Bridgeport House (R)



## **6.2 Purpose-Built Rental Housing**

There is currently a dearth of purpose-built rental housing in South Georgian Bay. In addition to several other groups, this type of housing is very important for young workers who have recently moved out of their parent's home for the first time, as well as an important landing spot for newcomers to a community before they seek to purchase a home.

New purpose-built rental apartment housing would primarily serve households with incomes in the \$40,000 to \$75,000 range. This could be a single person, a couple, family, or roommates. This new purpose-built rental housing could be in the form of apartments or townhouses.

New purpose-built rental apartment housing would provide an option for workers who have previously lived in dorm-style employee housing and have since been elevated from their entry-level position as they seek to establish themselves in the community.

Additionally, a stock of purpose-built rental apartment housing will be required in order to recruit workers from communities that are not within driving distance, even if those workers have higher household incomes and the means to purchase a home. Few people will have the ability to purchase and move into a home between the point that they accept and start a new job. The option to move into a rental unit, even if just for one year, provides the worker with an opportunity to get settled in their new job, get their bearings in a new community, and take additional time to find a home that properly suits their needs.

While the private market has helped fill some of the gap between supply and demand for rental housing, more is needed.

## **6.3 Attainable Home Ownership**

While not quite as pressing of a need as entry-level dorm-style and purpose-built rental housing, attainable home ownership options should be explored for South Georgian Bay. As previously noted, attainable housing is not just about affordability for the household, but also about having a diversity of housing options that allows households to move through the market as their needs and means change. This housing would be envisioned as an entry point into the home ownership market for households that may not be able to afford average market prices.

Home ownership prices have risen sharply in recent years. Further movement upwards, combined with an increasing number of seasonal home purchasers and retirees moving from other parts of Ontario will increase the difficulty at which tourism workers are able to access the home ownership market, putting more importance on the need for attainable home ownership options in the future.

New attainable home ownership options would be expected to provide additional choice to households with incomes under \$100,000. It could also include a range of housing types such as single or semi-detached homes, townhouses, stacked townhouses, and condominium apartments.



## 7.0 Options for Creating Attainable Housing

When considering options for creating attainable housing, it is useful to understand who may be the lead in any initiative. In this research, we assume that the lead could be the County of Simcoe or Grey, or any of the involved municipalities. It is also possible that a developer, Georgian College, or the Blue Mountain Village Association could take the initiative in an attainable housing strategy. The best result would be to trigger several initiatives – potentially from both the public and private sectors – that could help deliver a range in the type and volume of housing necessary to address workforce housing in a substantial way.

### 7.1 Criteria

When considering options for attainable housing programs, we evaluated them against a set of criteria that included:

- **Complexity:** Options that are simpler and easier to implement are favoured. What is the relative complexity associated with start-up and operation of the project? Is there an existing legislative framework? Are there existing local models to draw from?
- **Cost:** Options that do not require significant funding to initiate are favoured. What costs would be incurred by the municipality? Are there funding programs available to support this investment? Does the model create a revenue source? Public funding is very challenging to identify.
- **Start-Up Resources:** Municipalities, developers and agencies all have committed working agendas. Approaches that minimize the impact and need for additional staff time are favoured. Attainable housing initiatives could unduly stress existing resources. What level of effort, politically and corporately, is required to get the initiative off the ground?
- **Management Resources:** Related to the complexity of the approach, a simpler management requirement is likely less costly and would require less staff time. What resources are required to properly manage the day-to-day operations of the initiative?
- **Ability to Target Priority Groups:** How flexible is the approach to address the need, criteria, and target workforce groups that may differ in each community. Could, for example, the approach be applied to student housing in support of Georgian College?
- **Unit Delivery:** What potential does the approach offer in terms of delivery of the number of housing units relative to the effort behind the program?

## **7.2 Potential Attainable Housing Programs**

The following provides an overview of a number of potential solutions to creating attainable housing in South Georgian Bay that, to various extents meet some or all of the above criteria. We categorize them under the following headings:

- Municipal or County Housing Authority;
- Community Land Trusts;
- Public Private Partnerships / Municipal Incentive Programs;
- Market-Based Solutions; and,
- Land Use Policy.

It will be up to the various stakeholders in South Georgian Bay to determine which approaches they see as the best fit. Several of these programs could be combined. The following provides brief descriptions of each approach and a summary evaluation with respect to its suitability in South Georgian Bay. More detailed case studies related to these approaches are contained in Appendix A.

## **7.3 Housing Authority**

A separate corporation could be created by a municipality, county, or a public sector conglomerate with the mandate to create and manage a supply of attainable housing. The counties, who have responsibility of housing issues may have the existing jurisdiction to develop a program of this nature. A housing authority has been successfully executed in many resort communities such as Whistler, Banff, Aspen, and others.

The creation of a housing authority would require both land and equity funding. Land could be provided by leveraging existing land holdings, while funding will be required from other sources. In other resort communities this fund has come from a levy typically raised against resort accommodations. In South Georgian Bay, this levy, and its impact, would require separate analysis.

Subject to the above, the housing authority would retain a local builder to construct new attainable housing, and would either manage the new housing themselves, or hire a private property manager as a partner. The new attainable housing could be in any form the housing authority chooses in terms of built form, tenure, unit types, etc. The rents or sale price of the units would then be used to fund the debt repayment for the project.

Depending on the prices associated with a project, there could be a cash surplus that could be utilized to fund future buildings. It could also be possible to build a combination of market-rate and

attainable housing units, whereby the profits from the market-rate units would help to fund the attainable, workforce units.

The amount of staff and resources required by a housing authority varies depending on the types of partnerships the authority enters into. If they are able to partner with private sector stakeholders that are able to handle all or most of the planning, construction, and management of the new housing, the need for a large staff may be diminished. However, given the number of municipalities associated with the South Georgian Bay area, in addition to Grey County and Simcoe County, the creation of a housing authority will be challenging and would require more collaboration than many examples elsewhere. It would require strong commitment from the local governments and funding will need to be consistent and sustainable.

### 7.3.1 Evaluation

Criteria	Housing Corporation
Complexity	
Cost	
Start Up Resources	
Management Resources	
Ability to Target Priority Groups	
Unit Delivery Potential	

The Housing Authority offers the greatest potential to produce a steady stream of housing. However, it also requires significant start up resources in terms of working equity, financing, and land. It also requires significant human resources and political commitment. The need for funding is likely the largest challenge and would need to be identified prior to any serious consideration of this option.

## 7.4 Community Land Trust / Co-op

A community land trust ('CLT') is a non-profit organization that assembles and manages land upon which affordable / attainable homes can be built and maintained. A CLT acquires land with the intention of retaining the title in perpetuity, removing it from the speculative market. Some CLTs develop housing, operating co-ops, condominiums, shelters, or single-room occupancy units on their land. The homes are rented or sold but the underlying land is retained by the trust, protecting affordability / attainability for current and future residents. CLTs focus on meeting the needs of households that are generally least served by the local housing market, and that are often priced out of the market. Their primary goal is security of tenure for their residents, as opposed to equity growth.

CLTs mainly acquire property through donations and grants of land from various sources including religious groups, charitable foundations, private individuals, and local governments. The money or land donations are typically provided on the express consent that it be used for lower-income housing. Removing the cost of land allows the CLT to reduce construction costs of new housing, aiding in making it more affordable for residents.

A CLT is controlled by its membership – the residents of the community. Members own the co-op, and the co-op owns the housing. Members work together to create a viable business and a co-operative community. CLTs are generally run by a small staff, and many rely heavily, or entirely, on volunteers. CLT staff is responsible for fundraising, management and operations, and the development and acquisition of their lands. Starting a CLT requires fewer resources than many other strategies.

#### 7.4.1 Evaluation

Criteria	Community Land Trust
Complexity	Red
Cost	Yellow
Start Up Resources	Yellow
Management Resources	Green
Ability to Target Priority Groups	Red
Unit Delivery Potential	Red

CLT's rely on local champions, typically volunteers. The start-up process is usually slow while funding is assembled and the project defined. They do not typically lend themselves to producing high volumes of new housing, which could be an issue for an area like South Georgian Bay where several hundred housing units for the tourism workforce are needed. Even when a CLT emerges, its alignment with the specific needs of the municipality cannot be

guaranteed. These models should however be encouraged and can play a role in the overall strategy, but the delivery mechanism and timing make the near-term potential dubious.

## 7.5 Public-Private Partnerships

There are a variety of public-private partnership ('PPP') models that could be utilized to create new attainable tourism workforce housing in South Georgian Bay. In many cases, these PPP's involve a municipality providing:

- Land (lease or fee simple) at a reduced rate to a new development; and,
- Financial incentives and/or expeditious planning approvals.

In return, the private sector brings:

- Equity, financing, and construction and operation management services/expertise; and,
- Commitment to long-term affordability and other municipal objectives.

These partnerships can take a variety of forms. However, within the context of the South Georgian Bay region, a public private partnership that offers land or financial incentives would offer advantages in terms of simplicity and cost effectiveness while at the same time the greatest potential opportunity for near-term results.

Financial incentives are typically offered through the framework of Community Improvement Plans (“CIP”) adopted under Section 28 of the Planning Act. This CIP is a necessary requirement of the Municipal Act to provide a structure by which municipal resources can be used to incentivize a private interest. The CIP typically identifies a range of possible incentives that can be applied to a project that achieves public objectives in a specified area. Section 8.0 provides a closer assessment of the following incentive programs.

- Development Charge Waivers;
- Development Charge Deferrals;
- Planning and Development Fee Waivers;
- Parkland Dedication Waivers;
- Deferral of Property Taxes to Occupancy;
- Municipal Loans; and,
- Bundling Incentives as Second Mortgage to Buyers.

Builders such as Options for Homes and Trillium Housing are not-for-profit organizations that have a mandate to deliver affordable ownership solutions. These organizations compete at the fringes of the development market, building on lower cost sites and getting support from municipalities, typically in the form of development charge deferrals. They partner with communities to create affordable ownership units by leveraging these financial incentives along with reduced marketing costs and providing second mortgage programs to provide down payment assistance.

A public private partnership program could be as simple as asking developers to compete on the most affordable rental development they could construct, if the municipality offered public land at a reduced land cost and/or any combinations of the above incentives.

#### 7.5.1 Evaluation

Criteria	Public/Private Partnerships	
	With Public Land	Private Land
Complexity		
Cost		
Start Up Resources		
Management Resources		
Ability to Target Priority Groups		
Unit Delivery Potential		

This approach is widely used for a variety of public objectives and there is significant experience in execution that can be drawn from. Determining the suite of incentives that the municipality is willing to consider is one of the more complex steps typically developed within the context of a Community Improvement Plan.

However, the approach can be designed to reduce, or potentially eliminate, any long-term management responsibilities.

## 7.6 Market Based Solutions

The profile of our target workforce group is typically single and at the lower end of the pay schedule. Near Blue Mountain Village, depending on availability, some of these workers are typically young and accommodated in shared housing costing about \$600 per month. They are highly transient – in part due to existing housing options – but also due to the seasonality of some jobs. The profile is similar to post-secondary students and suggests that an opportunity exists to see how the private student housing model, that has been successful near many Canadian colleges and universities, can be employed for workforce housing. Appendix A illustrates an example of a private student housing development that has the potential to offer quality accommodation for entry level workers.

It is possible that this model could be employed in South Georgian Bay with little or no financial involvement from a municipality or county.

However, for a developer, this is an unproven location and concept, and engaging the industry may take some marketing and outreach. It could also be attractive if local employers, perhaps co-ordinated through the Blue Mountain Village Association, could help underwrite the development by providing a commitment to pre-lease all or a percentage of the building.

This underwriting would be very attractive for a developer, helping them assess their development risk and attract necessary financing. It would also ensure that a new development is housing the tourism workforce specifically rather than other members of the community, and would have the benefit of freeing time and capital for employers who have had to focus on housing their employees. Currently, several employers have purchased homes for their employees to rent, or spend time searching for places that will rent to their employees. Underwriting a project would potentially cost employers nothing if demand is as strong as believed and could increase business productivity by allowing the employer to focus on other aspects of their business.

### 7.6.1 Evaluation

Criteria	Market-Based
Complexity	
Cost	
Start Up Resources	
Management Resources	
Ability to Target Priority Groups	
Unit Delivery Potential	

This market based approach meets all the criteria with the exception of being able to target groups as the developer could have its own preference in this regard. It would however offer the lowest cost and perhaps the simplest approach of the strategies.

It is possible that underwriting a new development would solve the issue of target groups.

## 7.7 Land Use Policy

This approach involves developing land use policies that encourage the development of new attainable housing. Policies can only guide development toward community objectives. It therefore ranks low as a reliable approach to the creation of new homes.

Policies could include:

- Encouraging surplus municipal land be directed to affordable housing initiatives as a first priority;
- Encouraging the development of secondary suites in homes; and,
- Strategic use of Section 37 benefits – directed to affordable housing as a first priority.

All these policies should be considered as part of a fulsome long-term strategy understanding that housing delivery from these mechanisms is uncertain.

The exception to this might be the recently approved regulations allowing municipalities to execute inclusionary zoning policies. Inclusionary zoning is a land-use planning tool that municipalities can use in order to require that affordable housing units be included by private developers in new residential developments with 10 or more units. The Province of Ontario implemented new inclusionary zoning regulations (Ontario Reg. 232/18) in April 2018.

The new regulations appear to provide a significant amount of flexibility to municipalities when deciding how to make use of the new tool. Municipalities can base the requirement on location, size of development, etc. and will have the ability to set rules in regards to tenure of the affordable housing, number of units required, types of units, location of units (on-site vs. off-site), range of household incomes for affordable units, and others.

Inclusionary zoning tends to work best in larger population centres, but the rapid population growth, high demand for housing, and increasing home prices in South Georgian Bay may present an opportunity for it to be utilized in certain cases.

However, prior to implementation, careful consideration will need to be given to how inclusionary zoning will impact the feasibility of residential developments in South Georgian Bay. If it has the potential to render new residential development unfeasible, it may impact housing supply and exacerbate the existing issues.

In order to make use of the new inclusionary zoning regulations, municipalities must undertake an assessment report that will help inform the decisions related to inclusionary zoning policies, create new Official Plan policies that set out the parameters and requirements of the inclusionary zoning, and make amendments to their zoning by-law.

### 7.7.1 Evaluation

Criteria	Policy
Complexity	
Cost	
Start Up Resources	
Management Resources	
Ability to Target Priority Groups	
Unit Delivery Potential	

As noted, policies can only guide development toward community objectives. They do not act as strongly as a catalyst for new development as some of the other approaches noted above.

However, each municipality and county in South Georgian Bay should consider implementing policies that will encourage solutions to the attainable housing issue and make attainable housing development easier.



## **8.0 Potential Financial Incentive Tools**

In addition to the provision of surplus land at reduced or no cost, the following are some financial incentives that could be considered in South Georgian Bay to encourage developers to build attainable housing as part of a public-private partnership:

- Rental Guarantees;
- Development Charge Waivers;
- Development Charge Deferrals;
- Planning and Development Fee Waivers;
- Parkland Dedication Waivers;
- Deferral of Property Taxes to Occupancy;
- Municipal Loans; and,
- Bundling Incentives as Second Mortgage to Buyers.

### **8.1 Rental Guarantees**

A key issue in attracting investment in employee housing to South Georgian Bay is developing an understanding and confidence of the market with developers and their lenders. Without any project experience in the region, this could be a difficult challenge getting any project off the ground. However, employers are already investing in housing in some way as their business depends on it. At present, many employers do what they can to provide housing in their own way. This includes pre-leasing or buying homes for employees to rent. This draws employers into other issues, not part of their core business, such as tenant and property management issues. If these individual efforts of employers could be organized and focused in the form of a rental guarantee that could be offered as an incentive to developers, the aforementioned market risks would be eliminated. Equally as important employers would have a source of good quality housing and be relieved of managing housing issues.

### **8.2 Development Charge Waivers**

The waiver of development charges can have a significant positive impact on a developer's financial pro forma. Development charge waivers are commonly used throughout Southern Ontario as the primary program towards incenting private sector investment towards a range of community objectives.

Depending on the location of the development, the impact of a development charge waiver can make the difference between a viable and non-viable project. A program of this nature is comparatively simple to administer.

The major issue with a development charge waiver is its cost to the municipality. While the magnitude of savings to the developer through this tool has made it popular, the cost to the municipality make it difficult to sustain as these waivers must be financed through the tax base.

Table 7 illustrates development charge rates (and potential subsidy) in South Georgian Bay for an 80-unit apartment building. Outside of offering land, development charge incentives are the most lucrative, and as such should be used strategically.

**Table 7**

Development Charges by Municipality - Apartment Units						
2018 Rates						
Municipality	Municipal Development Charge		County Development Charge	Education Development Charge*	Total Development Charge	DC Cost for 80-Unit Apartment Building^^
Meaford						
Service Area 1	\$8,127		\$4,000	-	\$12,127	\$970,160
Service Area 2	\$9,808		\$4,000	-	\$13,808	\$1,104,640
Service Area 3	\$9,811		\$4,000	-	\$13,811	\$1,104,880
Town of the Blue Mountains^	Res "D"	Res "C"			Res "D"    Res "C"	
Craigleith	\$16,353	\$12,270	\$4,000	-	\$16,270   -   \$20,353	\$1,464,920
Camperdown	\$24,341	\$20,438	\$4,000	-	\$24,438   -   \$28,341	\$2,111,160
Castle Glen	\$21,601	\$16,203	\$4,000	-	\$20,203   -   \$25,601	\$1,832,160
Swiss Meadows	\$12,036	\$9,030	\$4,000	-	\$13,030   -   \$16,036	\$1,162,640
Lora Bay Service Area 1	\$27,532	\$20,652	\$4,000	-	\$24,652   -   \$31,532	\$2,247,360
Lora Bay Service Area 2	\$22,232	\$16,677	\$4,000	-	\$20,677   -   \$26,232	\$1,876,360
Lora Bay Service Area 3	\$23,467	\$17,603	\$4,000	-	\$21,603   -   \$27,467	\$1,962,800
Clarksburg	\$45,187	\$33,894	\$4,000	-	\$37,894   -   \$49,187	\$3,483,240
Osler	\$54,071	\$40,556	\$4,000	-	\$44,556   -   \$58,071	\$4,105,080
Thornbury - East	\$18,501	\$13,880	\$4,000	-	\$17,880   -   \$22,501	\$1,615,240
Thornbury - West	\$28,553	\$21,417	\$4,000	-	\$25,417   -   \$32,553	\$2,318,800
Collingwood	Studio / 1B    2B or Larger				Studio / 1B    2B or Larger	
Urban Area	\$9,732	-    \$17,127	\$5,070	\$5,064	\$19,866   -   \$27,261	\$1,885,080
Rural Area	\$5,445	-    \$9,584	\$5,070	\$5,064	\$15,579   -   \$19,718	\$1,411,880
Clearview	Studio / 1B    2B or Larger				Studio / 1B    2B or Larger	
Stayner	\$10,146	-    \$13,912	\$5,070	\$5,064	\$20,280   -   \$24,046	\$1,773,072
Stayner, Pre-paid	\$8,972	-    \$12,263	\$5,070	\$5,064	\$19,106   -   \$22,397	\$1,660,121
Creemore	\$7,693	-    \$10,469	\$5,070	\$5,064	\$17,827   -   \$20,603	\$1,537,196
New Lowell	\$7,036	-    \$9,576	\$5,070	\$5,064	\$17,170   -   \$19,710	\$1,475,207
Other	\$2,748	-    \$3,741	\$5,070	\$5,064	\$12,882   -   \$13,875	\$1,070,276
Wasaga Beach						
Wasaga Beach	\$13,870		\$5,070	\$5,064	\$24,004	\$1,920,320
Note: All development charges are per unit.						
*Simcoe County Education Development Charge is the proposed 2018 rate. Has not yet been approved.						
^Res "C" = Units between 807 sf and 1,614 sf; Res "D" = Units smaller than 807 sf.						
^^Assumes 50% Studio/1B (<807 sf) and 50% 2B or larger (>807 sf).						
Source: Local Planning Departments, Grey County, Simcoe County District School Board, and Simcoe Muskoka Catholic District School Board						

### **8.3 Development Charge Deferrals**

A development charge deferral would allow developers to delay the payment of development charges until the time of registration in a condominium apartment development, lease-up in a rental-tenure project, or some other pre-determined period. This financial incentive tool could support private sector investment by reducing upfront development costs and easing lending requirements. Costs in the early stages of a condominium apartment development are significant. These costs are typically funded through developer equity and are at risk until the developer meets the presale targets for construction financing.

For rental housing providers, a major risk is the lease-up period to stable occupancy, typically around 97%. Until a development nears this occupancy level, revenues may not be balanced with costs, putting stress on the viability of the development. If the costs of development charges could be deferred until the project meets a pre-determined occupancy, these funds could be redirected in the development to reduce project risk and improve viability.

The costs of the deferral are relatively modest compared to waivers and as such, more sustainable. This incentive program could be relatively straight forward for a municipality to administer, primarily requiring mortgage administration and revising the time at which development charges are due to be paid to a point later in the development process.

### **8.4 Planning and Development Fee Waivers**

The waiver of fees relating to applications for plans of subdivision and condominium, rezoning applications, site plan approval, and building permits can have a measurable positive impact on a developer's financial pro forma. This is also a relatively simple program to implement. However, the financial implications of foregoing this revenue, from a departmental perspective, should be understood in greater detail.

### **8.5 Parkland Dedication Waiver**

In order to provide a measure of financial relief to developers, an exemption from parkland dedication (and cash in lieu) for development can be given, provided other development standards are met.

Like all other incentives, the application of this tool should be monitored over time to ensure that as the market for higher density development improves, these fees are reinstated to ensure that adequate access to park space is maintained.

## **8.6 Property Tax Deferral to Occupancy**

To limit a developer's exposure to upfront development costs, another potential incentive tool would involve the waiver or deferral of property taxes until the development is occupied or registered and its residents assume the payment of property taxes. The real value of this incentive would vary depending on the assessed value of the property at the outset of development. However, our review of this tool as part of previous analyses showed that it has limited effectiveness in isolation unless the developer is undertaking a large, multi-phase development. Notwithstanding these findings, the incentive may be effective when combined with other municipal tools, especially in instances where the existing land use is a productive, income-generating use.

The administration of a short term property tax waiver may be complicated from a legal point of view without the provision of a municipal capital facility agreement, brownfield remediation, heritage retention, or other eligible exemption or reduction outlined under the Provincial Land Tax Act. It would be important to further understand these administrative complications.

## **8.7 Municipal Investment Loan**

The City of Hamilton's Downtown multi-residential investment loan is a model that could be considered in order to support the development of higher density residential uses in targeted geographic locations in South Georgian Bay. In Hamilton, the developers can apply for a low interest loan of up to \$5 million once the project has received a building permit. This can significantly reduce interest costs and expedite development. The City debt is secured against the development. The program has been very successful for the City, with virtually no defaults.

In Hamilton, repayment of loans occurs upon the sale of individual condominium units, the City is repaid upon securing 25% of the sale price of the unit until the total loan amount has been paid in full. For units that remain outstanding, repayment terms for those units are addressed in a Loan Agreement between the developer and municipality.<sup>11</sup>

Access to funds will clearly be an issue in smaller municipalities but the loan amounts can also be smaller and still have a significant impact.

## **8.8 Second Mortgage Program**

The Town of the Blue Mountains Attainable Housing Corporation offers a 5% second mortgage program to individuals to assist in purchasing homes under \$400,000. Grey County provides a similar program for homes under \$327,640. However, uptake has been limited given the lack of

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<sup>11</sup> City of Hamilton, Planning and Economic Development Department.

housing supply below these price points. Additionally, down payment assistance of 5% may not be enough to help many buyers at current market pricing.

An alternative to providing standard waivers or deferrals of charges and fees could be to bundle these incentives and apply them as a second mortgage available to purchasers, essentially adding to the existing second mortgage program.

The developer would get the benefit of a waiver, helping to make the housing units more affordable, and the purchaser would enter into an agreement whereby the fees and charges would be paid out to the municipality in the future from the equity appreciation of the home. This essentially acts as a longer term deferral from the municipality's perspective. The purchaser is required to pay out a higher proportion of their equity appreciation in the future, but would receive a more significant benefit up front in terms of a lower purchase price.

One of the key market issues for most people entering into the housing market is accumulating the required down payment. A program of this nature would provide assistance in accessing ownership housing by easing the down payment requirements and effectively expanding the pool of qualified purchasers.

The program would eliminate concerns related to directly subsidizing developers and questions of how much of the subsidy goes towards a developer's bottom line.

The following are the basic elements of this potential program:

- Developers would apply to enter their project into the program in order to have the incentives applied directly to potential purchasers at their project;
- The municipality would provide a deferral of development charges and/or planning fees. This incentive package would pass through the developer and would be provided as an interest and payment-free second mortgage to purchasers, which would be registered on title;
- Homeowners would assume responsibility to repay the full amount of the financial incentives in the form of a second mortgage. Second mortgages would be repaid to the municipality when the term of the initial mortgage ends, when the unit is resold, or when it is refinanced.
- In addition, the municipality could share in the equity gain based on the value of the second mortgage as a percentage of the equity gain. An interest charge could also be considered.

Given the lack of supply at the qualifying prices, consideration could be given to pairing the existing and proposed second mortgage programs with a project that specifically offers part or all of their units at qualifying prices. This is likely to be in the form of a condominium apartment building given current pricing in the low-density housing market.

Partnering with specific projects/developers would give the second mortgage program better exposure, improve uptake, and would help the developer from a marketing and sales perspective, in addition to the benefits of not having to pay associated development charges and fees for those units. Pairing this type of program with specific developments has been done elsewhere, including several projects by the Daniels Corporation, where they offer a second mortgage equivalent to 10% or more of the home value through their BOOST program.

Some initial issues that will have to be addressed relating to this potential incentive tool include:

- The municipality would have to determine the best vehicle to hold the second mortgages. This could be a third party, or the municipality itself, but carries its own administrative costs and liabilities that would need to be assessed in greater detail.
- The municipality may have to fund some component of the deferred development charge revenue for expenditures until the second mortgages are retired. This may put limits on the extent of the program depending on the capacity of the municipality. There may also be interest or administrative costs that would need to be identified.
- The tool would require the municipality to take on some market risk in a development. While there are methods available to mitigate market risk, this cannot be completely avoided; and,
- The deferral of development charges and fees requires a long-term outlook. This has financial implications for the municipality which would need to be understood in greater detail.

## **8.9 Financial Testing**

In order to demonstrate the impact of development incentives on housing prices, NBLC undertook a financial analysis of a variety of residential development scenarios including a condominium apartment building, a purpose-built rental apartment building, a dorm-style apartment building, and a student residence style dormitory building.

The purpose of our financial analysis was to determine the impact that certain development incentive approaches could have on pricing and attainability. In each case, we modeled the development in four ways:

- Developer profit, no development incentives (market price);
- Developer profit, development charge waivers;
- Developer profit, development charge waivers, no-cost land; and,
- No profit, development charge waivers, no-cost land (housing authority as developer).

For simplicity, we opted to use Craighleith, in the Town of the Blue Mountains, as an example for our financial testing. Given that development charges, land costs, property taxes, building permit

fees, and other costs may vary in other parts of South Georgian Bay, pricing may be different in other parts of the region. This analysis is meant to be illustrative of how significant of an impact no-cost land and development charge waivers can have on development costs and home prices.

Regardless of the built form and tenure, we utilized the same size building, on a hypothetical 1.5 acre piece of land. Some of the assumptions in our financial analysis included:

- \$2,000,000 land value;
- 60,000 sf of saleable/leasable gross floor area ('GFA') (66,667 sf of total GFA);
- Hard construction costs are assumed to be \$160 psf;
- Parking is assumed to be provided entirely at grade at a cost of \$10 psf. Including visitor parking, ratios are assumed to be 1.2 spaces per unit, with the exception of the student residence style dormitories (2.7 spaces per unit);
- Costs and revenues have been inflated by 1.6% per year;
- Operating costs are assumed to be 40% of gross income for all rental tenure scenarios;
- Construction is assumed to take 24 months for all scenarios;
- Condominium apartment purchasers are assumed to have a 20% down payment.

#### *8.9.1 Results of Financial Testing*

Our financial analysis indicates that the combination of development charge waivers and no-cost land have a significant impact on pricing, in the range of 18% to 26% for the four housing types (see Table 8 on page 43 for a summary of results).

For a condominium apartment building, the provision of no-cost land and development charge waivers would make the average unit attainable for households with incomes of approximately \$62,000 per year. If the building is constructed by a non-profit entity such as a housing authority, average pricing could be pushed even lower, as much as \$95,000 below market value. At \$208,500, the average unit in this case would be attainable for a household with an annual income of \$54,000.

In the case of a purpose-built rental apartment building, the savings do not necessarily push pricing below current market rates. While no-cost land and development charge waivers do lower the average monthly rent in the building by 20%, the average price remains in the range of current private market options at \$1,380 per month. However, this pricing would still serve our second target group from Table 6, with incomes in the range of \$50,000 to \$60,000. It would also be beneficial to the community by diversifying the local housing stock given the limited supply of purpose-built rental units in South Georgian Bay.



Where attainability is really achieved, particularly for our primary target group, is through the construction of dorm-style buildings, either as apartment units or student residence-style units.

In the case of an apartment-style dorm with four-bedroom units, pricing at market rates is in the range of \$700 per bed per month. This is believed to be attainable for anyone working full-time, even at minimum wage. Providing development incentives pushes prices down to approximately \$570 per bed per month (development charge waiver and no-cost land), and below \$400 per bed per month if no profit is taken. These prices begin to make a significant difference even for part-time employees.

Pricing is even more attainable in a student residence style dormitory with single or double occupancy rooms and shared kitchens and bathrooms on each floor. This type of housing, even without development incentives, would be attainable for almost all employees. Providing incentives only makes the housing more accessible, particularly for any part-time or seasonal workers. This financial testing shows how effective this type of housing could be and why it will be important to engage private developers that have experience delivering this style of housing. This model could also provide housing for Georgian College students.

Table 8

Minimum Monthly Prices - Wood-Frame Building - Hypothetical Development Craigleith, Town of the Blue Mountains								
	Condominium Apartment		Purpose-Built Rental Apartment		Apartment Style Dorm		Student Residence Type Dorm	
No. of Units	80		80		48		176	
No. of Bedrooms / Beds *	136		136		192		282	
Average Unit Size	750		750		1,250		340	
Developer Return (Condominium @ 12% Profit)	Avg. \$PSF	Avg. Price						
12% Profit / Market Value	\$406	\$304,500	-	-	-	-	-	-
12% Profit / DCs Waived	\$371	\$278,250	-	-	-	-	-	-
12% Profit / DCs Waived / No-Cost Land	\$323	\$242,250	-	-	-	-	-	-
No Profit / DCs Waived / No-Cost Land (Housing Authority)	\$278	\$208,500	-	-	-	-	-	-
Developer Return (Rental Tenure @ 7% IRR)			Avg. \$PSF	Avg. Rent	Avg. \$PSF	Avg. Rent Per Bed	Avg. \$PSF	Avg. Rent Per Bed
7% IRR / Market Value	-	-	\$2.31	\$1,733	\$2.21	\$691	\$2.50	\$530
7% IRR / DCs Waived	-	-	\$2.11	\$1,583	\$2.08	\$650	\$2.11	\$447
7% IRR / DCs Waived / No-Cost Land	-	-	\$1.84	\$1,380	\$1.82	\$569	\$1.85	\$392
No Return / DCs Waived / No-Cost Land (Housing Authority)	-	-	\$1.28	\$960	\$1.26	\$394	\$1.27	\$269
*No. of bedrooms for condominium apartment and purpose-built rental apartment scenarios. No. of beds for dorm scenarios.								

## 9.0 Recommended Approach

Table 9 summarizes the options considered in Section 7.0 with a view to focusing on the most useful approaches to developing an attainable housing strategy. The table summarizes the analysis above and illustrates that the Public Private Partnership and Market-Based Solutions likely offer the best opportunity to deliver workforce housing in South Georgian Bay.

**Table 9**

Evaluation of Attainable Housing Approaches						
Criteria	Housing Corporation	Community Land Trust	Public/Private Partnerships		Market-Based	Policy
			Public Land	Private Land		
Complexity						
Cost						
Start Up Resources						
Management Resources						
Ability to Target Priority Groups						
Unit Delivery Potential						

		Challenging - requires strong community and political support - source of start up funds and resources not identified
		Difficult- but precedence and expertise available - risks viewed as relatively low - sources of funding not identified but less demanding - has potential to meet most objectives
		Comparatively easy - still requires municipal resources and incurs costs but relatively modest in comparison to other options - potential to meet all objectives

We believe that the best approach to addressing workforce housing, in a way that delivers homes as quickly as possible, is to engage with multiple strategies, potentially with a range of partners. The strategies need to be developed based on the approaches contained in this report and modified to meet the specific capacities of the lead groups and the target workforce group(s).

### 9.1 Employers Partners – Underwrite the Rental Demand

Many of the employers in the region are already engaged in providing employee housing by “head-leasing” private rentals, buying housing, or even accommodating employees in their own homes. These ad-hoc efforts detract from the core business and are inefficient. We recommend that employers co-ordinate their housing efforts through the BMVA, in partnership with employer groups in South Georgian Bay and economic development leads in each municipality, to join together to package a “rental guarantee” that can be offered to a developer as an incentive to invest in employee housing. The BMVA is in a unique position to take leadership in a co-ordinating role of this nature. This leadership is viewed as crucial in terms of creating confidence with both municipal and private sector partners moving forward.

The nature of the rental guarantee is important to explore and understand. Key issues that will need to be discussed in principle include:

- Who are the employer partners?
- How many rental units can be guaranteed?
- How are units accessed? What rents can be charged?

The first step would be to meet with employers to determine the level of interest and seek agreement on a non-binding letter of intent outlining the likely scope of the guarantee. This would provide the BMVA the basis to move forward to meet with municipalities and development partners to test and explore market interest and solicit their participation.

## **9.2 Municipal Partners**

Each of the South Georgian Bay municipalities should assess what it can or wishes to do, in partnership with the employers, to intervene in the market to increase the appeal of building employee housing by offering development incentives. Our study identifies a range of possible incentives. However, each municipality needs to first assess:

- The specific local needs and target workforce groups;
- The fiscal and management ability to offer any of the suggested incentives in this report, and possibly others;
- Specifically, what role the use of public land may have;
- Policy and other implementation implications (see Section 9.8); and,
- A supporting communication strategy.

This work is normally accommodated through the Community Improvement Plan (CIP) legislation provided for in the Planning Act. The County of Grey and the Town of Wasaga Beach are already in the process of developing new CIP's for their communities.

## **9.3 A Comprehensive Communication Program**

Any use of public funds or resources can be controversial. A well-developed communication strategy is therefore required to engage the South Georgian Bay community in terms of the potential costs and the resulting return on investment. The cost of inaction must be properly substantiated and potential benefits articulated. This communication strategy could also aid in tempering some of the existing opposition to density from some residents in South Georgian Bay.

It will also be important to effectively communicate the potential investment opportunities to the development community, potentially through some sort of outreach package that outlines the opportunity and any available incentives or land.

While needs may vary between municipalities / counties in South Georgian Bay, there should be some consistency across each community in terms of their communication strategy.

## 9.4 Program Principles

The following is a list of principles that are recommended to be utilized as part of any new attainable housing strategy in South Georgian Bay.

- **Develop strategies for each community that cater an approach to the local market and local objectives.** These strategies should be supported by studies that:
  - Identify specific local needs and target workforce groups;
  - Assess the potential for leveraging financial incentives with local developer groups through market soundings;
  - Determine what role public land and investments may have;
  - Identify the financial incentives that would best align with the local objectives and market conditions; and,
  - This strategy may form the basis of a new or amended Community Improvement Plan which may be necessary to allow financial incentives.
- **Assess the regulatory framework.** Providing municipal financial incentives requires analysis, public input and review, and Council approval, typically through a CIP such as that under consideration for Downtown Wasaga Beach. Other communities may require the creation of a new CIP or expansion of existing CIPs in terms of incentive programs or area covered.
- **Soliciting the participation of other groups**, such as the Blue Mountain Village Association, to help underwrite the development as suggested under the market-based approach in Section 7.6 would add market appeal to a potential offering.
- **Assess and test the impact of incentives.** Each municipality will need to consider what incentives are viable from a fiscal impact perspective. This will also involve testing from a financial impact perspective. Questions such as “does the municipality have the capacity to “fast track” an attainable housing project?” need to be addressed.
- **Create a “Menu” of incentive programs.** Municipal financial incentive programs have unique advantages and disadvantages. Some incentives may be more effective than others depending on the local needs of the communities. Exploration and analysis of the best approaches to incentives should be undertaken, taking local issues into consideration.

- **Consider incentives to workforce participants rather than developers.** Our study identifies a program that would defer municipal charges and fees, passing the value of these incentives on to home purchasers via second mortgages to provide down payment assistance. This reduces the cost of development to a developer and incentivizes the purchaser. The second mortgages are secured on title in favour of the local municipality/county, but require no payments or interest and are fully payable when the owner sells. At this time, the municipality would be repaid its incentive package and share any equity gain with the owner. We feel this approach could be much less expensive, and as powerful as development charge waivers.
- **Leverage public land to achieve housing objectives.** Solicit interest from the development community through a Request for Proposal process to provide housing that meets local criteria by offering land and other financial incentives in exchange for housing that is suitable for individuals or households working in South Georgian Bay.
- **Adopt a "performance-based" program delivery approach.** Looking forward to program delivery, we recommend that developers be required to compete for incentives based on the objectives revealed in the individual community strategies. Through a proposal call, the municipality could award incentives based on a developer's performance on key criteria. The municipality's evaluation criteria could be structured to address specific priorities including:
  - Meeting sustainability and/or design objectives;
  - Targeting specific objectives identified in the individual community strategies such as public realm improvements;
  - Unit size, housing tenure, and range of affordable price points; and,
  - Value for money evaluated against the objectives of the community strategies.

In a proposal call of this nature, incentives would be available to developers. The developers would select from the "menu" of options when they make their submission to the RFP. Given the competitiveness of the process, developers would be incented only to draw the financial incentives necessary.

- **Program duration** would be influenced by both local and macro-scale market conditions. In each community, the need and market take-up could be different. If the overall market remains strong, program duration could be shorter. If it softens, a longer period of time will be required to see results. Given this, the program duration needs to have some flexibility, while at the same time, a recognition that the program is an interim measure. Given the experience in other communities a program duration of five years, reviewed on an annual basis, is recommended at this stage.
- **Budget certainty.** To provide budget certainty, the County and/or local municipalities could establish program ceilings on an annual basis. The program ceiling could establish a maximum expenditure of incentives each year. This would also help provide some predictability for developers.

- **Predictability** will also help ensure competitiveness in the process. For example, the County and/or local municipality could consider a program that targets the delivery of 200 units of housing each year for five years, in priority areas. By creating a regular and predictable approach to the offering, the municipality can condition the market to understand the program opportunities, encouraging a greater response and improved developer performance over time.
- **Outreach** to encourage private sector partners such as Trillium Homes or Options for Homes to invest their affordable ownership models in South Georgian Bay.

## 9.5 Public Private Partnership(s)

We suggest that the South Georgian Bay municipalities consider developing a program that offers municipal incentives in exchange for affordability in housing. In our view, this approach offers the best potential to deliver workforce housing, catered to the needs of the community, at the least cost to the public sector.

There are several steps attached to this. Each step will vary in scope depending on the municipality. Once the aforementioned issues have been addressed and the package of incentives can be confirmed, the municipality should develop a request for proposal (“RFP”) package. Successful procurement packages must meet the tests of fairness and transparency. They must also be designed to ensure clarity in the required submissions and how submissions will be evaluated and scored. The RFP must also be designed in a manner that allows “apples to apples” evaluation to occur.

There are several approaches that can be taken for a public private partnership. Two examples that could be pursued include:

- Apartment-style dormitory housing:
  - This type of development would serve the highest priority workforce group, as well as potentially serve Georgian College students.
  - This would be a partnership between *Employers, a Municipality, and a Developer*. The employers would underwrite all or a portion of the building with a rental guarantee, the municipality (or county) would provide development incentives and/or land, and the developer would construct and operate the building.
  - The RFP would require that the developer commit to a pre-determined level of affordability for a specified period of time, rent the underwritten units to employee groups only, and meet certain standards related to design, sustainability, public realm, etc.
- Condominium apartment:
  - This type of development would provide attainable home ownership options targeted at singles, couples, and families.



- This would be a partnership between a *Municipality and a Developer*. The developer would construct the building, while the municipality could, for example, pair their second mortgage program with the project (for all or a portion of units) and provide any other required incentives.
- This second mortgage program could consist of both an existing program and/or the one outlined in Section 8.8 that bundles development charge deferrals to increase the level of down payment assistance for the program.
- The RFP would require that the developer commit to a pre-determined level of affordability for all or some units for a specified period of time, to sell those units to employee groups, and meet certain standards related to design, sustainability, public realm, etc.

As noted in Section 8.9, our high-level financial analysis suggests that either of these approaches could be viable with increasing affordability depending on the amount and nature of the rental guarantees and municipal incentives that could be made available.

## **9.6 Request for Proposal (RFP) Process**

Given that any public private partnership solution is likely to require an RFP, it is important to understand the steps required. The following provides an overview of the key steps associated with developing an RFP process.

### *9.6.1 RFP Development Process and Considerations*

The overall objective of the RFP process is to create a market offering that will attract strong interest and competitive bids. By creating a competitive process, the public can be assured that the maximum value has been received. Other broad objectives include:

- Ensuring fairness and transparency throughout the process;
- Maximizing market understanding and exposure to increase the number of potential bids;
- Ensuring clarity in responses allowing an “apples to apples” comparison of bids;
- Ensuring high-quality bidding in terms of respondent qualifications;
- Maximizing value; and,
- Minimizing closing risks.

### *9.6.2 Inception*

At the outset, several issues should be discussed to help frame and guide the RFP process. Typically, issues include:

- If public land is included as an incentive, will it be sold or leased? Under what terms would the land be leased? If a land lease is under consideration, a draft lease will be required to be appended to the RFP document.
- Approach to accepting offers;
- Conditional/closing considerations;
- Appropriate staff who would be involved in the RFP design process;
- Legal advice;
- The formulation of an RFP Evaluation Committee. Understanding the expertise of the committee will help shape the evaluation criteria; and,
- Discussion of appropriate communication protocols.

#### *9.6.3 Documentation*

Available documentation for the property will need to be identified, including legal survey, environmental audits, and other technical reports that might be required for a proponent's due diligence and may go on the disposition website.

#### *9.6.4 Market Soundings*

With a fulsome understanding of the community objectives and the menu of potential incentives, market soundings with potential developers should occur. There are two purposes to these soundings:

- To market and solicit input on the RFP process in order to assess what sort of response could be expected; and,
- To help shape the RFP document in terms of what would be requested as part of a submission.

The response to the market soundings will be useful in the formulation of the RFP to ensure it is market ready.

#### *9.6.5 RFP Document/Website Design*

RFPs are increasingly being deployed electronically using a website that provides a place where all materials associated with the offering can be accommodated. A web site makes it easy to distribute downloadable documents such as legal surveys and agreements. It also provides a mechanism for questions to be asked and answered in a way that all proponents will benefit. Finally, using a website allows the proponent activity to be tracked to get an understanding of the level of interest from different parties.

Whether the RFP is electronic or in paper form, the following matters are typically addressed in the materials:

- A summary of the purpose of the RFP and community objectives;
- Land information, survey, environmental, zoning etc;
- Affordability targets;
- Design objectives;
  - Product type targeted (e.g. dormitory, apartments);
  - Incentives offered; and,
  - Submission requirements.
- The submission requirements could also include corporate identity and ownership, number of years in business, project experience, and proof of credit worthiness from a financial institution.
- The RFP may include draft lease, purchase agreement, affordability agreement etc. in electronic format. Proponents may need to indicate that they are willing (or are required) to sign the agreement.
- It is important that in the RFP document the evaluation criteria and how the proponents will be scored based on the submitted materials is identified. The scoring criteria should allow for appropriate weighting.

## **9.7 Encouraging Market Participation**

Our analysis suggests evidence that a market model for employee–dormitory suite style accommodation may be developed with little or no financial assistance from the public sector. While this needs to be tested further, a development model that resembles the private student housing developments employed at Ontario universities and colleges is worth exploring.

The market opportunity, however, is not well understood throughout much of the development community. To this end, we would recommend developing an outreach package, based on material contained in this report and meet with local and regional developers to discuss the opportunities.

Again, if local businesses could organize themselves to underwrite a project of this nature by guaranteeing rents for all or a percentage of the building, this could help create a compelling case for investment. Offering development incentives would further encourage investment.

## 9.8 Continued Policy Enhancements

In order to increase the effectiveness of any attainable housing strategy in South Georgian Bay, it will be important for each municipality and county to consider enhancements to their existing policy framework. Consideration should be given to the following:

- All municipalities and counties should have Official Plan policies related to the use of public land that is deemed surplus. It is recommended that these policies indicate that these surplus public lands should be identified for attainable / affordable housing needs as a first priority.
- Policies could also be crafted that require that a certain percentage of new housing on surplus public land be built as attainable / affordable housing. This is currently done in the City of Toronto.
- In any scenario that surplus public land is provided as an incentive to a developer at a reduced or no cost, it will be important for the municipality / county to get all requirements in line before the land is offered. If zoning and approvals are in place and any environmental or other property issues are identified in advance, it will improve the odds of the development actually coming to fruition.
- Where development incentives will be offered, Community Improvement Plans are likely required. While several municipalities currently have CIPs, most of them do not provide the level of development incentives listed in Section 8.0, and do not have a focus on affordable / attainable housing. The creation of new CIPs in priority areas for development, or amendments to existing CIPs to support attainable housing development, is recommended.
- Policies that direct Section 37 benefits to be used for attainable / affordable housing as a first priority should be considered;
- The South Georgian Bay communities should explore the potential of utilizing the new inclusionary zoning policies. However, this should be done with caution given the potential for inclusionary zoning to negatively impact project feasibility in this market, exacerbating the existing issues.
- Policies will be required to ensure that any development that receives incentives or land provides units to the tourism workforce specifically. Without explicit requirements as to who the units must be leased or sold to, there would be nothing stopping investors, seasonal purchasers, or other residents from purchasing or living in a new development.

## Appendix A: Existing Policy and Program Framework

### Local Planning Policy Review

The provision of affordable housing has been identified as a priority by the various municipalities in South Georgian Bay, as well as both upper-tier municipalities, Grey and Simcoe County. While the policy context differs between jurisdictions, the underlying premise of providing a range of housing options that are able to meet the needs of all residents regardless of income remains.

#### *Grey County*

Grey County is currently in the process of updating their Official Plan, with the most recent draft being submitted to the Committee of the Whole in November 2017. As a general guiding policy in the draft Official Plan, the County emphasizes the need for affordable housing.

*“The County will aim to provide a variety of housing types to satisfy the present and future social, health, safety, and well-being requirements of residents. In doing so, we want to prioritize housing accessibility and affordability.”<sup>12</sup>*

The County’s draft Official Plan provides specific policies directly related to the provision of affordable housing. It provides support for a number of strategies including the use of density bonusing to encourage developers to include affordable units, the general intensification of existing settlement areas, the adoption of inclusionary zoning practices upon receiving provincial direction, and the adoption of a ‘housing first’ policy that encourages the utilization of surplus municipal land for affordable housing purposes.<sup>13</sup> Furthermore, following provincial directive, the County’s draft Official Plan is supportive of the creation of secondary suites as a means to increase the supply of affordable rental supply.

Finally, the draft Official Plan allows for the use of Community Improvement Plans (CIP) as a means to achieve a number of objectives. This includes, *“to promote the creation of affordable housing units.”<sup>14</sup>* With the adoption of a CIP, the County may provide grants, loans or financial assistance to carry out programs from the lower-tier municipal CIPs.

#### *Simcoe County*

Simcoe County’s Official Plan places a similar emphasis on the need for affordable housing. It’s growth management strategy specifically mentions that *“the development of a wide range of housing types and costs, including affordable housing, is a goal of this Plan, and policies to help achieve this goal are stated throughout the Plan.”<sup>15</sup>*

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<sup>12</sup> County of Grey. November 23, 2017. *Recolour Grey – Draft Official Plan*, Section 7.1. Pg. 102

<sup>13</sup> Ibid, Section 7.1.1. Pg. 104

<sup>14</sup> Ibid, Section 9.16. Pg. 162

<sup>15</sup> Ibid, Section 3.1.4. Pg. 12.

The Official Plan goes on to provide a list of specific policy statements related to the provision of affordable housing for the County. This includes encouraging local municipalities to permit secondary and accessory dwellings, to use alternate development standards to facilitate affordable housing development, to use ‘housing first’ policies in local official plans for appropriate surplus municipal lands, to utilise Section 37 density bonusing, and to make provisions for financial incentives to encourage affordable housing projects.<sup>16</sup>

Finally, the County of Simcoe has also set a target for a minimum of 10% of all new housing units created each year to be affordable units. It states that this target will be met with the support of the local municipalities revising their Official Plans and by-laws in a manner that is consistent with the stated policy objectives in order to encourage the development of affordable housing.

#### *Municipality of Meaford*

Through its Official Plan, Meaford recognizes the need for, and provides support for, the provision of affordable housing in its community. Specifically, its strategic objectives related to growth and settlement outline the importance of providing affordable housing options in the community. This includes strategic objective A2.2.2.10, *“to encourage the maintenance of integrated affordable housing in the Municipality, ensuring there are a range of alternative locations, forms and densities of housing and price ranges for all residents.”*<sup>17</sup>

The Official Plan is generally supportive of several initiatives related to the provision of affordable housing. This includes the municipality taking *“a ‘housing first’ approach to the disposal of municipal lands whereby the suitability, desirability and potential for affordable housing development on the lands will be considered prior to disposal for another use or purpose”*<sup>18</sup>. It also includes the use of density bonusing to obtain affordable housing, and general intensification policies as a means to increase the overall supply of affordable housing. This intensification includes the allowance of middle-density housing forms in settlement areas, as well as the allowance of accessory apartments and secondary suites both in settlement areas and in the municipality’s rural areas.<sup>19</sup>

Under the implementation section of the Official Plan, the municipality allows for the use of CIPs as a means to improve the quality of life and the built environment within the community. Using this, Meaford first passed a CIP covering the general Downtown area as a means to provide financial assistance for the redevelopment of properties on its historic commercial street. The study area for the CIP was further expanded to include a larger portion of the harbourfront in 2015. The

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<sup>16</sup> County of Simcoe. December 29, 2016. Official Plan of the County of Simcoe, Section 4.3. Pg. 75.

<sup>17</sup> Municipality of Meaford. November 2014. Official Plan, Section A2.2.2.10, Pg. 11.

<sup>18</sup> Municipality of Meaford. November 2014. Official Plan, Section A2.2.2.5, Pg. 14.

<sup>19</sup> Ibid, Section A2.2.5, Pg. 13.

range of incentive programs offered was also expanded to include funding for brownfield remediation, and upgrades to enhance accessibility for person with disabilities.

The stated purpose of the CIP is to create a mechanism that promotes investment in Meaford's historic downtown and in turn generate economic development and increased assessment.<sup>20</sup> To this end, the incentives focus primarily on the redevelopment of underutilized land, and the improvement of façades along the main street. It does not have any incentive programs specifically related to the provision of affordable housing.

#### *Town of the Blue Mountains*

Under its guiding principles, the Official Plan for the Town of the Blue Mountains directly states the importance of providing a range of housing options including housing for those in the service industry. It states that as a community it should, *"provide 'housing for all' which includes providing housing options for residents at each stage of their life and local housing for those in the service industry."*<sup>21</sup> Furthermore, it goes on to state the importance of providing a range of housing for all income levels as a guiding principle. *"To ensure that housing is available to all ages, abilities, incomes, and household sizes and be located near public transportation where possible, jobs, and essential goods and services."*<sup>22</sup>

Goals and strategic objectives specifically related to housing provide a number of policies intended to increase the local supply of affordable housing. This includes allowing for residential intensification by encouraging opportunities for mixed-use development, ensuring that a viable amount of rental housing is available, and participating in housing programs supported by higher-orders of government.<sup>23</sup> Furthermore, the Official Plan allows for the use of CIPs as a mechanism to achieve a range of objectives.

The Town first adopted a CIP in April 2011 for an area that covers the historic commercial centres of Thornbury, Clarksburg, and Craighleith. The main objectives of the CIP were to stimulate private sector investment that would ultimately help revitalize and induce redevelopment of the three main commercial centres in the municipality. It includes a number of financial incentives including both loan and grant programs, as well as property tax incentives. At this time, it does not provide any financial incentives directly related to the provision of affordable housing.

#### *Town of Collingwood*

The Town of Collingwood's Official Plan recognizes the importance of providing a range of housing options for lower and moderate income residents. It states that one of the Town's goals is,

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<sup>20</sup> Municipality of Meaford. August 25, 2015. Municipality of Meaford Downtown Community Improvement Plan, Section 4.2. Pg. 35.

<sup>21</sup> Town of Blue Mountains. June 2016. Town of Blue Mountains Official Plan, Section A1, Pg. 15.

<sup>22</sup> Ibid, Section A1.1, Pg. 16.

<sup>23</sup> Ibid, Section A3.10.2. Pg. 29-30.



*“to encourage housing forms, densities and locations which are affordable to lower and moderate-income households.”*<sup>24</sup> The Official Plan is also generally supportive of residential intensification, allowing for secondary suites and garden suites in appropriate locations, allowing for reduced frontages for single-detached dwellings in intensification zones, and allowing for the conversion of single-detached dwellings to up to three apartment units.

Furthermore, the Town provides several policies to support the County of Simcoe’s target that a minimum of 10% of all new residential units per year be affordable. Including the above mentioned allowance of accessory dwellings and secondary suites, these policies also include encouraging new subdivisions to include a range of housing types that have the ability to accommodate accessory apartments and secondary suites, allowing residential developments with a significant affordable housing component to exceed applicable density ranges if it is deemed acceptable, and minimizing the time period for processing residential developments with a significant component of affordable housing.<sup>25</sup>

Finally, the Official Plan allows for the use of CIPs by stating the goals and objectives for CIPs and providing the criteria for selecting the project area. However, to date, the Town has not implemented any CIPs, nor do they have any near-term plans to do so.

#### *Town of Wasaga Beach*

While stating the desire to encourage a range of housing choices and tenures, the current Official Plan of Wasaga Beach does not explicitly place a strong emphasis on providing a range of housing types that are affordable for all residents of the municipality.<sup>26</sup> However, the Town’s existing Official Plan was originally adopted in 2003, and they are currently in the process of reviewing the Official Plan with the expectation that a draft will be ready in 2018 or 2019. It is our understanding that the new Official Plan will place a stronger emphasis on the importance of providing housing for all income levels, and provide a wider range of development policies specifically directed at this goal.

Like the other municipalities, the current Official Plan for Wasaga Beach is supportive of permitting accessory apartments in residential dwellings, where appropriate. It views this as a means of increasing the overall supply of rental housing in the community, and supporting overall housing affordability.<sup>27</sup>

The current Official Plan also allows for the use of CIPs to assist in the rehabilitation and revitalization of identified areas in the municipality. Wasaga Beach recently approved a Downtown CIP to provide financial incentives that would act as a catalyst for new development and investment in the Town’s designated Downtown area. One of the stated goals of the CIP is the prioritization

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<sup>24</sup> The Town of Collingwood. December 2015. Official Plan, Section 4.3.1.4. Pg. 51.

<sup>25</sup> The Town of Collingwood. December 2015. Official Plan, Section 4.3.2.3. Pg. 54.

<sup>26</sup> Town of Wasaga Beach. Official Plan of the Town of Wasaga Beach, Section 3.2. Pg. 4.

<sup>27</sup> Ibid, Section 5.1. Pg. 10.

of affordable and rental housing. Financial incentives offered through this CIP include development charge grants for residential and mixed-use development, tax-increment equivalency grants for the redevelopment of properties, and planning and building permit fee rebates.

### *Township of Clearview*

The Official Plan for the Township of Clearview recognizes the importance of providing a range of housing options at an affordable level for all of its residents. It states, “*It is a development goal of this Official Plan to encourage a high quality, varied and affordable supply of housing for all municipal residents and an efficient urban form.*”<sup>28</sup>

A number of subsequent policies provide support for increasing the supply of affordable housing in the municipality. Clearview recognizes the importance of residential intensification, specifically in its three settlement areas, as a means to increase the affordable housing supply. To this end, the OP directs much of the residential growth towards these settlement areas.<sup>29</sup> The OP also allows for accessory apartments and garden suites as a means of increasing the supply of affordable housing.

Section 10 of Clearview’s Official Plan allows for the use of CIPs with the stated goals being to provide a safe and attractive environment, to encourage the ongoing maintenance and rehabilitation of designated areas, and to maintain and improve the economic base of the municipality. The township adopted a CIP in 2017, and is currently in the process of amending it, with the primary focus being on the revitalization of the municipality’s historic commercial centres through streetscape and façade improvements. The CIP does not currently have a specific focus on affordable or attainable housing.

## **Affordable Housing Programs**

### *The Blue Mountains Attainable Housing Corporation*

In 2014, the Town of the Blue Mountains established the not-for-profit Attainable Housing Corporation. The corporation was given the mandate to increase the supply of ownership housing options which are affordable to a wider segment of the municipality’s population. The corporation’s board consists of two sitting members of council and five residents of the Town.

To date, the corporation has implemented two programs designed to help make homeownership more affordable for a larger portion of the population. The Secondary Suites Grant program provides a grant for 10% (up to \$5,000) of the cost to create a secondary suite, with the grant being paid upon the presentation of an occupancy permit. This program is designed to increase the supply of affordable rental suites in the municipality but has yet to attract any significant number of applications.

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<sup>28</sup> Clearview Township. January 2002. Official Plan of the Township of Clearview. Section 3.6.1.2. Pg. 20.

<sup>29</sup> Ibid. Section 4.6.2.1. Pg. 75.

The second program the corporation runs is a down payment assistance program. This program provides a loan for up to 5% of the purchase price to first-time home buyers in order to assist in the purchase of their own home. To qualify, the household income of the applicant cannot exceed \$100,000 and the maximum purchase price of the home may not exceed \$400,000. It is our understanding that due to the lack of homes available in the Town of the Blue Mountains for less than \$400,000, the program has not been used extensively.

#### *Grey County Affordable Housing Initiatives*

Through the Investment in Affordable Housing (IAH) for Ontario program, the Grey County offers three programs intended to provide funding for the repair and creation of affordable housing within the County.

- **Ontario Renovates** – Forgivable loans of up to \$15,000 that will assist low and moderate income home owner households to repair and modify their home to increase its accessibility. Loans are secured with a promissory note and the forgiveness of the funding is prorated over a ten year period. The loan is due back to the County if the property is sold within ten years.
- **Downpayment Assistance Program** – Provides renter households with a loan of up to 5% of the purchase price of a home. To be eligible, household income must be below \$76,400, the applicant cannot own any property, and personal assets must be below \$50,000. The purchase price of the home may not exceed \$327,640. No repayment of the loan is required if the home is sold after 20 years. However, if the home is sold before the 20 year period expires, the recipient must repay the original loan plus 5% of the realized capital gain in the home.
- **Rent Assistance Subsidy** – Provides renter households with a monthly rent geared-to-income subsidy. The subsidy provided is paid directly to the landlord and covers the difference between what the household can afford and the market rent of a modest unit.

## **Appendix B: Summary of Consultations**

### **Stakeholder Meetings**

NBLC hosted three stakeholder engagement meetings with several interested parties. This included municipal planning and economic development staff, local tourism-based business employers and managers, housing providers, local residents, and representatives from local institutions. Representatives from four of the five lower-tier municipalities, as well as both upper-tier municipalities, were present.

The initial stakeholder engagement meeting was held on March 27, 2018. It was intended to provide a better understanding of the problem as key stakeholders saw it. It also allowed NBLC to connect with individual stakeholders and arrange for individual interviews.

The second stakeholder engagement meeting was held on April 23, 2018. This meeting allowed NBLC to present to stakeholders our understanding of the problem and initial solutions, allowing for feedback and revision.

A final meeting was held on May 24, 2018 to present our draft report and answer any outstanding questions in regards to our research and recommendations.

### **Individual Consultations**

Individual interviews were conducted with a range of participants to provide a better understanding of the attainable housing shortage, and to assess potential solutions. In person interviews were conducted with municipal staff, local housing providers, and employers from tourism-based businesses. This group includes:

- Bryan Plumstead – Tourism Manager, County of Grey
- Stephen Murray – Economic Development Officer, Meaford
- Robert Voight – Director of Planning, Parkbridge Lifestyle Communities
- Lynn Hynd – Campus Manager, Georgian College
- Andrew McNeill – Director of Economic Development and Tourism, Wasaga Beach
- Johanna Griggs – Economic Development Officer, Wasaga Beach
- Nathan Wukasz – Planner, Wasaga Beach
- Martin Rydlo – Director of Marketing and Business Development, Collingwood

- Elizabeth Cornish – Communications and Economic Development Coordinator, The Blue Mountains
- Stacy Manning – General Manager, The Westin Trillium House
- Megan Johnson – Skyline Developments

Secondly, comments were received from local employers from tourism-based businesses, in order to better understand the impact the local housing market has had on their business. Comments were received either through phone interviews, or email correspondence. This group includes:

- Mylisa Henderson – Director of Marketing and Sales, Scandinave Spa
- Chris Westbrooke – Manager, Nordic Centre & Eco Adventures
- Sherry Fiske – Manager, Scenic Caves
- David Hodds – Beaver Tails, Blue Mountain Village and Wasaga Beach
- Geoff Conway – Northwinds Brewhouse, Collingwood & Blue Mountain Village
- Bruce Turner – Twist & Magiones, Blue Mountain Village / Bridges Tavern, Thornbury
- Karii Laschambe – Copper Blues Bar & Grill, Blue Mountain Village
- Bill Vomvolakis – Tholos Restaurant, Blue Mountain Village

### **Online Questionnaire**

An online questionnaire was distributed to tourism employees through local employers, municipal staff, and the Blue Mountain Village Association. The survey was designed to assess needs and expectations related to housing for local tourism-based employees and employers. The survey was open for responses from April 5 to April 30, 2018. In total, 519 responses were received, with 359 respondents (70%) indicating that they were employed in a tourism-related industry in the South Georgian Bay region. The following are key findings from the survey:

- Responses indicated an older age range of respondents with 55% being aged 40 or older. Only 25% of respondents were under the age of 30. The gender split was tilted towards females, who accounted for 63% of respondents.
- Respondents came from a wide range of locations, though 90% of respondents living in South Georgian Bay (Table 10). The most common locations outside South Georgian Bay were Grey Highlands (9 respondents, 1.7%), Owen Sound with (9, 1.7%), Tobermory (7, 1.3%), and Barrie (5, 1.0%). An additional 22 responses did not provide a place of residence.

**Table 10**

Place of Residence Employee Housing Questionnaire		
Municipality	Respondents	Share
Meaford	21	4%
The Blue Mountains	84	17%
Collingwood	218	44%
Wasaga Beach	83	17%
Clearview	41	8%
Other	50	10%
<b>Total</b>	<b>497</b>	<b>100%</b>
<i>Source: BMVA Employee Housing Survey, 2018</i>		

- Nearly half of all respondents (49%) work at Blue Mountain Village. The next most common responses were Collingwood (29%), elsewhere in the Town of the Blue Mountains (8%), Wasaga Beach (7%), and Clearview (4%). It should be noted that respondents were given the option of choosing multiple places of employment. Full-time employees accounted for 81% of respondents, and 84% of respondents are employed year-round.
- Approximately one-third of respondents (34%) indicated an annual household income of \$75,000 or higher. Conversely, 33% of respondents indicated an annual household income below \$45,000, with 11% being below \$25,000.
- The largest share of respondents (59%) were home owners, while 31% were renters. An additional 10% lived with friends or family. Single-detached homes were the most common housing type for respondents at 69%, followed by apartments at 18%, townhomes and semi-detached homes at 10%, and employee housing at 3%.
- Respondents were asked to estimate how much their household spends per month on housing costs. The most common responses were \$1,000 to \$1,499 per month (28%), \$1,500 to \$1,999 per month (27%) and \$2,000 or more per month (19%).
- A series of housing options with estimated monthly housing costs were provided, and respondents were asked to select all forms that they would find acceptable for their needs (Table 11). The purpose of providing estimated costs was to ensure that respondents thought about the balance between desire for space and realistic monthly housing costs. Apartment units had the highest number of responses (254, 55%), followed by townhomes/semi-detached (260, 52%), and single-detached homes (254, 51%). Despite its assumed affordability, dormitory-style housing was not a common choice, likely owing to the older demographic of respondents.

**Table 11**

<b>Acceptable Housing Types<sup>1</sup></b> <b>Employee Housing Questionnaire</b>			
<b>Housing Type</b>	<b>Estimated Cost (per month)</b>	<b>Respondents</b>	<b>Share</b>
Single-Detached	\$2,000+	254	51%
Townhome or Semi-Detached	\$1,500 - \$2,000	260	52%
Apartment	\$800 - \$1,500	275	55%
Dormitory, with private bathroom	\$600	127	25%
Dormitory, with shared bathroom	\$400 - \$500	81	16%
<i>1=Respondents were asked to select all that apply</i> <i>Source: BMVA Employee Housing Survey, 2018.</i>			

- Respondents were also provided with a series of statements and asked to what level they agree or disagree with them.
  - 56% of respondents agreed or strongly agreed that housing affordability is a barrier to living in the area permanently;
  - 79% of respondents indicated that it is difficult to find appropriate housing in South Georgian Bay; and,
  - 75% of respondents indicated that if housing costs and availability were not an issue, they would consider living in the area permanently.
- Finally, respondents were given the opportunity to provide additional thoughts and comments. From these responses several issues emerged, including, among others, the lack of reliable transit to and from Blue Mountain Village and other employers, a lack of available rental supply, and the difficulty of living in the area as a single-income household.



## Appendix C: Case Studies

### Housing Authority

#### *Whistler Housing Authority*

Originally formed as a charitable non-profit by local businesses with the help of a \$6 million contribution from municipal development levies, the Whistler Housing Authority (WHA) is now a wholly owned subsidiary of the Resort Municipality of Whistler. The WHA oversees both the development and management of employee housing in the municipality, with both ownership and rental housing being offered.

The creation of attainable employee housing has been possible due to the fact that land was granted to the WHA by the Province at no cost, and because the WHA is a non-profit, therefore having no requirement to make undue profits. As a result, units can sell at prices that are 25% to 33% of market rates, and rental units operated by the WHA are typically priced in the \$1.00 to \$1.50 psf range, well below market value.

All sales/leases are restricted to workers in the Whistler area, with units only able to be re-sold/leased to local workers at the original price paid plus cost of living increases (inflation). Through restrictions on 3rd party rentals, ownership units are maintained entirely as owner-occupied.

Funding for new employee housing comes from the Employee Housing Service Charge which is required of all new commercial, industrial, and tourism developments. The size of the required charge is based on a formula calculating the total number of bed units (one bed unit being equal to 1.5 times the number of bedrooms) required by the scale of the development. Developers can fulfill their obligations through the construction of affordable housing for employees or cash-in-lieu payments. The current rate is \$5,908 per bed unit, however, the municipality is considering increasing it to approximately \$10,000.



Source: CMHC

## *Aspen-Pitken County Housing Authority*

The ski-town of Aspen, Colorado first recognized the need for providing affordable employee housing as early as the 1970s as tourism-driven development pushed housing values out of reach for local residents and employees. In response, the Aspen-Pitken County Housing Authority ('APCHA') was created as a non-profit subsidiary of both the Town of Aspen and Pitken County in order to develop and manage affordable rental and ownership housing opportunities for local employees through deed-restricted housing.

Currently, the APCHA oversees approximately 1,300 rental units and 1,600 ownership units, a sizable amount for a town of 6,800 residents. Funding for the APCHA is split between the Town of Aspen and Pitken County, with Aspen's share coming from a 1.0% real estate transfer tax and a 2.4% sales tax, while the County's share is provided from its general fund.

Ownership home values are based on the seller's purchase price, plus the lower of either a 3% annual appreciation, or a multiple of the Consumer Price Index. The selling price also takes into consideration capital improvements to the property, not to exceed 10% of the purchase price.



Source: Aspen Public Radio (L), APCHA (R)

## **Public Private Partnerships**

### *Options for Homes*

The model that is most often cited as the best methodology for affordable / attainable home ownership is that of Options for Homes. They are a private sector company in Toronto that produces, through a complex co-op program, housing that is generally priced at the "low-end-of-market". Part of the profits from sales goes into a Land Trust controlled by a separate company (Home Ownership Alternatives) which in turn administers a refundable second mortgage pool and investment fund. The second mortgage is for 10% of the unit value. This is not a non-profit venture.

Prospective qualified buyers are able to purchase reasonably priced, fairly "basic" market housing with relatively small equity requirements. There are also a few built-in mechanisms to prevent re-sales as "non-affordable" market housing in future years. Options for Homes targets households

with incomes in the \$40,000 to \$70,000 range. This could be a model to aid households in this range in South Georgian Bay that are looking to transition from employee housing or the rental market into home ownership.

The key criticism of this model is that they depend on rising property values. If property values decline, the value of the second mortgage could easily be reduced or eliminated.



### *Mixed Income Housing – Bayside, Toronto Waterfront*

The Bayside development on the City of Toronto’s waterfront includes a mix of market-rate and affordable housing. The City of Toronto’s Central Waterfront Secondary Plan requires that 20% of residential units in new waterfront communities be affordable housing. A recent example of this type of mixed-income development is in a building known as Aquavista.

The Aquavista development is set to include 225 market rate condominium apartment units, and 80 affordable housing units for artists. The affordable units will have their own separate entrance, elevators, parking, and amenity spaces.

The new affordable units will be owned and operated by Artscape Inc, a not-for-profit developer with a focus on the arts community. The City of Toronto provided the land and approximately \$14,000,000 in funding for the wider Bayside development<sup>30</sup>, reducing development costs and improving the viability of the mixed-income community. An additional \$12,000,000 was provided through the Investment in Affordable Housing program<sup>31</sup>.

The developers – Tridel and Hines – utilized a financial contribution from the market component of the Aquavista development to build the affordable units. Given that both market and affordable housing are located in the same building, the developer was able to achieve construction savings

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<sup>30</sup> <https://www.toronto.ca/legdocs/mmis/2014/ex/bgrd/backgroundfile-69275.pdf>

<sup>31</sup> Ibid.

on the affordable component of the development that they otherwise would not have been able to achieve had the units been constructed off-site.



Source: *The New Home Buyers Guide*

## Market-Based Solutions

### *Shell Housing – JvN/d*

An emerging option to make home ownership more attainable is the idea of “shell housing”. This is a concept that has been undertaken in Europe and has recently been brought forth by John van Nostrand Developments (‘JvN/d’) as an idea for a site in Hamilton, Ontario.

Shell housing is a concept similar to modular housing, whereby units, or parts of units, are constructed off-site and later assembled on-site. This reduces construction costs and any potential weather-related delays associated with traditional construction.

Shell housing is constructed in two stages. First, the developer builds the structural frame, load-bearing floors and ceilings, outside walls, and connections for building services. This is essentially the basic building. The second stage sees purchasers getting involved by designing the layout of their unit to their specifications and based on what they are able to afford. Changes in the way in which they might need to use the unit are built into the concept. These changes could be moving in with a partner or having a child, for example. These changes are able to be made because the individual units are independent from the supporting structure.

In the JvN/d example in Hamilton, purchasers have the opportunity to buy 250 sf modules. A purchaser can buy multiple modules and split them into multiple units if they so choose. In this sense, they may be able to rent one (or more) module out as a separate unit in order to gain a revenue stream. As life changes necessitate, they can incorporate that rental unit into their own unit later to provide themselves with more living space (see bottom right image on the following page).

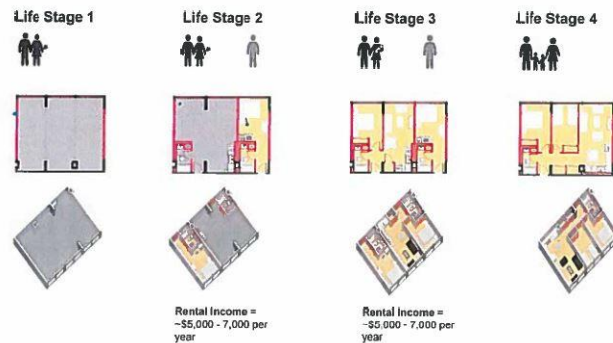
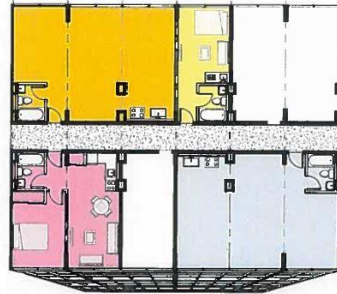
Modules can be purchased as “basic”, “basic plus”, or “turn-key” depending on needs and available funds, and purchasers can make changes as they are able (see top left image on the following page).



Constructing the building this way allows for a significant reduction in price for the purchaser while still providing a high quality housing unit.

#### Example Options for \$55-\$65,000 Income

Option 1
Basic
900 Sq.Ft
Option 2
Basic-Plus
675 Sq.Ft
Option 3
Turnkey
450 Sq.Ft



Source: JvN/d

#### *Student Residence Style Housing*

A student-residence style building could be a potential solution to the attainable tourism workforce housing issue in South Georgian Bay as a form of entry-level, dorm housing.

There are a wide range of potential unit types that could be constructed in this type of building – including dorm rooms and large apartment units (see photo on the following page). Rentals would then be provided on a per-bed basis.

A partnership with a student housing developer for the purpose of building and operating new workforce housing would be beneficial given their likely experience with shorter-term leases (4 to 8 months in some cases) and a more transient population similar to seasonal workers.

An example of a partnership is between Knightstone Capital Management and the University of Toronto. Knightstone is the builder and operator of CampusOne near the University of Toronto campus. The school lent their branding to the development and advertises it on their website. Knightstone has aided the University in addressing part of its student housing needs, and the

University has helped reduce the risk for Knightstone by sending them students through their website and advertisements



Source: Campus One



## Land Use Policy

### *Inclusionary Zoning in Davis, California*

Davis is a community of 65,000 people in northern California. Davis passed its initial mandatory inclusionary zoning program in 1977, known as the Designated Low-Price Housing Program.

Davis' inclusionary zoning policies require that all new residential developments – both ownership and rental tenure – of five or more units provide affordable housing or land dedicated to affordable housing. All new developments of five or more units must provide 25% of the units (or their equivalent) as affordable units. The one exception is for rental developments of 20 or more units, which must provide 35%. The affordable housing obligation must be met either by construction on site or dedication of land, depending upon the size of the development.

The program provides a density bonus of one additional market unit for every affordable unit, rental or ownership, provided on-site, or 15 to 20 units per acre of dedicated land.

Since adoption, Davis' inclusionary housing programs have produced 1,800 affordable housing units, 1,100 of which remain permanently affordable. Affordable ownership units serve households earning incomes in the range of 80% to 120% of the area median income. The rental units predominantly serve those in the 30% to 80% bracket.